



Edelweiss Salutes the Indian Entrepreneurial Spirit

India today, is a land of multitude opportunities, one where millions of gutsy entrepreneurs, daring to dream, are bringing ideas to life with their grit and tenacity. They form the core of modern India. With their bold aspirations, they are transforming businesses, powering economic growth, creating jobs and improving the quality of life all around. With a potent combination of aptitude, entrepreneurial energy, favourable demographics and a vibrant business environment fueled by economic reforms, ordinary Indians are now doing extraordinary things. Unshackled, this entrepreneurial spirit is unmatched in India's history.

It is this spirit that resonates strongly with the Edelweiss story, envisioned in much the same way, born out of the determination to mould an idea into a new age business. Today, Edelweiss Group is one of India's leading financial services conglomerates, helping its multiple consumer segments create, grow and protect their wealth. Remaining true to our credo - Ideas create, values protect - we draw on the strength of our values, striving to remove limitations, while helping our customers achieve their aspirations and BeUnlimited.

Through the pages of our 23rd Annual Report, we salute the steadfast BeUnlimited spirit of ten entrepreneurs from different walks of life, who despite their diverse cultures, upbringing, educational backgrounds and varied lifestyles, share a strong conviction in their beliefs. Their passion, perseverance and determination are the key ingredients to their success, enabling them to aim high, exceed their goals and power growth, despite limitations.

Breathing life into each of these 10 powerful and inspiring entrepreneurs, are 10 digital artists, who have interpreted and visualised their lives, using this special edition of the Annual Report as a canvas of creative expression.

Here's to celebrating the BeUnlimited spirit of entrepreneurship!



Anirudh
Sharma

Prem
Ganpathy

Arunachalam
Muruganantham

PC Musthafa

Chetna
Gala Sinha

Kalpna
Saroj

Dr. Venkataswamy

Mansukhbhai
Prajapati

Chhavi
Rajawat

Chandubhai
Virani

A Consistent Track Record

PERFORMANCE HIGHLIGHTS

(In ₹ million except as indicated)

Year Ended March 31	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Total Income	86,225	66,336	53,157	39,119	25,555	21,840	16,707	14,289	9,778	9,005	10,888	3,718
Total Expenditure	72,004	56,756	46,969	33,839	22,040	19,247	14,720	10,789	6,450	5,715	6,421	1,971
Profit Before Tax	14,221	9,580	6,188	5,280	3,515	2,593	1,987	3,500	3,328	3,290	4,467	1,747
Tax Expenses	5,599	3,947	2,354	2,017	1,346	881	681	1,031	879	1,199	1,540	646
Profit After Tax	8,901	6,093	4,144	3,287	2,202	1,785	1,277	2,330	2,292	1,864	2,732	1,099
Paid up Equity Capital	915	833	814	792	769	719	757	752	375	375	375	45
Net worth*	77,624	52,879	43,717	35,314	32,558	26,909	28,748	25,554	24,706	23,303	23,274	7,222
Diluted EPS (₹) (FV ₹1)#	9.80	6.92	4.85	3.88	2.85	2.31	1.66	3.00	2.94	2.43	4.00	2.08
BVPS (₹) (FV ₹1)#	72.89	52.00	45.14	39.92	37.57	32.13	34.80	30.56	30.04	28.21	24.65	9.36

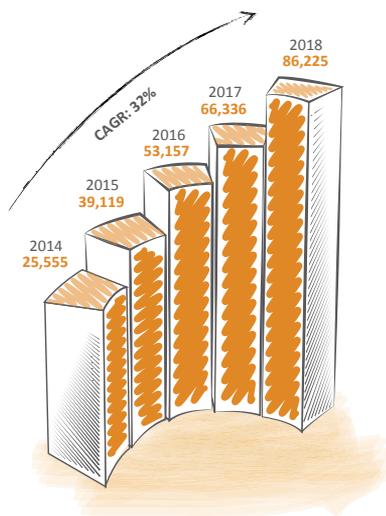
Adjusted for Corporate Actions

* Net worth including minority

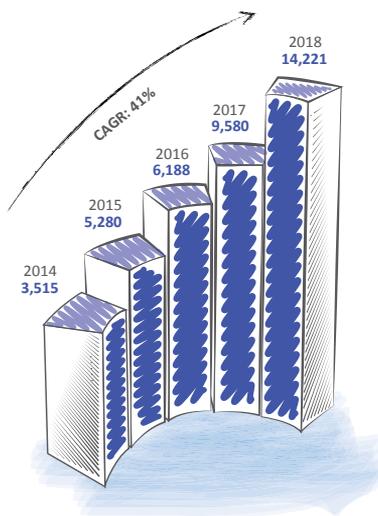
Previous years' figures have been regrouped wherever necessary

PERFORMANCE HIGHLIGHTS

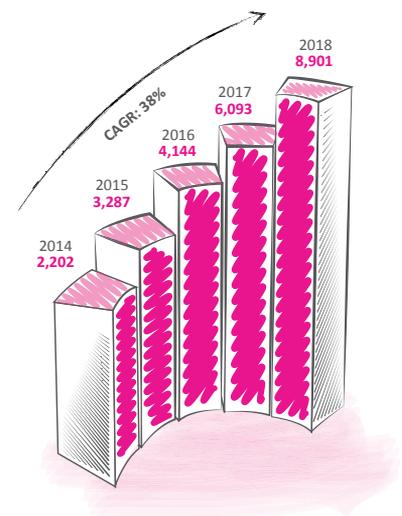
Total Income (₹ million)



Profit Before Tax (₹ million)



Profit After Tax (₹ million)

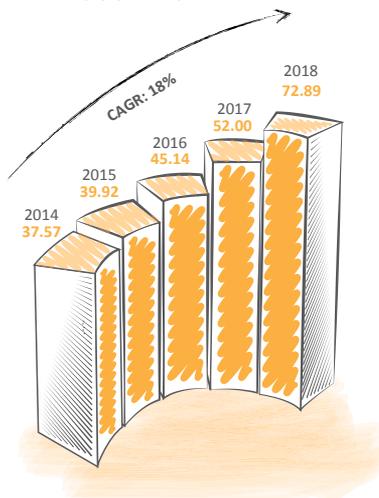


PERFORMANCE HIGHLIGHTS

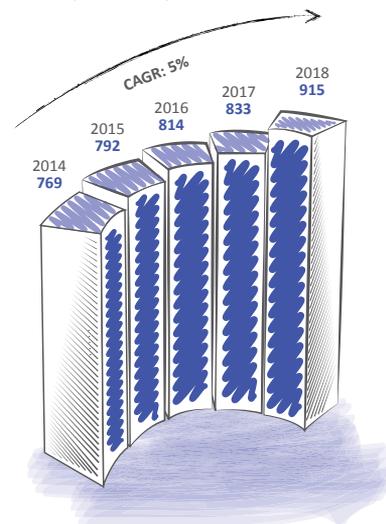
**Diluted Earning Per Share
(₹) (FV ₹1)[#]**



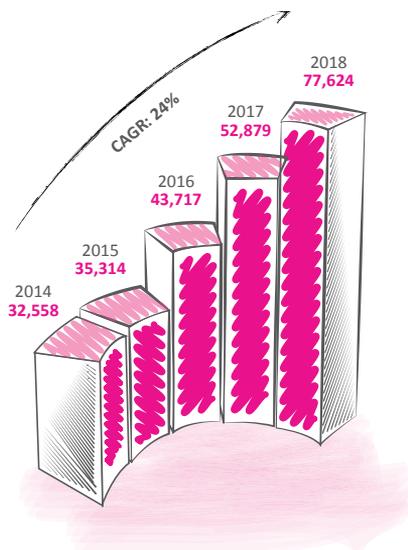
**Book Value Per Share
(₹) (FV ₹1)[#]**



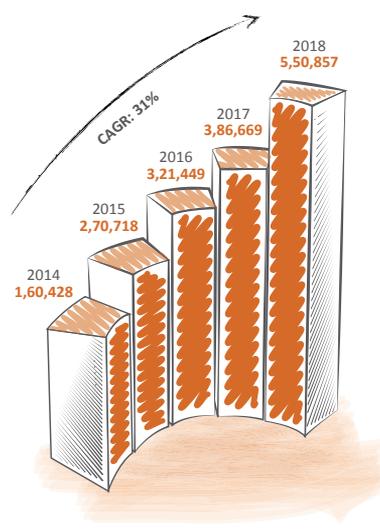
**Paid up Equity Capital
(₹ million)**



Net Worth (₹ million)



Balance Sheet Size (₹ million)



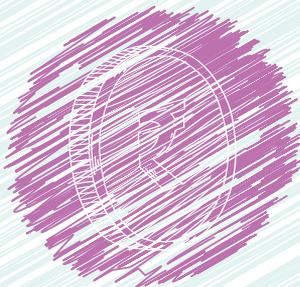
FY18 Highlights



**TOTAL
INCOME**
₹86.23
BILLION



**PROFIT
AFTER TAX**
₹8.90
BILLION



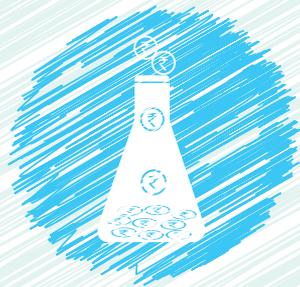
**ROE - EX -
INSURANCE**
22.1%



**ROA - EX -
INSURANCE**
2.6%



NET WORTH*
₹77.62
BILLION



**DILUTED
EARNING
PER SHARE
(FV ₹1)**
₹9.80



BALANCE SHEET SIZE
₹550.86 **BILLION**

* Net worth including minority



**RETAIL CREDIT
BOOK**

₹161.88 BILLION



**TOTAL CREDIT
BOOK**

₹420.10 BILLION



**NET NPLS
0.70%**



**GROSS NPLS
1.75%**



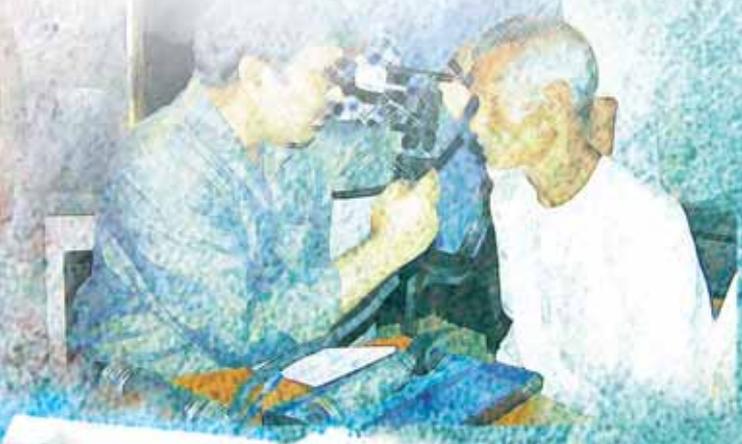
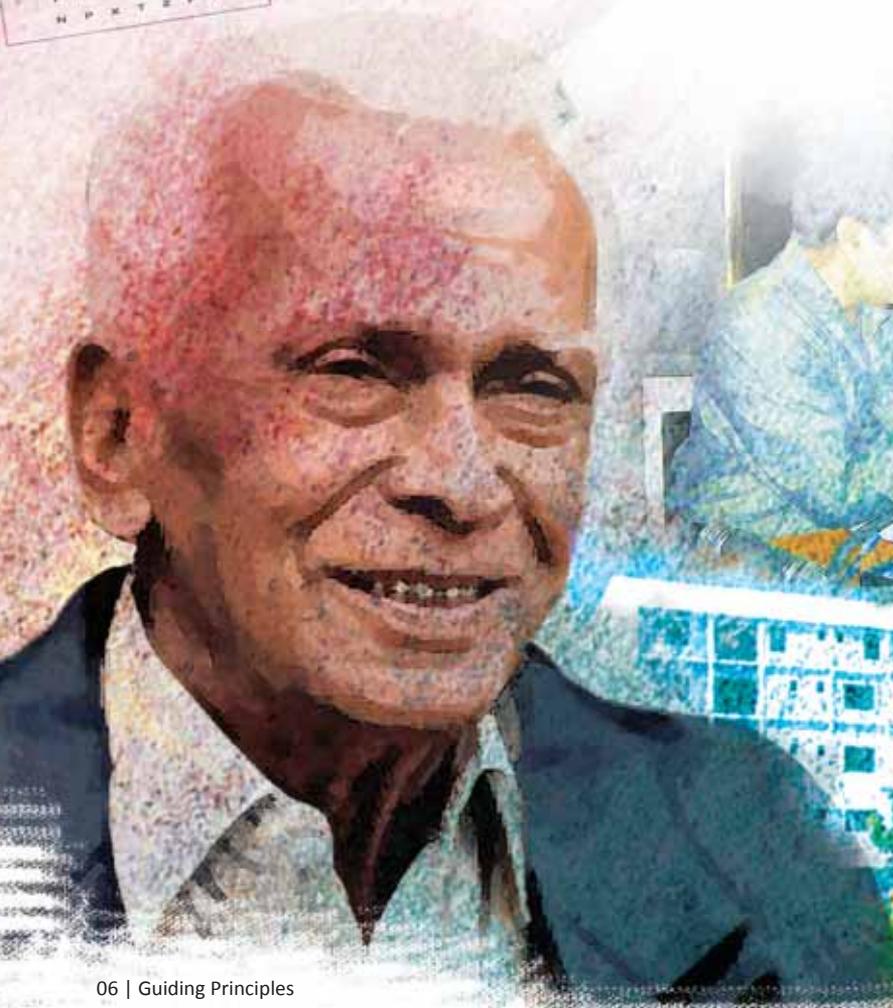
**PROVISION COVER
(INCL. STD ASSET PROV.)
81%**

#BeUnlimited like Dr. Venkataswamy

His simple philosophy of 'right to sight for all' became a beacon of inspiration for his team, to build an empowering institution, that has lit up millions of lives.

Born to a farming family in a small village in South India, Dr. Venkataswamy strived to provide quality affordable eye care for all. After retiring from government service, he started Aravind Eye Hospital. Driven by a vision to eradicate blindness, he built a bold sustainable business, despite inadequate funds. Inspired by him, physicians joined hands, pitching funds by mortgaging their homes. With a philosophy of inclusiveness, the hospital follows a no-appointment system and encourages patients to pay what they can afford.

Bringing expertise and quality within the reach of all is the cornerstone of this social enterprise, which manufactures its own lenses and medications to bring down costs. With almost 60% of the 5.6 million eye surgeries either free or subsidised, Aravind Eye Hospital is a medical success story, built around one man's vision.



GUIDING PRINCIPLES

VALUES THAT LEAVE AN IMPRINT

At Edelweiss, our Guiding Principles serve as an anchor, aligning us to a common vision. They reflect our aspirations and beliefs, influence the way we operate our businesses, steer decision making and help us create value for all our stakeholders, year after year.

Group Guiding Principles

- We will be a Thinking Organisation. We will constantly bring thought to everything we do. Our clients' and our own success depend on our ability to use greater ideation and more imagination in our approach
- We will be Fair to our clients, our employees and all stakeholders
- We will take care of our People. Our policies - in spirit and in letter - will ensure transparency and equal opportunity for all. We will go beyond the normal goals of attracting, recruiting, retaining and rewarding fine talent. We will ensure that every individual in Edelweiss has an opportunity to achieve their fullest potential
- We will operate as a Partnership, internally and externally. Though individuals are very often brilliant, we believe teamwork and collaboration will always ensure a better and more balanced organisation. We will also treat our clients as partners and show them the same respect and consideration that we would towards our internal team members
- We will focus on the Long-Term. Though the world will change a lot in the coming years and our assumptions for the future may not hold up, we will reflect on the long-term implications of our actions. Even when making short-term decisions, we will be aware of the long-term implications
- We will focus on Growth for our clients, employees and shareholders
- Our Reputation and Image is more important than any financial reward. Reputation is hard to build and even harder to rebuild. Reputation will be impacted by our ability to think for our clients, maintain confidentiality and by adherence to our value system
- We will Obey and Comply with the rules of the land. We will maintain the highest standard of integrity and honesty. When we are unclear, we will seek clarifications
- We will respect Risk. Our business is going to be a constant challenge of balancing risk and reward. Our ability to constantly keep one eye on risk will guide us through this fine balance
- We will endeavour to grow, protect and wisely use our Financial Capital which is a critical resource for growth
- We are defined by the Experience our customers have with us. We will strive to make it outstanding at all times
- We will Listen to our customers. Listening is the start of the relationship wherein we understand their needs and fulfil these with the most appropriate products and solutions
- We recognise that we need to satisfy the Needs, sometimes conflicting, of all stakeholders; shareholders who entrust us with their capital, employees who create the organisation, customers who are the reason we exist and society which has given us the resources and opportunity to create value



#BeUnlimited like Kalpana Saroj

Rising after every fall, converting setbacks into successes, she turned every opportunity into a thriving robust enterprise.

From earning two rupees a day to resurrecting a debt ridden Kamani Tubes, Kalpana Saroj's grit and determination is awe-inspiring. A child bride, walking out of marital abuse, she was determined to write her own destiny. After training as a tailor, she took a government loan and started her own venture. Whether it was starting a furniture business or diversifying into construction, she capitalised on every opportunity that came her way.

Not one to turn down a challenge, she took on the sick and defunct Kamani Tubes and nursed it back to health in a daring revival scheme. From battling union troubles and negotiating with creditors, to relocating manufacturing and restructuring systems, she turned the company's fortunes around. With seven successful companies under her name and an estimated net worth of more than \$100 million, Kalpana has scripted history.



GROWTH & PROFITABILITY CONSISTENTLY BEATING THE ODDS

At Edelweiss, our ability to reinvent ourselves at the turn of every economic and business cycle, has ensured profitability since inception, with a PAT CAGR of 38% over the last seven years. This robust growth and profitability has come on the back of our sustained efforts towards building a bank-like diversified financial services model.

With the older businesses continuing to grow and newer businesses rapidly scaling up, consistent profitability is a sweet reward. Our key business lines help our customers create, grow and protect their wealth.

Credit - Retail Credit, Corporate Credit, Distressed Credit

Franchise & Advisory - Wealth Management, Asset Management, Capital Markets

Insurance - Life Insurance, General Insurance

Group Snapshot: FY18

- 30% growth in revenue at ₹86,225 million (₹66,336 million FY17)
- 46% growth in Profit After Tax (PAT) at ₹8,901 million (₹6,093 million FY17)
- 44% growth in PAT ex-insurance at ₹10,361 million (₹7,194 million FY17)
- 47% increase in Group Gross Net Worth at ₹77.62 billion (₹52.88 billion FY17)
- 43% jump in Total Assets managed at ₹2.24 trillion (₹1.56 trillion FY17)
- 17.1% Consolidated Return on Equity (RoE) (15.5% FY17)
- 22.1% RoE ex-insurance (20.7% FY17)
- 2.0% Consolidated Return on Assets (RoA) (1.7% FY17)
- 2.6% RoA ex-insurance (2.4% FY17)
- 7.7% Net Interest Margin (NIM) for credit book (7.2% FY17)
- 71% increase in Fee & Commission income at ₹21,341 million (₹12,481 million FY17)
- 81% growth in Retail Credit book, which now constitutes 39% of total credit book

Wealth Management

- 49% growth in Assets under Advice (AuA) to ₹901 billion in Wealth Management (₹603 billion FY17)

Asset Management

- 60% growth in Assets under Management (AuM) in the Asset Management business at ₹292 billion (₹182 billion FY17)
- 121% growth AuM in Multi Strategy at ₹57 billion (₹26 billion FY17)

Life Insurance

- 45% growth in Gross Premium Income at ₹6,383 million (₹4,413 million FY17) recorded by Edelweiss Tokio Life, one of the fastest growing Insurance companies in India
- 52% growth in Collected Individual Annual Premium Equivalent at ₹2,510 million (₹1,650 million in FY17)

Business Snapshot: FY18

Credit

- 52% growth in Total Credit Book at ₹420 billion (₹276 billion FY17) across corporate, retail and distressed credit
- 40% growth in Corporate Credit book at ₹195 billion (₹139 billion FY17)

#BeUnlimited like PC Musthafa

Together with his cousins, he built a scalable business out of a simple ingenious idea by extending, pursuing and capitalising on opportunities.

P. C. Musthafa, a boy born in poverty, managed to scale his home business of supplying idli batter to a multi-million dollar enterprise in less than a decade. Starting from a small 50 sq ft kitchen, producing 100 packs of batter a day to over 55,000 kgs of batter daily, ID Fresh Foods, is today a \$100 million enterprise. An obsession to simplify processes, led him to innovate on packaging, thereby expanding the product portfolio to parathas, rotis and other ready-to-cook items.

From making ₹20 lakh in 2005 to a ₹186 crore turnover in the last fiscal, his enterprise has built significant scale of operations, extending its footprint to over 20,000 stores across India and the Middle East. Ascending new heights, Musthafa continues to walk tall and dream big.



SCALABILITY

EXPANDING NEW HORIZONS

At Edelweiss, capitalising on inorganic growth opportunities, making counter-cyclical investments and growing into adjacent business areas has held us in good stead. With an asset base of ₹551 billion, we are perfectly poised to scale up, backed by the tailwinds of financialisation of assets and democratisation of credit.

With a varied customer base spanning sovereign republics and corporate houses to the average urban and rural Indian household, we have expanded our reach and increased our diverse offerings to meet almost all financial needs. Helmed by dynamic leaders, our robust technology and product platforms have led to agile business structures, enabling us to leverage opportunities and gain significant size and market share.

Group Snapshot: 6 year perspective

- 38% CAGR in PAT to ₹8,901 million (₹1,277 million FY12)
- 52% CAGR in Total Assets managed at ₹2.24 trillion (₹0.18 trillion FY12)
- 170% increase in Group Gross Net Worth to ₹77.62 billion (₹28.75 billion FY12)
- 202% growth in customer base catering to ~1,200,000 clients (399,000 FY12)
- 223% growth in employee strength to 10,052 employees (3,108 FY12)
- 48% CAGR in Retail Credit to ₹161.88 billion (₹15.35 billion FY12)
- 63% CAGR in AuA to ₹901 billion (₹48 billion FY12)

Business Snapshot: FY18

Retail Credit

- 81% growth in Retail Credit to ₹161.88 billion (₹89.52 billion FY17)
- Expanded to 132 branches in 118 cities and over 3,000 villages with a client base of ~362,000
- SME business expanded to 88 locations across 19 states (17 locations in 11 states FY17)
- 91% growth in Agri Credit book size to ₹8.85 billion (₹4.63 billion FY17)
- Agri Credit network – 523 warehouses, 1.8 million tonnes storage capacity, 17 states, empanelment with 19 banks

Wealth Management

- Rapidly gaining market share with consistent increase in AuA; Addition of ~₹300 billion in FY18 at a growth rate of 49%
- Broad spectrum of clients – Ultra High Net Worth, High Net Worth and Mass Affluent

Asset Management

- 10x growth in aggregate AuM of Asset Management in 3 years to ₹292 billion (₹28 billion FY15)
- 30 mutual fund schemes managed with an investor base of 117,800 (79,800 FY17)

Capital Markets

- Investment Banking handled 23 transactions, 8 of which were over ₹10 billion

Life Insurance

- 37% CAGR in Collected Individual Annual Premium Equivalent since FY15 (16% industry average)
- ~31,000 Personal Finance Advisors (PFAs) (~21,000 in FY17)
- 121 branches in 93 locations pan India
- Over 64,000 policies issued in FY18
- ₹6.70 billion capital infusion by JV partners in FY18 (total capital infused ₹19.97 billion)
- Indian Embedded Value (IEV) at ₹16.35 billion as on March 31, 2018

#BeUnlimited like Chandubhai Virani

Constantly pushing the bar, embracing technology to drive efficiencies, he earned the respect of peers.

From just supplying wafers to a Rajkot cinema canteen to taking over 70% of the Gujarat snack market, Chandubhai Virani's Balaji Wafers has stumped MNC food giants with its efficient operations. What started as one-on-one selling, today, boasts of a robust distribution network of 750+ dealers that reach out to over 10 lakh retail outlets.

Recognising the importance of labour efficiency, Chandubhai invested in the latest machinery and was one of the first to fully automate his plants. The benefits were many; economies of scale,

standardised products, speedy production among others, making Balaji Wafers, one of the largest snack manufacturing companies in the country. Using image processing technology to minimise human intervention, as well as improve quality checks, Balaji today, has a total daily processing capacity exceeding 7.5 lakh kgs of potatoes. What's more, by producing bio fuel from the organic waste generated at his plant and setting up windmills, he has helped reduce carbon footprint as well.



PRODUCTIVITY & EFFICIENCY DELIVERING CONSTANT VALUE

An unwavering focus on improving efficiency and productivity at Edelweiss, has helped us script a consistent performance. This balanced approach enables us to not only improve operations but also enhance our responsiveness to market needs and be future ready.

Through adoption of technology for rapid automation, building efficiencies via systems and processes and judicious use of resources, we continue to leverage our balance sheet effectively. The diversified nature of our business ensures capital-efficient profitability.

Group Snapshot: 6 year perspective

- Highest Short-Term Debt Rating of A1+ by Crisil, CARE and ICRA and Long-Term Debt Rating at AA by Crisil, CARE and ICR A and AA+ by Brickwork and SMERA
- RoE ex-insurance increased to 22.1% (7.3% FY12)
- RoA ex-insurance increased to 2.6% (1.2% FY12)
- Cost to Income ratio (C/I) ex-insurance improved to 47% (70% FY12)
- Fully automated processes across the customer lifecycle – CRM, client on-boarding, transactions, risk management, servicing and reporting
- Use of chatbots for handling customer queries on the website as well as customer support using Natural Language Processing and Artificial Intelligence

Business Snapshot: FY18

- Credit business improved its NIM (including fees) to 7.7% (7.2% FY17)
- C/I ratio for Credit business improved to 34% (36% FY17)
- 138% increase in Asset Reconstruction Company recoveries to ₹25.74 billion (₹10.82 billion FY17)
- C/I ratio for Franchise & Advisory businesses improved to 65% (73% FY17)
- C/I ratio for Wealth Management business improved to 67% (76% FY17)

Life Insurance

- Claim settlement ratio improved to 95% (93% FY17)
- ~1,67,800 policies in force, 73% CAGR over FY12
- 13th month overall persistency for FY18 at 80%

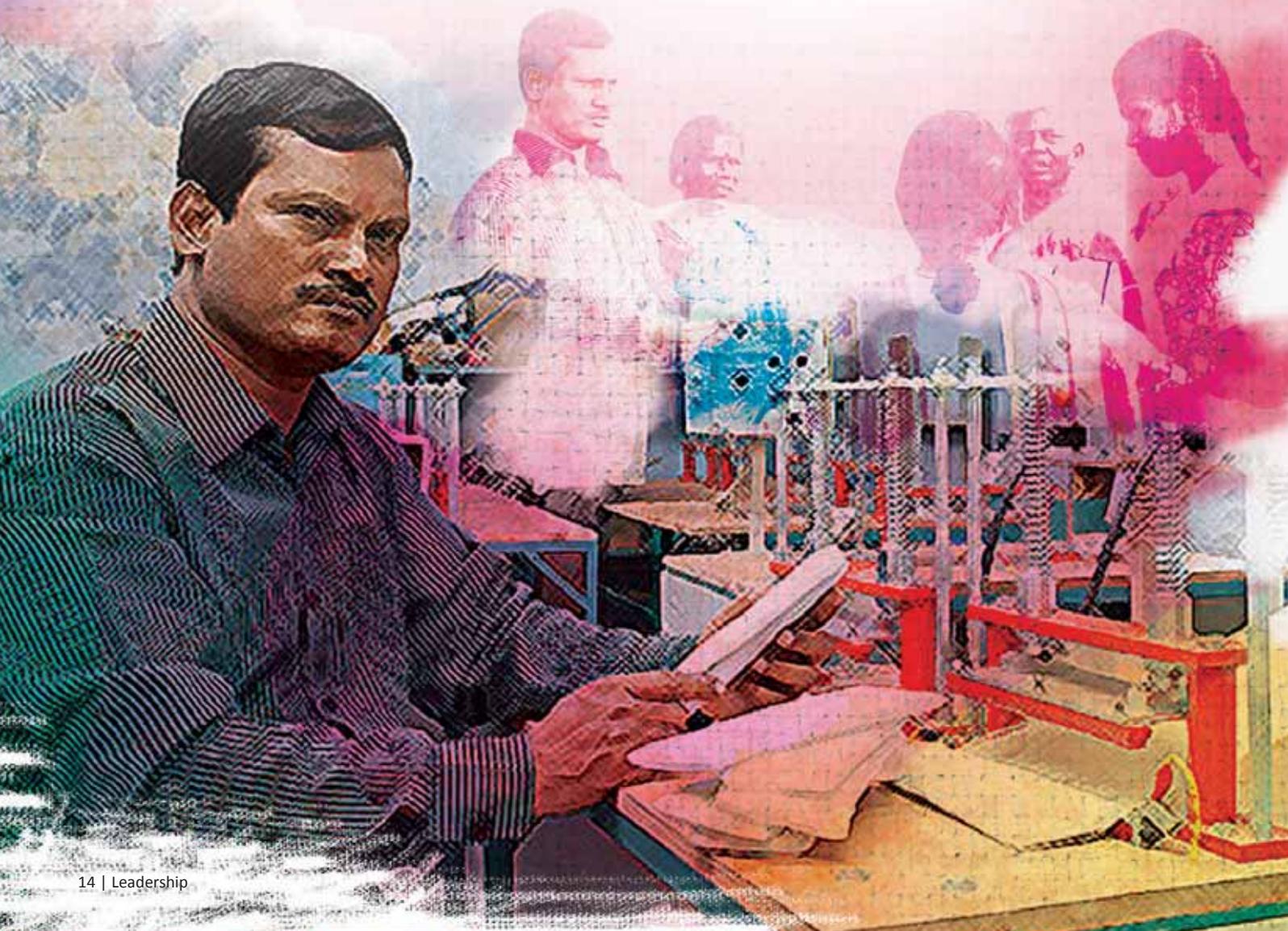
#BeUnlimited like Arunachalam Muruganatham

Inspiring a collaborative movement, he empowered co-workers to realise a collective vision.

Arunachalam Muruganatham, a school dropout from a poor family in southern India was looking to make cheap sanitary pads in a country where menstruation is a taboo subject. Menstruation being a taboo subject in his village, he found himself ostracised by his family. Undeterred, he went on to create the world's first low-cost machine to produce sanitary napkins.

Using innovative grassroot mechanisms to generate awareness, he revolutionised menstrual

health for rural women by giving them the dignity to buy affordable sanitary napkins. His startup company, Jayaashree Industries, supplies machines to women, empowering them with co-ownership in the enterprise. So far, he has produced over 2,000 machines that are installed in most Indian states and 10 other countries. What's more, he has also inspired filmmakers to make a movie on his life called *Padman*.



LEADERSHIP SPEARHEADING CHANGE AND PROGRESS

At Edelweiss, we foster an environment that cultivates leadership, entrepreneurship and innovation. A resilient business platform, differentiated strategy and an impressive leadership bench, enables us to rapidly scale new heights in the competitive financial services arena.

As leaders in the Capital Markets and Asset Reconstruction businesses, we continue to stand out and lead the pack. A high level of commitment and determination drives us to raise the bar for all our businesses. Our Credit business continues to grow from strength to strength, while the relatively younger Wealth Management and Life Insurance businesses have gained traction and built significant size and scale. We have earned industry recognition too, reflected in the 28 prestigious awards won, across businesses in FY18.

Highlights: FY18

- Featured among Forbes India's Super 50 Companies 2017
- Among the top 3 largest Non-Banking Financial Companies (NBFCs) in the Structured Credit space*
- Maintained leadership position as India's largest Asset Reconstruction Company with ~50% of the industry's managed assets*
- Among the top 5 Wealth Management players*
- Market leaders in Capital Markets with strong performance in both equity and debt

Equity

- Among the leading domestic institutional brokers with 4-4.5% market share by revenue, backed by a strong research desk covering 252 stocks across 30 sectors
- Edelweiss Custodial Services ranked as the Leading India Custodian***

Debt

- Ranked 1st in both Commercial Paper issuances with 23% market share and public debt issues with 81% market share in FY18**
- Leading player in the Private Debt space across real estate credit, distressed assets credit and special opportunities

*Morgan Stanley Research, 2017

**Prime Database

***Global Custodian Emerging Markets Survey, 2017

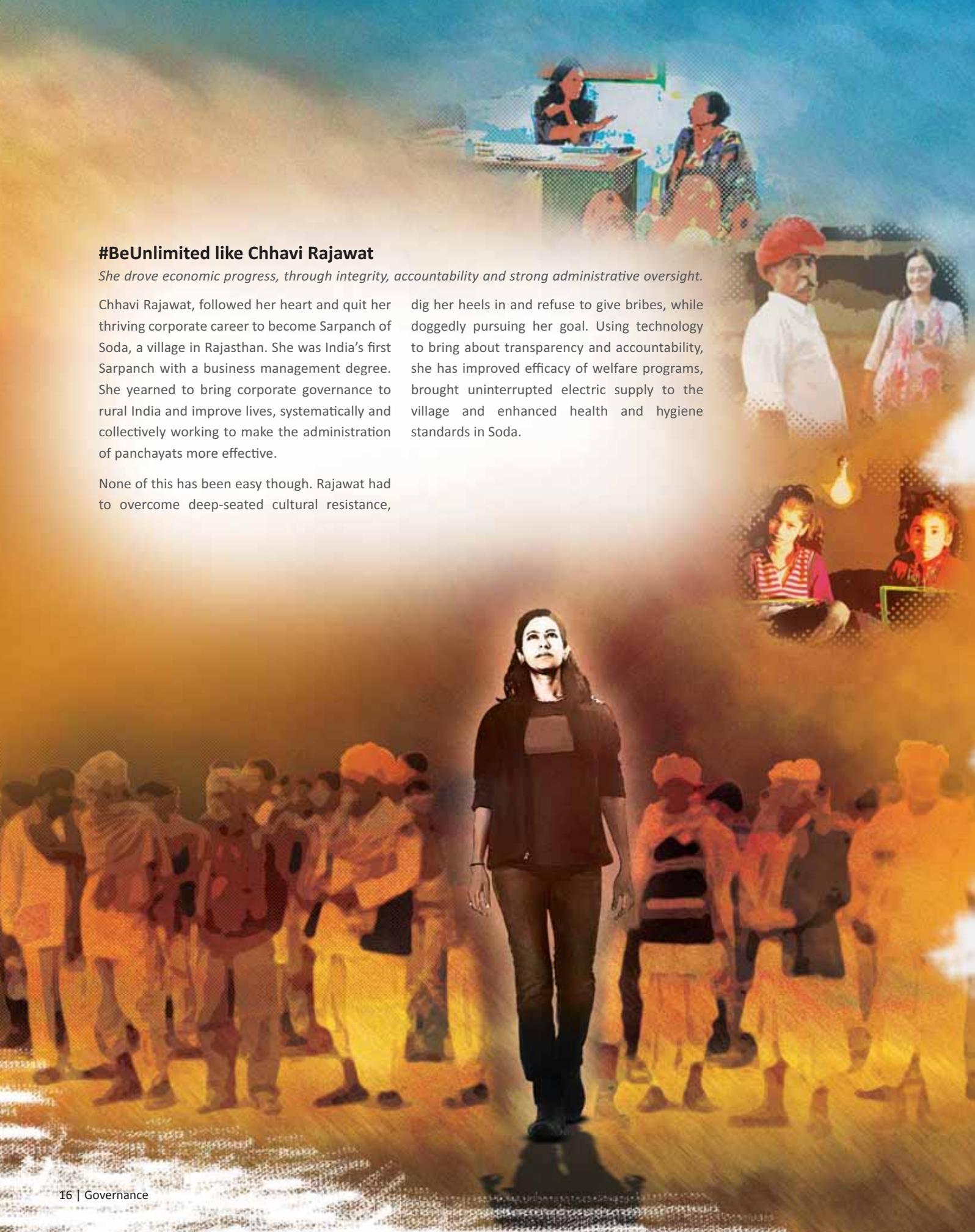
#BeUnlimited like Chhavi Rajawat

She drove economic progress, through integrity, accountability and strong administrative oversight.

Chhavi Rajawat, followed her heart and quit her thriving corporate career to become Sarpanch of Soda, a village in Rajasthan. She was India's first Sarpanch with a business management degree. She yearned to bring corporate governance to rural India and improve lives, systematically and collectively working to make the administration of panchayats more effective.

None of this has been easy though. Rajawat had to overcome deep-seated cultural resistance,

dig her heels in and refuse to give bribes, while doggedly pursuing her goal. Using technology to bring about transparency and accountability, she has improved efficacy of welfare programs, brought uninterrupted electric supply to the village and enhanced health and hygiene standards in Soda.



GOVERNANCE

ADMINISTERING A BETTER TOMORROW

At Edelweiss, we align our governance framework to the needs of the world around us. From ensuring long-lasting stakeholder relationships via ethical business practices to addressing key social issues such as education, women empowerment and livelihoods, we positively influence both business and society. A commitment to act in a transparent, fair and accountable manner, always abiding by the laws of the land, permeates our governance practices.

Strong risk management and compliance is part of our DNA and tempers acceleration opportunities with necessary brakes, ensuring responsible growth. Effectively harnessing technology, the governance and risk management framework defines how we set and achieve business objectives, while monitoring and controlling risks. Our clearly-defined business strategy and invaluable Board oversight ascertains longevity and stability.

Governance Overview

- 11 member Board, collectively brings over 350 man-years of rich, diverse experience, playing a vital role in policy design and strategic decision making
- Key risk, audit and compliance committees headed by external Independent Directors foster best in class risk and governance controls coupled with neutrality
- All major subsidiaries have adopted higher levels of governance norms and listing standards and have independent directors who ensure keen external oversight and transparency
- Holistic framework for risk management spanning multiple risk vectors like business risk, financial risk, liquidity risk, operational risk, regulatory risk, compliance risk, reputational risk, fraud risk and technology risk
- Analytics-driven approach enables early detection and derailment of potential risks

Highlights: FY18

- Centres of Excellence address diverse business risks in a uniform manner, delivering enhanced efficiency, safety and service to customers
- Comprehensive cyber and information security controls to adequately protect sensitive systems and data – Security Operations Center to monitor and foil cyber anomalies 24*7
- Whistleblower policy provides a secure channel to report unethical behaviour and code of conduct violations
- Regular awareness and mitigation programs conducted for employees, building a strong risk and compliance culture
- Mandatory workshops and e-learning modules on Group Policies – Prevention of Sexual Harassment (POSH), Code of Conduct, ABC of Compliance, Anti Money Laundering, Whistleblower, Prevention of Insider Trading, Information Security and Anti-Fraud
- Employees are encouraged to connect through DilKiBaat – a communication channel to report, share feedback and ideas directly with the Chairman
- Foster a compliance and risk consciousness amongst employees through an annual organisation wide recognition program

#BeUnlimited like Mansukhbhai Prajapati

He responsibly built a business strongly anchored to a larger societal good, leaving a cleaner planet for our next generation.

Mansukhbhai Prajapati, a potter living in rural Gujarat, used his imagination to solve basic issues of deprivation among the poor. Despite suffering major losses during the Kutch earthquake, he picked up the pieces to begin afresh on a remarkably innovative idea - a refrigerator, made of mud that keeps food fresh and works without electricity. Neither working long hours nor bankruptcy would deter him from launching Mitticool refrigerator in 2002.

Frugally designed, using minimal resources, priced at a fraction of the cost of a conventional refrigerator, his product was a godsend in rural India, where electricity is scarce. Today, Mitticool refrigerator is finding takers not just in India, but in London, America, Singapore and Africa too.



SUSTAINABILITY FOR THE LONG HAUL

The diversification of businesses across asset classes, client segments, and geographies, has helped us, at Edelweiss, to build a sustainable de-risked business model. This is demonstrated ably in the reduced volatility, consistent growth and business performance across cycles.

Management of environmental, social and financial demands to ensure responsible growth is embedded in our business practices. Cognizant of the fact that growth cannot be at the cost of social inequities or depleting resources, we are focused on delivering a triple bottom line of people, profits and planet. Detailed account of our concerted Environment, Social and Governance (ESG) efforts is available on page 48 of this report.

Financial Sustainability

- Matched Asset Liability Management (ALM) across durations
- Comfortable Capital Adequacy Ratio at 17.04% at Group level
- Comfortable Debt to Equity Ratio at 4.9x excluding Treasury Assets
- Liquidity cushion at 9% of balance sheet
- Diversified revenue and profit streams eliminating the impact of volatility in business cycles
- Maintained strong asset quality with Gross Non-Performing Assets (NPAs) at 1.75%, Net NPAs at 0.70% and a high collateral cover

Social Sustainability

- Over ₹1.5 billion committed to the social sector by EdelGive Foundation, the philanthropic arm of the Group
- Over 85% employees engaged in financial and non-financial giving, dedicating over 29,500 man-hours till date
- Impacted the lives of 1.2 million+ customers, 60,000+ families and 13,000+ partners and associates via 10,000+ employees across 450+ offices

Environmental Sustainability

- 27% of power consumption met by renewable energy sources and 9% reduction in carbon emissions at Edelweiss House (corporate head office in Mumbai)
- 1.2 MW solar energy plant installed at Solapur, generating ~1.7 million units annually
- 60 KW roof-top solar panels installed and recycled
- ~8,700 kg of organic waste as fertilizer for plants at Fountainhead, Edelweiss's leadership development centre in Alibaug
- ~100,000 litres of water supply generated via rainwater harvesting and recycling initiatives at Fountainhead

#BeUnlimited like Anirudh Sharma

He brought innovative ideas to life using technology, transforming businesses and opening up a world of possibilities.

As a youngster, machines fascinated Anirudh Sharma. Moved by the troubles of the blind, Anirudh built a shoe prototype to assist mobility of the visually impaired. His innovation was so impressive that one of the top universities in the world offered him a place, despite not having the necessary qualifications.

He returned to India to launch 'Le Chal' – a shoe-smartphone combination for the blind -

embedded with hardware and connected via Bluetooth to a smartphone. Relaying simple vibrations to notify turns and obstacles, it helps the blind seamlessly navigate. To continue to subsidise his shoes, he extended the product line to develop insoles as a fashion and fitness accessory. In this manner, he was able to ensure his shoes remained affordable, helping transform the lives of millions of visually impaired.



INNOVATION & TECHNOLOGY PUSHING CREATIVE BOUNDARIES

At Edelweiss, ideas are our accelerator, but most importantly they are backed by exceptional execution, which has helped us change the rules of the game. An end-to-end technology platform enables all businesses and is the cornerstone for our success.

We regularly invest in robust and scalable technology architecture, creating the foundation for automated and integrated processes. This helps to drive organisational efficiency, digitally transforming businesses across customer lifecycles. With a steadfast eye on future developments and possibilities, we are geared to adopt and adapt swiftly.

Group Snapshot

- Technology solutions across 300+ locations, 2,500+ trading terminals, six million transactions per day with 99.98% uptime
- Adopted cost effective and secure hybrid cloud technology for on-demand scalability
- ISO 27001:2013 certified information security initiatives that provide security, integrity and privacy of customer data and other information within the company
- Over 130 technology led projects across data security, customer engagement, data analytics, artificial intelligence, machine learning among others
- Digital transformation programs for retail businesses to change gears and manage accelerated growth via Cloud, Analytics, Artificial Intelligence and Robotics Process Automation

Business Snapshot: FY18

Credit

- Leveraged India Stack's infrastructure to digitise service delivery in Retail Lending
- Reduced customer onboarding turnaround time from 1 day to 10 minutes in Retail Lending
- Automated underwriting and risk assessment across credit businesses
- Real time geo-tracking of over 450 field executives across 500 remote warehouses in Agri Credit business

Wealth & Asset Management

- Distributor platform to manage account opening, transactions and portfolio tracking

- 1.7 lakh users of the Edelweiss Mobile Trader, contributing to almost 50% of the online trading revenue

Capital Markets

- Advanced deal tracking, monitoring and risk management processes across Capital Markets & Advisory
- Insurance aggregator platform for B2B clients by Edelweiss Insurance Brokers

Life Insurance

- Integrated lead management and policy issuance system across channels
- Seamless agent management with an end-to-end portal tracking everything from on-boarding to payouts
- Machine learning at the underwriting stage to prevent fraudulent applications
- Wealth Plus recognised for product innovation at the Golden Peacock Awards 2018, ET NOW BFSI Awards 2018 and the Golden Globe Tigers Awards 2018



#BeUnlimited like Chetna Gala Sinha

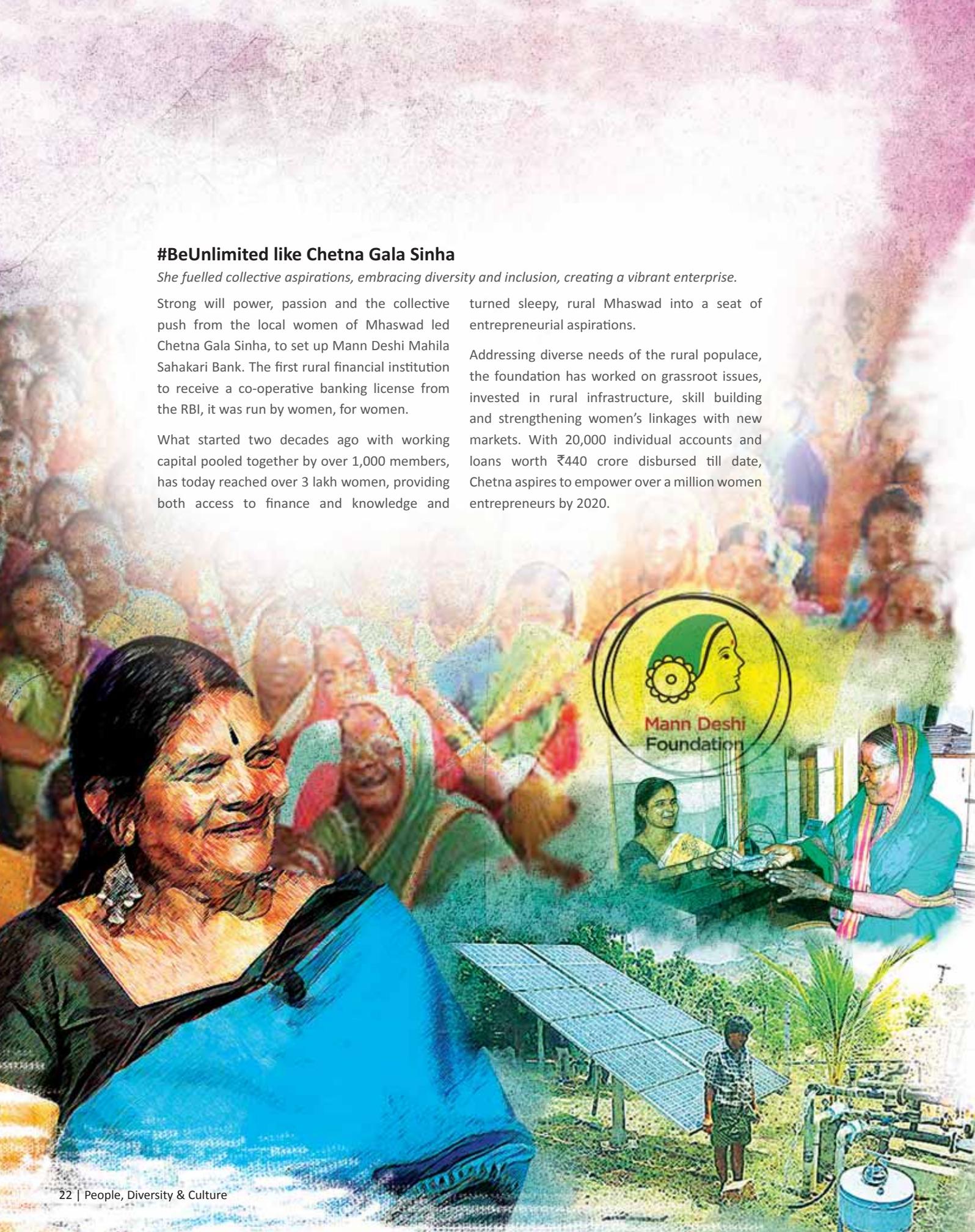
She fuelled collective aspirations, embracing diversity and inclusion, creating a vibrant enterprise.

Strong will power, passion and the collective push from the local women of Mhaswad led Chetna Gala Sinha, to set up Mann Deshi Mahila Sahakari Bank. The first rural financial institution to receive a co-operative banking license from the RBI, it was run by women, for women.

What started two decades ago with working capital pooled together by over 1,000 members, has today reached over 3 lakh women, providing both access to finance and knowledge and

turned sleepy, rural Mhaswad into a seat of entrepreneurial aspirations.

Addressing diverse needs of the rural populace, the foundation has worked on grassroots issues, invested in rural infrastructure, skill building and strengthening women's linkages with new markets. With 20,000 individual accounts and loans worth ₹440 crore disbursed till date, Chetna aspires to empower over a million women entrepreneurs by 2020.



PEOPLE, DIVERSITY & CULTURE

VIRTUES THAT EMPOWER

At Edelweiss, the paradigm of 'Collective Ownership and Individual Responsibility' fosters a robust entrepreneurial spirit that cultivates leaders who add value and shape the organisation, year after year. We are a cross-cultural mosaic of over 10,000 people, from diverse backgrounds, practices and skillsets, seen at every level, across businesses.

Our inclusive culture is the source of our strength, bringing in fresh ideas, perspectives and experiences, encouraging and nurturing innovation and fostering a truly collaborative workplace. This culture is a common thread that binds us together, despite our separate and distinct identities.

With an empowered workforce, who seize opportunities and tackle challenges proactively, we are committed to building an agile and responsive organisation, driving business growth.

Group Snapshot

- The Edelweiss Leadership program (ELP), comprising of 6% of the employee base is a robust development program that identifies and grooms high potential leaders and builds a strong and growing leadership bench across levels – Management Committee, Senior Leaders, Business Leaders, Emerging Leaders
- Largest Employee Stock Ownership Plan (ESOP) pool in the non-banking financial services space, inculcating a culture of ownership
- 40% of employees participate in health, fitness and wellness initiatives aimed at enhancing work-life balance via Edelcare
- Diverse, inclusive culture – women comprise 20% of the employee base
- Employees are encouraged to volunteer time and expertise in delivering high quality solutions to issues faced by the non-profit organisations supported by EdelGive Foundation
- Employee participation in social projects was recognised at the iVolunteer Awards 2017
- Zero tolerance to discrimination on the basis of gender, caste, creed, religion and sexual orientation
- Prevention of Sexual Harassment (POSH) sensitisation workshops conducted across offices covering 92% of the employee base
- Education assistance provided to employees' children to pursue higher education
- Encouraging a value based culture through a recognition program, honouring employees who exemplify risk management, collaboration, customer centricity, people development, technology and innovation

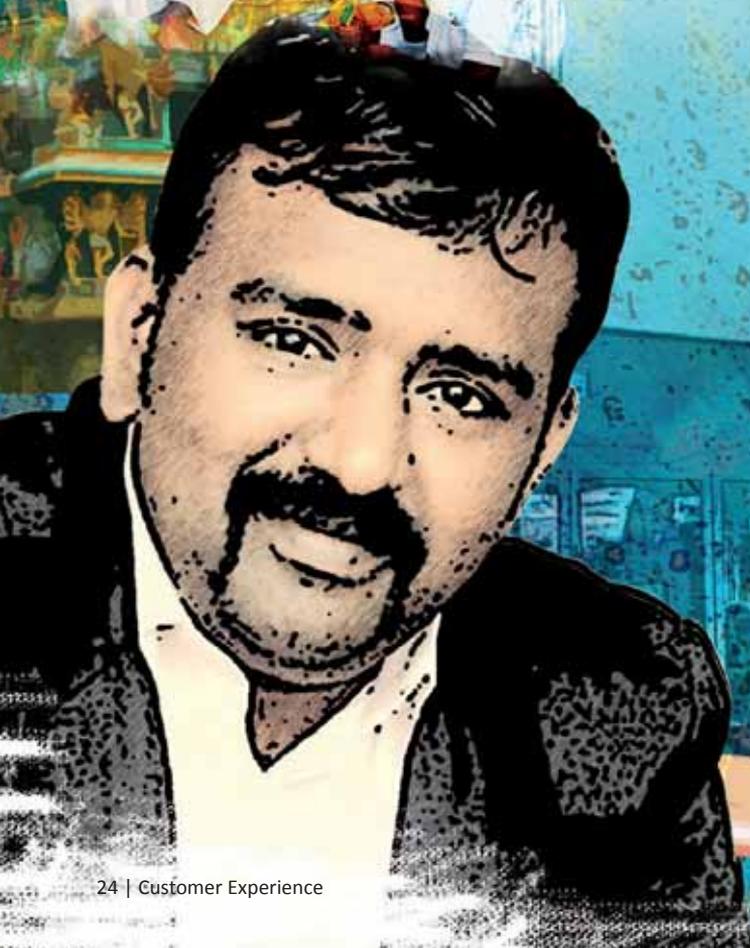
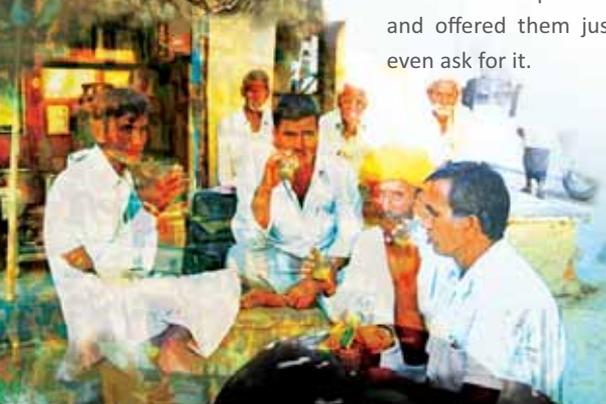


#BeUnlimited like Prem Ganpathy

He developed strong insights into customer needs, making them central to business, creating wow moments.

Working as a dishwasher, Prem Ganpathy had a burning desire to succeed. When he got a chance to be a tea boy, he seized it, craving to interact with customers and understand their needs. In time, he was earning 3x more than the other tea boys. His secret sauce to success? Well, he learnt his customer's preferences for their daily cuppa and offered them just that before they could even ask for it.

When he started his own venture, Dosa Plaza, this understanding held him in good stead. He adapted the humble dosa to meet varied consumer tastes, fine tuning the recipes based on feedback from his patrons. Delighted customers and soaring business due to word-of-mouth publicity, soon saw a chain of Dosa Plaza restaurants across the country, further expanding to international shores too.



CUSTOMER EXPERIENCE

LITTLE DELIGHTS GO A LONG WAY

At Edelweiss, customers are at the heart of everything we do. We believe Customer Experience is not restricted to service delivery, but extends to all moments of truth, including product design, pricing and processes.

Led by consumer insights, our goal is not just to deliver innovative products and services, but create value for our customers. Ultimately, it's about anticipating and meeting our 1.2 million customers' ever-changing needs, striving to remove limitations, and helping them achieve their aspirations and **#BeUnlimited**

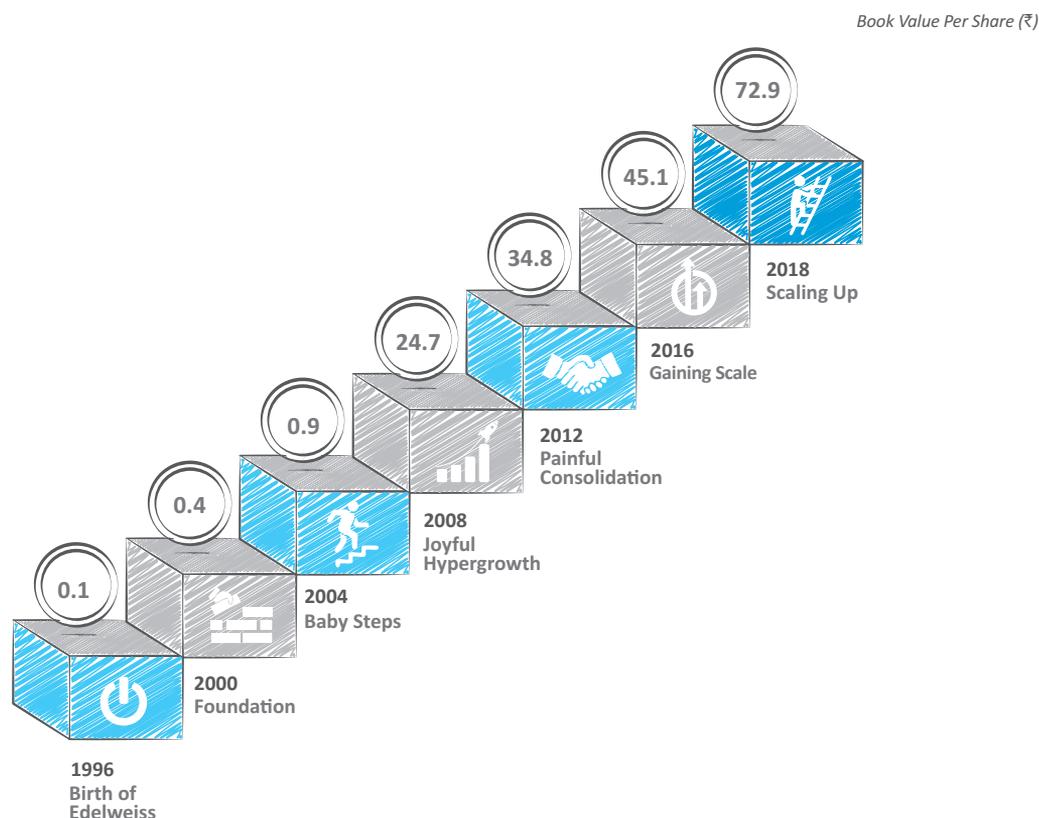
Group Snapshot

- Group wide culture of customer-centric thinking, driven by Customer Experience Officers and supported by top management across businesses
- Monthly feedback mechanism, based on NPS® methodology, reaching out to ~2000 customers every month, helping identify possible process/service gaps
- Insights from consumer panels and focus groups help create products that suitably meet customer needs
- Mapping customer journeys to ensure consistency and seamless experience across all touchpoints and channels
- Single point access for customers, using smart technologies like voice recognition to improve customer satisfaction
- Seamless, paperless, single window on-boarding for retail customers, utilising digital platforms, leveraging India Stack and e-KYCs
- Increased use of Data Analytics in decision making, from customer on-boarding and credit appraisal to insurance underwriting
- Use of Artificial Intelligence in credit evaluation process, helping in speedy loan disbursals
- Instant decision making and simplified application process for online sales channel for Life Insurance
- Multiple initiatives deployed in Artificial Intelligence, Machine Learning and Robotics Process Automation – all aimed at improving the overall customer experience
- Edelweiss Global Wealth & Asset Management recognised for the Best Customer-Centric Culture at the Customer Experience Awards 2017

Letter From The Chairman



Long-Term Report Card



We complete another year – our 23rd since inception, and look back at our journey! While the Edelweiss story is an amalgamation of the six phases mentioned above, what might not emerge is that it is also a story of two halves and a phase of re-birth in between. One was Edelweiss pre-2008, where we were primarily a Capital Markets led organisation. In the four years following 2008, we completely re-orchestrated our business model. This phase was essentially the seed for the Edelweiss of today – Diversified and Bank-like with a variety of businesses spanning almost the entire financial services domain. We completed most of this process by 2012 and our business model re-alignment has helped us to create an organisation with a strong and sustained track record, especially over the last six years.

Year	Revenue (₹ million)	PAT (₹ million)	Net worth (₹ million)	BVPS (₹)	Diluted EPS (₹)
2012	16,707	1,277	28,748	34.8	1.7
2013	21,840	1,785	26,909	32.1	2.3
2014	25,555	2,202	32,558	37.6	2.9
2015	39,119	3,287	35,314	39.9	3.9
2016	53,157	4,144	43,717	45.1	4.9
2017	66,336	6,093	52,879	52.0	6.9
2018	86,225	8,901	77,624	72.9	9.8

Decline in book value from 2012 to 2013 is on account of exclusion of goodwill from Net worth on acquisition of Anagram Securities

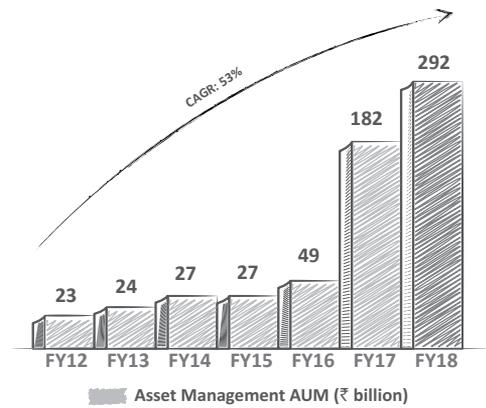
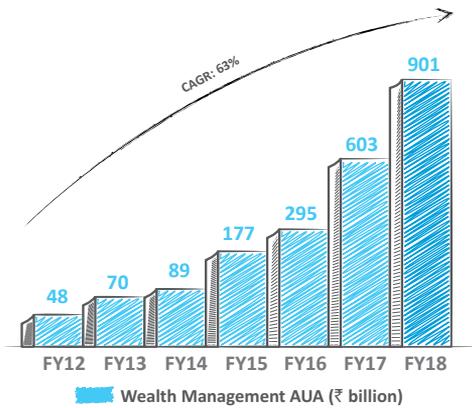
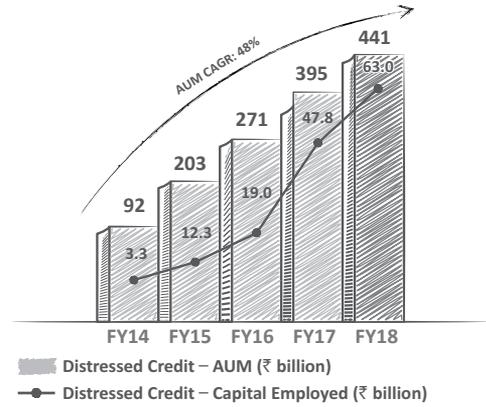
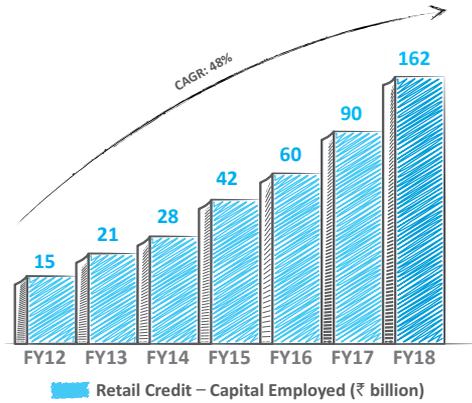
Year	% change in EW Market Cap	% change in NSE FS index
2013	12%	14%
2014	-7%	11%
2015	123%	43%
2016	-9%	-13%
2017	180%	33%
2018	51%	17%

Numbers are based on Management estimates

Scaling Up

This phase of mature and balanced growth has helped us lay the foundation of our current phase – a phase of Gaining Scale. Over the last 20 years, we have scaled up our businesses substantially and we today occupy a sizable position in the Indian financial services market. However, for the new businesses that entered the Edelweiss fold

from 2008-12, we are now at an inflection point. In most of these businesses, we have established a clear business model which works well for us and created the necessary enterprise backbone in the course of the last few years. With the India tailwinds at play, we are now primed to further scale up these businesses rapidly, something we have started doing in the last three years.

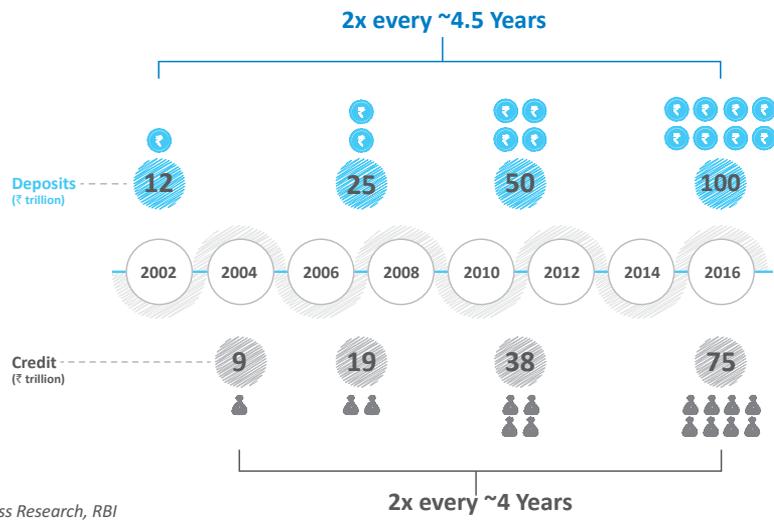


Financial Services in India – Our World View

The financial services sector is the engine that drives the economy. By providing capital to be utilised across productive avenues, financial services drives a significant part of the growth in the country. The growth in financial services can roughly be translated as an outcome of a few key trends –

1. Compounding Growth

The story of the compounding in India's GDP which we see happening in the future is well-documented. What is not so commonly observed is how this compounding has already been a key vector in the growth of financial services



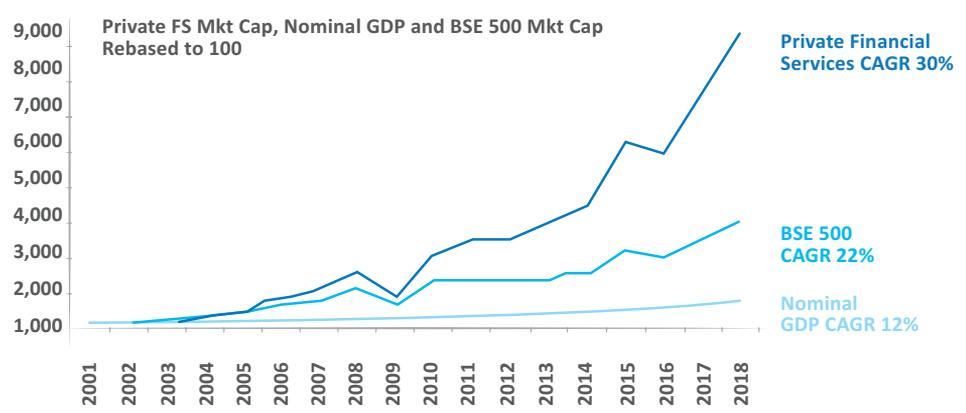
Source: Edelweiss Research, RBI

in India. A common trend we have observed is the doubling in most of the key financial metrics every 4-5 years. For example, in the last 15 years, outstanding bank deposits have doubled every 4.5 years while credit has doubled every 4 years.

Similar trends have been seen in Mutual Fund AUMs as well as the AUMs of Insurance companies. Interestingly, in the last few years, the growth in Mutual Fund, Insurance and Pension AUMs has been much faster than the growth in system credit. By size, they are now close to 50% of outstanding credit compared to around 25% less than two decades back. With the ascending wave of financialisation, we expect their share to continue moving up.

2. Privatisation of Financial Services

While the system has doubled every 4-5 years, implying a 16-18% growth, private financial services have grown even faster. This is something which we are increasingly seeing across industries, a trend we will discuss in detail going forward. An analysis of the market cap of private FS companies present over the last two decades gives very interesting results – In the last two decades, the market cap of Private Financial Services companies has grown much faster than the overall index, which in turn has grown faster than the growth in GDP. In fact, growth in Private FS market cap is nearly 2.5 times the growth in GDP. This is a trend which has sustained for the last two decades and one which we expect to continue for the next two decades as well!



Source: Edelweiss Research, BSE, World Bank



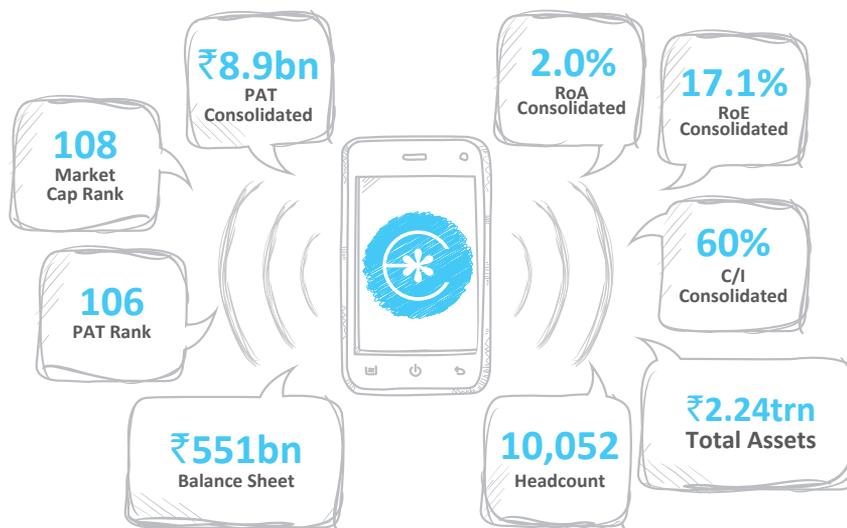
Doing experiments is good but there is a small problem attached with it they cost money!

Experiment, Establish, Elevate!

This scale-up has come on the back of a strategy of experimentation via calculated risk-taking, something which we have also tried to inculcate across the Group. Our philosophy has always been to invest about 10-20% of our pre-tax profits in areas which we expect to be significant opportunities in the future. This number was around ₹3-3.5 billion for the year gone by. These “experiments” of past include highly profitable businesses of today including wealth management, asset management and ARC amongst others. While we’ve had several successes, we’ve had failures as well – initiatives like gold loans and Finpro are amongst our experiments which have failed, some due to our inability to establish a workable business model like in the case of gold loans and some due to lack of a viable market opportunity at that time like in the case of Finpro.

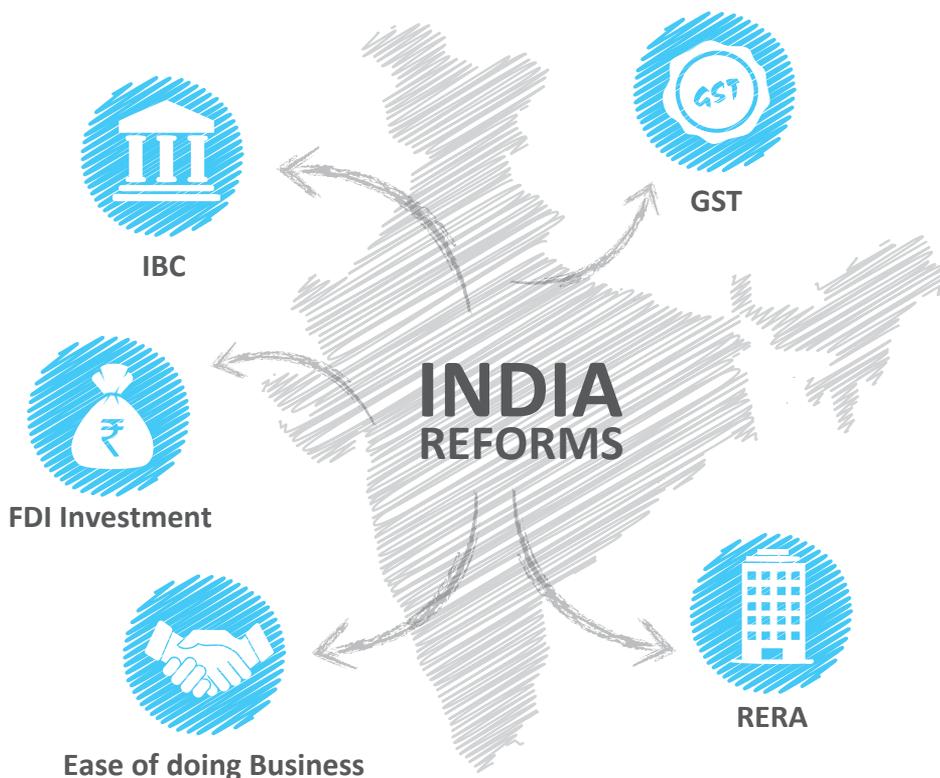
Usually, it is a three-step process of Experiment, Establish and Elevate, wherein we Experiment with various business models, Establish the one that works best for us and then Elevate the business rapidly to take advantage of this. Many of our businesses are in various stages in this journey – so while we are doing a variety of Experiments within our Mortgages Business, we have after some permutations established a profitable business model for the SME Lending business. In businesses like Wealth Management, we are now aggressively into the Elevate stage as our recent scale-up trajectory suggests. While we’ve had successes as well as failures with this approach, in the long-term, these experiments have given us asymmetric returns and we continue to do several experiments within Edelweiss across businesses.

FY18 Report Card



FY18 Overview

It was another good year for Edelweiss as the scale up and maturity in our businesses, coupled with the India tailwinds drove strong growth across all areas. While there have been some concerns around the slowdown in GDP growth, people tend to forget that we are still amongst one of the fastest growing economies in the world! Quantitatively, it was a decent year for India but more importantly, qualitatively it was a great year for India with a slew of reforms paving the way for sustainable, long-term growth compounding.

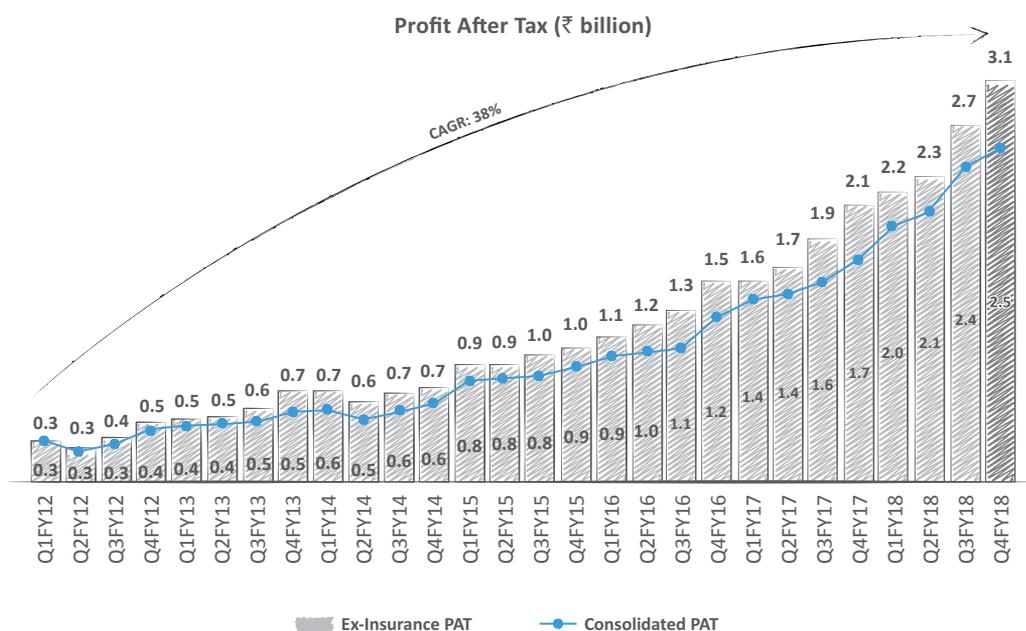


Highlights

- Our Profit After Tax (PAT) was up 46% YoY to ₹8.9 billion while our Ex-Insurance PAT was ₹10.4 billion, a growth of 44% over the previous year. This is the first time that our Ex-Insurance PAT for the full year has crossed ₹10 billion
- Profitability has also improved with Ex-Insurance RoE now standing at 22.1% and Ex-Insurance RoA at 2.6%
- FY18 has been a continuation of our long-term growth trajectory which has seen our Quarterly PAT grow with a CAGR of 38% in the last 28 quarters
- In this time period our profits have grown more than 7x from ₹1.3 billion in FY12 to ₹8.9 billion in FY18 while our balance sheet has also multiplied 4 times – another journey of Scaling Up that we have successfully executed
- We raised equity capital in the holding company, EFSL, in November 2017. This was the first capital raise since EFSL's listing more than 10 years ago. We see this as a key next step in our journey to Scaling Up
- There were two other milestones in the year which are really close to us
 - o The Edelweiss family is now more than 10,000 strong. Our journey in the last 22 years is primarily a function of our human capital and this achievement is another reinforcement of the same
 - o We signed a long-term agreement with the Indian Olympic Association (IOA) to sponsor the Indian contingent for the recently concluded Commonwealth Games 2018 and upcoming Asian Games 2019 and Olympics 2020, in addition to the National Games. This is in line with our continued focus on promoting sports in India

46%
Profit After Tax

7x
Growth in 7 years



Our Businesses

FY18 witnessed further diversification of our earnings as the Franchise & Advisory businesses continued to grow faster, driven by strong growth in the Indian capital markets and backed by our investments in these businesses over the last few years. No business in Edelweiss now contributes more than 20% to the overall profit, a testament to our strategy of diversification. This has helped us not only diversify our earnings base to be able to withstand any shocks in the market, it has also helped us establish sizable market share in several emerging opportunities. With our current size, there is ample headway for growth in each of these businesses as the India growth story pans out.



Edelweiss Profit – Well Diversified

Business Segments	FY18 Pre MI PAT (₹ million)	% Contribution
Credit Business		
Retail Mortgage	657	6%
LAS, SME, Agri and others	1,340	12%
Structured Collateralised Credit	1,584	14%
Wholesale Mortgage	1,804	16%
Distressed Credit	1,927	17%
Franchise & Advisory Business		
Wealth Management & Asset Management	1,621	15%
Capital Markets	1,464	13%
BMU, Corp and Others	826	7%
Total Ex-Insurance	11,222	100%

■ Mature Businesses

■ Growth & Focus Areas

Credit Business

Credit continues to be the backbone of our business model and the largest contributor to our profits. Our credit book now stands at ₹420 billion, a YoY growth of 52% with robust growth in Corporate and Distressed Credit and exponential growth in Retail Credit.

We continue to see healthy traction in the credit book, like many of our peers. Overall credit growth in the economy might be subdued but in addition to the incremental opportunity, there continues to be a shift in market share from public players to private players, a trend we will discuss in detail.

1. Retail Credit

- a. Outstanding book of ₹162 billion
- b. PAT of ₹2.0 billion in FY18, YoY growth of 64%
- c. RoE of 15.8% and RoA of 1.6%

As we saw earlier, the retail credit book has scaled up substantially after the first few years of the bedding-in phase and now makes up 39% of our total credit book. This growth has been majorly on the SME Lending and Loan Against Property side. We are now focusing on scaling up our Housing book as well. Accessibility is one of the key aspects to growing a retail business. We are doing this through a multitude of avenues. We have significantly expanded our presence across the country in the last year. We now have 132 branches in 118 locations across the country.

However, our end goal is to meet the customer wherever he/she is present. This will need distribution excellence and innovation in customer outreach. We are undertaking a variety of experiments in terms of our distribution channels, some common and some 'not so common'. These include enhancing both the fulfilment channels as well as the lead generation channels through enhanced geographical footprint, DSAs, a direct sales team and tie-ups with brokers and other intermediaries. We strongly believe that there is a massive opportunity on the housing side in the Indian credit market and with the increasing urbanisation and rising incomes, the demand for housing will pick up substantially going forward. Our investments are in anticipation of this opportunity that we see panning out over the next 8-10 years.

2. Corporate Credit

- a. Outstanding book of ₹195 billion
- b. PAT of ₹3.4 billion in FY18, YoY growth of 18%
- c. RoE of 18.8% and RoA of 2.2%

Our Corporate Credit book saw steady growth as we continued to see offtake on the corporate side. This has come on the back of two main reasons –

- Several PSU banks have come under RBI's PCA framework, hence lending has become more difficult for them. Many of their good quality clients are now shifting towards NBFCs and other private players, a trend which we expect to continue over the next 12-18 months. This is a part of a general trend of privatisation across industries which we will discuss in detail further ahead
- The Asset Quality issue in the system has limited the amount of equity capital available for lending. Most banks with high NPAs, even if they do not fall under PCA, are utilising the excess capital available to clean up their books. This has limited their ability to provide growth capital which has been captured by Financial Service providers with better asset quality and free growth capital

We continue to see a strong pipeline in Corporate Lending which will be fulfilled partly through our own book, partly through sell-downs and the remaining via our private debt funds.

3. Distressed Credit

- a. Capital deployed of ₹63 billion with AUM of ₹441 billion
- b. PAT of ₹1.9 billion in FY18, YoY growth of 98%
- c. RoE of 20.0% and RoA of 3.6%

We continue to be India’s leading player in distressed credit with a strong track record of acquisitions as well as recoveries. Our focus continues to be on acquiring EBITDA-generation operating assets which could be financially broken. By providing our financial expertise as also the ability to do priority funding, we aim to maximise the value of the asset.

The introduction of IBC and the ongoing process in NCLT is a potential game changer in addressing the stressed assets problem in the country.

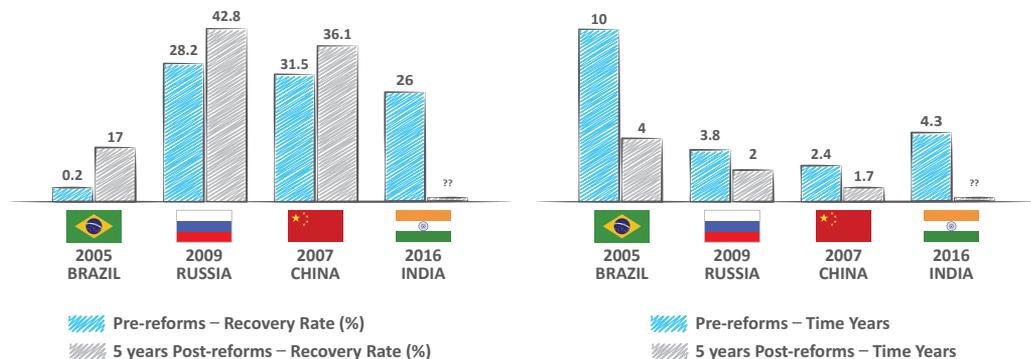
Insolvency and Bankruptcy Code – Will it Work?

In the one year since IBC has been in existence, while we may not have seen too many big ticket resolutions, the year has definitely brought in significantly more clarity than when we started out. As is said, Laws are made in the Parliament but truly tested in Courts. It was always expected that the IBC will face a variety of questions as we introduce what is a seminal bankruptcy reform in India’s history. However, IBC has ably stood through all these challenges and we definitely expect the coming year to witness some big-ticket resolutions, thus truly reflecting

the value that the process will bring in. Equally importantly, we expect the insolvency process to generate valuations around 10-20% higher than what would be normally expected. It will, however, take some time to create an effective price discovery mechanism and an efficient market. The recommendations of the Insolvency Committee in terms of enhancing the bidder pool, especially, will play a major role in this aspect. Once that is established, we could see valuations improve even more. As long as the asset is in good, operating condition, we can expect IBC to extract good value from insolvency cases.

Globally, bankruptcy reforms have led to a significant impact on the recovery rates. A simple

Impact of Introducing Bankruptcy Reforms



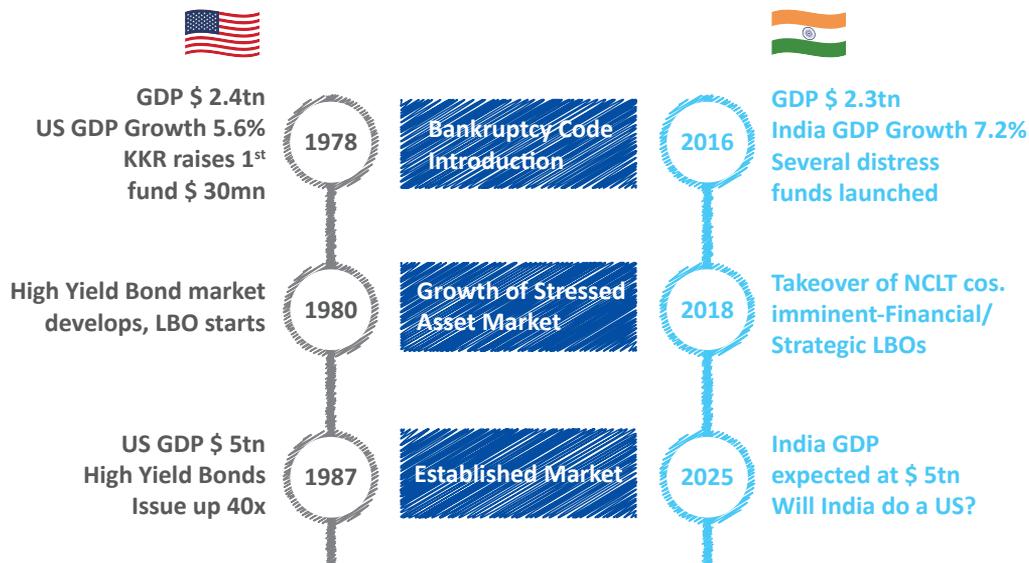
Source: CRISIL

comparison amongst our BRIC peers will make this clear.

As is evident, the reform in each of these countries has been a game changer. In this context, it would also be interesting to see how the distressed assets industry has panned out. In USA, the law was introduced in 1978, probably the first across the world. A comparison of the

evolution of the industry should give us an idea of how the Indian distressed assets market could potentially pan out, especially since India today is roughly the size of the US economy in 1978.

Clearly, the potential for the industry growth in the next 8-10 years is massive! With these factors in mind, we continue to be strongly bullish about our distressed assets business going forward.



Franchise and Advisory Business

Franchise and Advisory consists of our wealth management, asset management and capital markets businesses. This has been another fabulous year for these business as the confluence of rapid scale-up and a supportive market environment helped us sustain and even enhance the growth momentum. As we saw earlier, these businesses now form around 34% of our Consolidated Profits in FY18 and more than 40% in Q4-2018. Our focus on these businesses is driven by their ability to generate significant returns without consuming too much capital. These businesses will continue to generate a significant RoE kicker for us going forward.

1. Wealth Management

- PAT of ₹1.3 billion in FY18, YoY growth of 83%
- Cost to Income has declined from 76% in FY17 to 67% in FY18
- Assets Under Advice now stand in excess of ₹900 billion, with 50% growth over FY17

The wealth management business saw good growth, both on the Mass Affluent side as well as the UHNI side. The growth on the UHNI side, especially, has come on the back of the creation of a robust

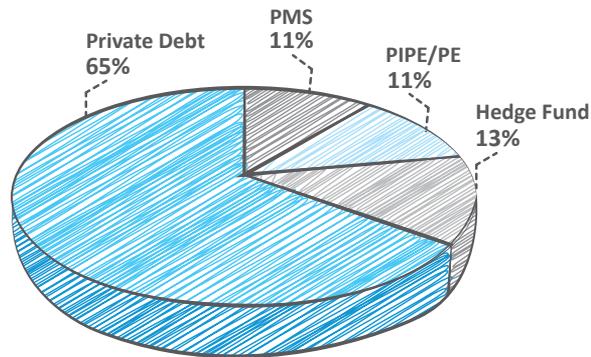
pipeline of new Relationship Managers who have helped us scale up our business not just within our existing locations but also at newer locations across the country. We added 63 RMs in FY18, bringing the total RM count to 172. These are in addition to the RMs we have in our Mass Affluent Business. With this fresh hiring, we are now geared for continued strong traction in this business.

2. Asset Management

- a. PAT of ₹0.3 billion in FY18, up from ₹0.07 billion in FY17
- b. Cost to Income Ratio has improved from 80% to 63%
- c. Assets Under Management of ₹292 billion, up 60% YoY

Our asset management business is a mix of our Mutual Fund business and the Alternatives Asset Management. Both these businesses have done fairly well in the last year. The mutual fund business crossed an AUM of ₹100 billion. While still a small number considering the existing market size, we are fairly confident of scaling this up rapidly going forward. While the opportunity has been there for some time, we felt that we were lacking the right model to really be able to afford scaling up this business. However, this has been overcome in the last twelve months and we would expect to see a fair amount of traction on this business going forward. We are especially excited about our alternatives business, in terms of potential opportunity, our ability to tap this opportunity and the consequent returns we will generate.

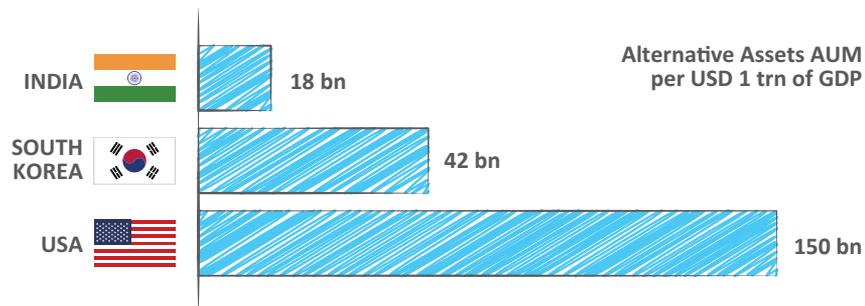
Edelweiss Alternative AUM split (Alternative AUM ₹152 billion)



Alternatives are going Mainstream!

The alternatives market in India has almost doubled in the last five years to around USD 50

billion with significant scope for expansion. Even today, we don't compare too well globally in terms of penetration of alternatives.



Source: Prequin Insights, Edelweiss estimates

However, there is significant cause for optimism with the growth seen in the last few years. There are three main reasons why the alternatives market has been seeing strong traction in recent times –

- a. Demand for yield, particularly amongst foreign investors
- b. Growing affluence of domestic investors
- c. Development of AIF platforms in India

The ability of alternatives to offer superior risk-adjusted returns with the added benefit of diversification compared to mutual funds provides an attractive investment option. Investors have now started recognising that, leading to the rise in AUM of alternatives. At the same time, alternatives are also more profitable for asset management companies as the profitability is nearly 3-4 times that of mutual funds. Edelweiss is well-positioned to tap this rising opportunity as we are one of the few asset managers in India with leadership position across the full bouquet of product offerings.

3. Capital Markets

- a. PAT of ₹1.5 billion in FY18, YoY growth of 28%
- b. Cost to Income has improved from 69% in FY17 to 64% in FY18
- c. Assets Under Custody have crossed ₹120 billion, a YoY growth of 171%

Capital Markets is a legacy business for Edelweiss – our founding core, so to say. Over the years, we have added newer businesses to this core, not just across Edelweiss but within the Capital Markets group as well.

Today, we are amongst the leaders in the market on both Equity Capital Markets (ECM) and Debt Capital Markets side. Besides these, we have also steadily built other niche businesses within the Capital Markets business. This includes Financial Product Distribution which acts as a distributor for various kinds of financial products like mutual funds, IPOs and fixed income securities, etc., amongst the retail masses. We are also building a Custody and Clearing business which we think can be a strong growth vector in the near future. Already, our Assets Under Custody have crossed ₹120 billion and we expect to see continued traction on this business.

Insurance

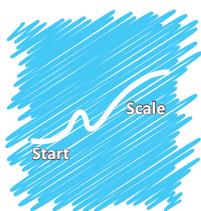
Our insurance offering has now doubled with the launch of our general insurance business through Edelweiss General Insurance Company Limited in February 2018. With our business span, we are now one of the most diversified financial services company in India, a model, as we mentioned earlier, we have consciously attempted to build.

Our Life Insurance business continued its strong growth in FY18. This was further accelerated by the capital infusion of ₹6.7 billion by Edelweiss and our JV partner Tokio Marine. While there was no immediate need of capital in the business, we have pro-actively ensured that not only are we well-capitalised, we are also not lacking in growth capital. The key to a life insurance business is not only to provide quality to its clients but also to be able to consistently scale up the reach and the overall business. Sustainability comes from creating a quality business with scale. While we think we have managed to achieve the former, we are still some way away from the scale we would want to see. As always, our long-term plan is to break-even in Life Insurance by FY22.

Beyond Business—Some Thoughts

The last one year has been a seminal one for the Indian economy. While the short-term impact might have been restrictive, the long-term benefit that will accrue from the structural reforms more than compensates for any short-term pain. It is refreshing to see the focus on the long-term, something we have always tried to inculcate in the Edelweiss way of thinking. However, we have often seen companies, especially the young start-ups, failing to grasp the power of the balance between the short-term and the long-term. This is one of the biggest reasons why there are so many companies in India that start off very well but do not manage to eventually scale up.

Startup to Scaleup



India's young demographic has made us one of the world's leading startup hubs. This has been a journey that has been in the making for more than a decade now. However, in this decade, many startups have done really well in the beginning, only to lose that momentum as they try and scale up. While some like Flipkart, Naukri and PayTM have changed the industry, many others have not been able to make the transition. It is a question we have encountered many times, not just through others but also in our reflection of the Edelweiss journey. What does it take for a startup to scaleup?

Often, entrepreneurs are very good at starting new and innovative things. However, the same capabilities which give a startup its core competency can sometimes end up being bugbears to scaling up the organisation. Building an organisation requires a certain amount of institutionalisation, an anathema at startups which proud themselves on their agility. However, as the organisation starts becoming larger, one needs to create a healthy balance between the two, sacrificing one partly for the sake of the other.

Even when Edelweiss had started growing bigger, we would frequently get complaints on how the organisation was losing its closeness as we expanded on multiple sides. In our minds, all this was a cost we had to pay for creating a truly scalable organisation. Balancing the short-term and long-term is this the most delicate balancing act that an entrepreneur needs to play. And the only way to really scale up is to follow the 3 Ds – Delegate, Decentralise, Decontrol!

Delegate, Decentralise, Decontrol

As organisations scale, it becomes increasingly clear that a central control mechanism adds lesser and lesser operational value and more and more strategic value. In such a scenario, keeping everything centralised could not only be less beneficial, it could actually be detrimental to the growth of the organisation. A business is like a child, whom you nurture, feed and take care of until it grows up. At some point of time, the child becomes an adult and will be better off with some guidance and support rather than continuous oversight. It is important that business leaders are able to identify that moment and act on it through the 3 Ds.

Within Edelweiss, we have been gradually undergoing this journey over the years. While this has been happening in small phases until now, we have undertaken a concerted decentralisation of central functions and controls in the last 18 months. This has culminated in a structure where we have distinct Business Groups, which we hope will be as independent as possible, akin to mini-Edelweiss in themselves. This structure is still being implemented and is yet to attain its final shape. However, it does include all the above steps we have espoused.

Delegation of responsibility has always been a hallmark of how we function at Edelweiss. We have always aspired to make our leaders as entrepreneurial as possible since we feel that they are the best judges of what works best for the business. We have also decentralised most of the enterprise functions now to reside in each of the businesses. While this might lead to a minor increase in cost,

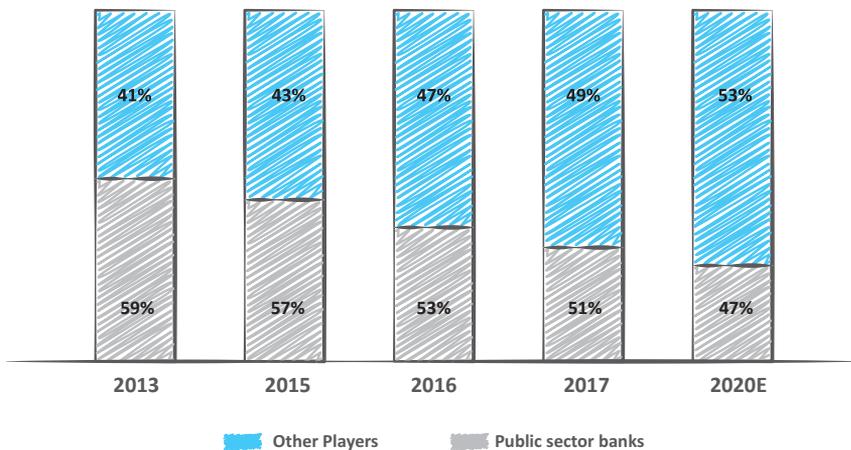
we feel that not only are we doing well enough to absorb any incremental cost, this enterprise decentralisation will help us create self-sufficient Business Groups which are agile enough, yet have in-built institutionalisation. We are also now passing on the control to the Business Group heads. All business heads now report to their BG heads who in turn report to the Corporate Centre. The central control is now being incrementally exercised at the BG level as the BG heads take independent control of all the businesses under their fold. While this is still an ongoing process which will take time to culminate, we expect this structural change to be key to the Edelweiss growth story going forward.

Privatisation of the Economy – India Style!

In the last two or three decades, the face of the economy has changed completely. Liberalisation, Privatisation and Globalisation in the post-1991 era set the base for a new India which would retain its core, yet be markedly different from the India of old. There were several changes that came about in the economy, the most important being the enhanced participation from private players. Some sectors saw an instant impact while others took some time getting into the act. In fact, Edelweiss was also, in a way, an outcome of these winds of change.

These new private players established over the last 25 years are now challenging and in some instances, overtaking the erstwhile PSU market leaders. Most importantly, this movement towards privatisation is not happening through any kind of asset sales but through a shift in market share as the private players are capturing the existing market as well as growing faster in the incremental market. In some industries, this shift happened quite some time back – telecom, television and aviation are the examples that come to mind where the leaders, namely MTNL, Doordarshan and Air India have been left far behind by newer private players. In some industries like financial services, the trend is now increasingly becoming substantially clear. From a trickle about a decade back, we have now seen turning into a tsunami where almost 60% incremental lending is now being done through private players. We expect the trend to continue going forward and PSU banks will need to undertake substantive changes to be competitive in the new market environment.

Share of total credit in India

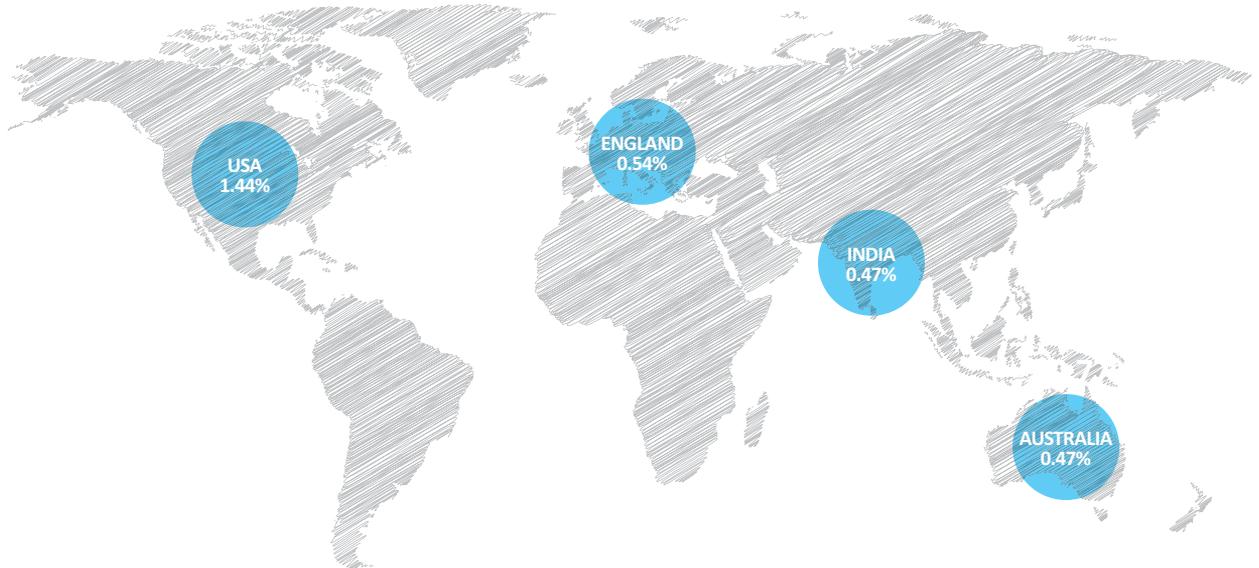


Source: CRISIL, Edelweiss Research

Philanthropy aka Investing Back!

Traditionally, India has been amongst the laggards in the world order in terms of philanthropy. However, we have done well in the last few years though there is still a significant gap to be bridged.

Philanthropy – GDP Ratio



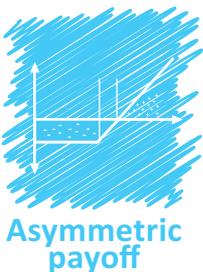
Source: Dalbert Study of Diaspora Giving to India

However, we do feel that there is an inherent flaw in how philanthropy is perceived globally. Across the world, philanthropy is equated with 'Giving Back'. That would essentially mean that one is trying to give back something which has been taken earlier, which is not necessarily correct. This brings in an element of laxity to measuring the impact of your 'giving'. In our view, the right way to look at philanthropy is as an investment in society. And like any other investment it is important that one targets asymmetric returns here as well, the only consideration being the returns here will accrue to society.

Asymmetric payoff – The primary goal of any investment portfolio is to accrue returns. Even more specifically, asymmetric returns are what an investor is looking for – investment strategies that maximise upside potential while capping downside risks. So is the case with philanthropy.

Ideally, the philanthropic investment should have zero downside risk. The reality is sometimes different because of external factors spanning across political, social, religious and cultural norms. Therefore, it is not only important to pick the right avenues for societal investment, it is also important to diversify these avenues. And most importantly, once the process is complete, patience is the key. Like no investment gives instant returns, so is the case with philanthropy. Social change is a long, slow process and the social investor needs tremendous patience. It is of course important to continuously track and monitor how the investment is doing but it is also important to let the process take effect.

We follow a similar model in our philanthropic arm, EdelGive Foundation, where the focus is on generating 10x returns for the society. This is done by providing 360 degree support to our partner NGOs – a mix of direct funding capacity building and linkage to other sources of funding. We help NGOs to leverage this bouquet of services to achieve 10x impact by scaling up in terms of reach and impact.



Not only does EdelGive fund charitable organisations, we also provide an avenue for other philanthropic trusts to find the best avenue for their investments through co-funding cohorts. This is enabled by direct involvement in capacity building for these charitable organisations where EdelGive shares support which is monetary, physical as well as intellectual. We actively encourage employees to be a part of these initiatives through volunteering exercises. All these factors come together to create a model which generates asymmetric or 10x returns.

India Growth Story – Not just a myth!

India is one of the fastest growing economies in the world. This has happened despite the short-term impact of the reforms like GST. The growth is expected to accelerate further with FY19 GDP growth being pegged between 7.2% and 7.5%. Amidst all this, we still encounter sections who are sceptical of our ability to continue growing strongly, especially for an extended period of time. While the government policies and global factors will have an impact, there is a simple way to show that it is highly unlikely that our GDP growth will fall below 5%.

Capital output ratio is a frequently used tool to explain the relationship between the quantum of investment made in the economy and the consequent GDP growth. In simple terms, capital output ratio is the amount of capital needed to produce one unit of output. More specifically, we look at a metric called the Incremental Capital Output Ratio (ICOR). GDP growth rate can be calculated as a relation between ICOR and the quantum of investment.

With India's macro, it is more difficult to attain a GDP growth of less than 5% than to attain a GDP growth of more than 10%!

$$\text{GDP growth rate} = \frac{\text{Annual Investment}}{\text{ICOR}}$$

A look at these metrics over the last few years gives interesting insights

Year	Investment rate (%)	Real GDP growth rate (% YoY)	ICOR
FY13	34.2	5.5	6.3
FY14	32.6	6.4	5.1
FY15	31.1	7.4	4.2
FY16	30.3	8.2	3.7
FY17	31.1	7.1	4.4
FY18	31.4	6.6	4.7

Source: Edelweiss Research

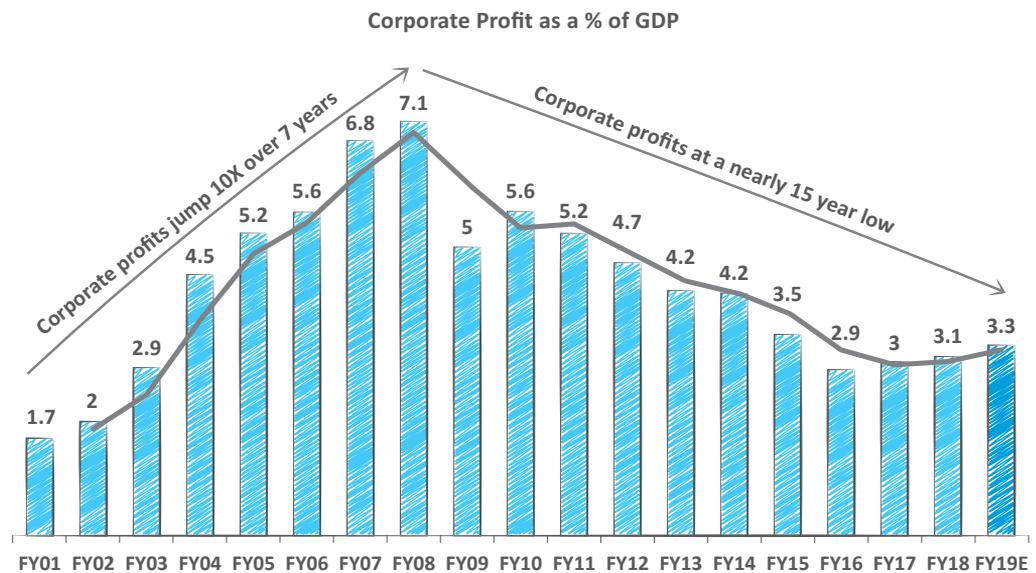
With an investment rate exceeding 30% (primarily from our savings) and the accelerating wave of financialisation of savings that we are seeing we expect the investment quantum to jump up in the coming years and reach closer to our peak of 38% last seen in FY08. At that time, it would need an ICOR of well in excess of 7 for our GDP growth to fall below 5%. In the last 20 years, this has happened only twice. Additionally, the spate of structural reforms as well as digitisation of the economy should actually help improve capital efficiency and lead to a lower ICOR value. It therefore seems a really

challenging task to achieve a real GDP growth below 5% in India! In fact, with the right reformist agenda and a healthy confluence of global and domestic macro environment could actually push us beyond the magical 10% number.

What does FY19 hold?

The government's fiscal push towards agriculture and infrastructure should help drive growth in the medium term while the structural reforms will help re-shape the Indian economy in the long-term. The impact of these is already visible and should enhance as they stabilise and entrench. However, it is important that this reforms-oriented agenda continues in the same vein. For long-term compounding to take effect, it is essential that not only do we continue with relentless execution on the current reforms but also continue working on fresh ones, particularly in critical areas like direct taxation and labour laws.

Corporate Earnings are also showing a very interesting trend. After a downward trend spanning almost a decade with Corporate Earnings as a percentage of the GDP at their lowest in almost 15 years, we are now starting to see an uptick. More importantly, the pick-up in earnings is much more broad-based and spread across sectors. We expect this uptick to continue in the coming financial year and it is important that we create an even more enabling mechanism for these to scale up.



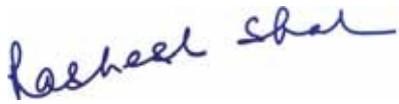
Source: Edelweiss Research, CMIE

Structurally, FY19 is a key year for India. By all indications, the asset quality issue is approaching its endgame and it is important that this happens in parallel to the earnings recovery. While recovery in earnings will spur a demand for fresh credit, the lending machinery must be ready to fulfil that demand. Despite the incremental demand being fulfilled by private players, even today there is unmet credit demand in the market. With earnings recovering, this will only increase. Therefore, it is essential that the NPA clean-up continues in the same intensity as it has in FY18.

As is often the case with financial markets, however, we do expect a reversion to mean in FY19. FY18 was a great year for the market, so FY19 should be slightly more volatile in nature. At Edelweiss, however, we have always excelled in difficult circumstances since they give the best opportunity for us to outperform! Our strong performance in FY18 has set the base for what should be a strong FY19 and a similar FY20. We have already achieved 4 of the 7 performance targets we had set for ourselves for FY20 (details available in our investor presentation on www.edelweissfin.com). Internally, we feel confident that not only can we achieve them, we can possibly achieve them well within our timeline.

In Edelweiss, we have created a clear 2020 path for ourselves. As we approach the same, we have started to think long-term once again. It is now time to re-align the objectives even loftier as we approach the next stage in our journey – FY25. In this new phase, we will also focus on two new capabilities – technology and customer orientation. Both of these are well-entrenched within Edelweiss. However, we feel the time is right to take them both to the next level – in tech terms, it would mean creating a cutting edge tech-enabled organisation while in customer orientation, it would mean creating a culture of customer obsession. We have already taken the first step towards these objectives. We do believe that the India opportunity provides enough “quantity” for us to grow. It is the “quality” that we will continue to strive for – quality that has defined our journey in the last 22 years and one we hope will continue to be our hallmark for years to come.

Yours Sincerely,

A handwritten signature in blue ink that reads "Rashesh Shah". The signature is written in a cursive, flowing style.

Rashesh Shah
Chairman & CEO

EdelGive Foundation

EdelGive Foundation was set up in 2008, with a strong commitment to embed philanthropy in Edelweiss. As a bridge between the providers and users of capital, EdelGive helps build a high impact social sector for a better India.

With small beginnings, funding small and mid-sized NGOs, as EdelGive grew and developed, it began to adopt a venture approach, and strategic planning and review replaced the intuitive approach it was first guided by. Committed to effecting sustainable and scalable impact, EdelGive supports NGOs with an array of services, including funding, capacity building, and building linkages to philanthropic capital providers. Recognising the need to collaborate to effect large scale social transformation, EdelGive has, over the last decade, built a philanthropic ecosystem of non-profits, corporates, HNIs, family foundations, researchers, media and other like-minded persons.

Furthering the cause of social change, EdelGive has over the years, forged strategic partnerships with institutions like Genpact, Bill & Melinda Gates Foundation, Rare Enterprises, Dalyan Foundation of Switzerland, Apax Partners among others. Recognising that the corporate sector is increasingly keen to be involved in the social sector, however lacks the time, skillset or know-how, needed to be fully immersed in social giving, EdelGive offers its expertise to corporate partners, through a bouquet of services. With options like co-funding, pro bono consulting and management services, starting from identifying NGOs to monitoring and evaluating progress, corporate donors are able to leverage EdelGive's strengths and expertise in the social sector.

EdelGive partners and implements a social change program with the Bill and Melinda Gates Foundation, EdelGive anchors the coalition

A Decade of Giving

Small beginning for a larger good. EdelGive Foundation is set up



2008

EdelGive funds M C Mary Kom through Olympic Gold Quest



2010

Institution of 'India NGO Awards' as a joint venture with Rockefeller Foundation and Resource Alliance



2012

Instituted EdelGive Social Innovation Honours (ESIH) Awards



2011

EDGE, a journey of collaborative philanthropy and fascinating discussions where various development sector stakeholders meet, interact and understand each other



for transforming education, a public private partnership between the Government of Maharashtra, private corporate philanthropy and great grassroot NGOs. Tata Trusts, SAR Group and Great Eastern Shipping have joined EdelGive in supporting a collective of work by Kaivalya Education Foundation and Gyan Prakash Foundation.

Committed to generating and disseminating knowledge in the social sector, EdelGive will continue in its role as a strategic bridge between the funding community and the development sector, forging new partnerships and catalysing growth.

 <p>Grants</p> <p>Nearly 150 NGO partners ₹1.5 billion of investments through grants 15 states</p>	 <p>Capacity Building & Employee Engagement</p> <p>Employees provided pro bono support to over 60 projects Over 85% employees engaged in financial/non-financial giving 29,500 man-hours till date 78 field visits till date</p>	 <p>Partnerships</p> <p>Co-funding with institutional/individual donor Managing grants of institutions/individuals Advisory services for philanthropy</p>
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Collaborative Philanthropy – EdelGive’s brand of giving



- Won the FICCI CSR Awards under the category of Women’s Empowerment, for EdelGive’s work with CORO
- Vidya Shah, CEO, EdelGive Foundation, was awarded the BFSI Woman of the Year
- Awarded by CNBC-TV 18 for Advancing Financial Inclusion by channelising CSR Budgets into Financial Aids



2013

2014

2015

2016

2017

Institutionalised Employee Engagement – 3,500+ employees contributed 7,000+ hours



Launched EdelGive coalition for Education, with Government of Maharashtra to transform education outcomes in Maharashtra



- Partnership with Bill and Melinda Gates Foundation to drive change in the deprived communities across India
- iVolunteer Award – Leader in Employee Volunteering, 2017

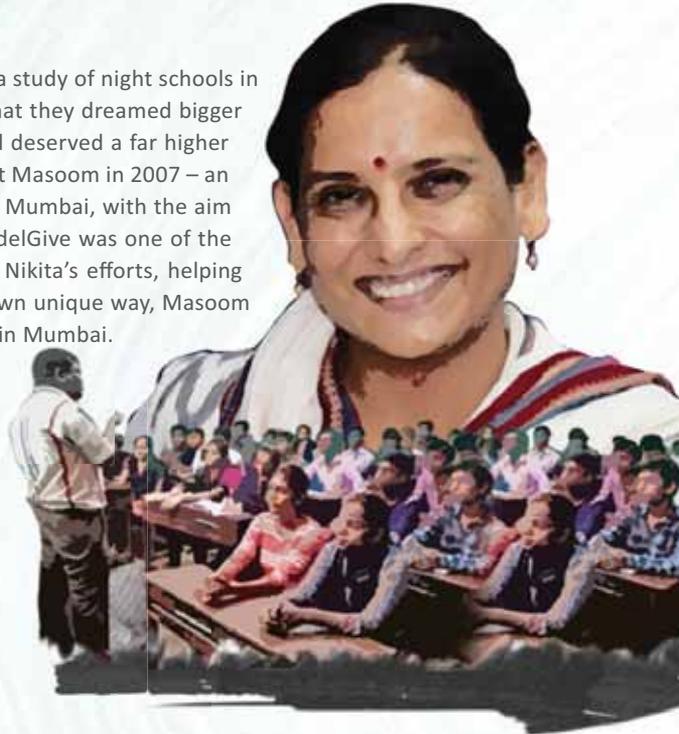


Nurturing Social Entrepreneurship

Going out on a limb, and funding bold new ideas, which were so nascent that there was little more than belief and passion of the entrepreneur to advocate it, is something EdelGive has done successfully, more than once. Taking extensive efforts aimed at building social self-efficacy, we have been witness to the growing wave of social entrepreneurship. Individuals who have put community before self, whose persistence, zeal and determination to drive social transformation has over time been recognised and rewarded. They continue to inspire us to pursue our vision of creating a better India.

Nikita Ketkar – Masoom

Nikita Ketkar, was working in the civil services, when she undertook a study of night schools in Mumbai. Her interaction with their students reaffirmed her belief that they dreamed bigger and worked harder than other students to achieve their dreams and deserved a far higher quality of education than what they were getting. This led her to start Masoom in 2007 – an organisation which runs intervention programs with night schools in Mumbai, with the aim of improving the academic performance of night school students. EdelGive was one of the first agencies to back Masoom and has been an early supporter of Nikita's efforts, helping Masoom with advisory services and building donor linkages. In its own unique way, Masoom has touched the lives of many students, growing to 70 night schools in Mumbai.



With a presence on the Board of the organisation, EdelGive continues to give strategic direction to Masoom in its plan to reach out to 210 night schools in Maharashtra by 2020 impacting 20,000 students.

Mamoon Akhtar – Samaritan Health Mission

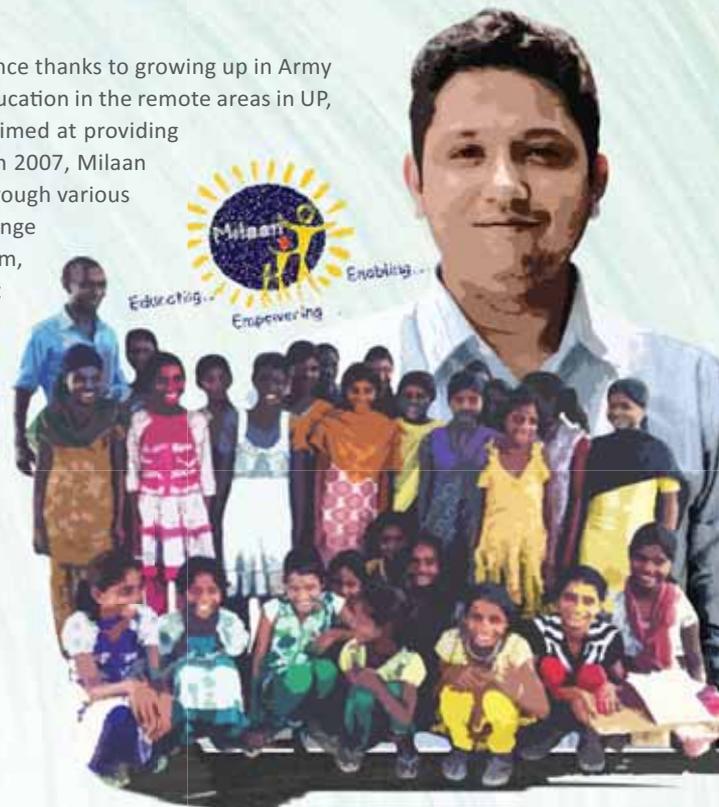
Mamoon Akhtar, moved by a little boy's impassioned plea to go to school, started teaching 5-6 children in his own house in the Tikiapara slum. With a burning desire to bring a positive, sustainable change to the entire community, the one room Samaritan Help Mission School was born. An English medium school for poor children of all communities, it especially encouraged little girls to be part of the education process. Extending the scope, today Mamoon bhai, as he is popularly known, is working with the government to upgrade dysfunctional government run schools in the surrounding area. Through this remarkable organisation, he is changing the outlook for the locals, bringing education, health, livelihoods and development to all the children living in the slums. EdelGive, which began supporting Mamoon bhai in 2008 to achieve his dream for one school, now completely supports both his schools, reaching over 5,800 children.

Collaborating with him, EdelGive is working to plan and effect social transformation in not just the Tikiapara slum but in the entire district of Howrah, Kolkata.



Dhirendra Singh – Milaan

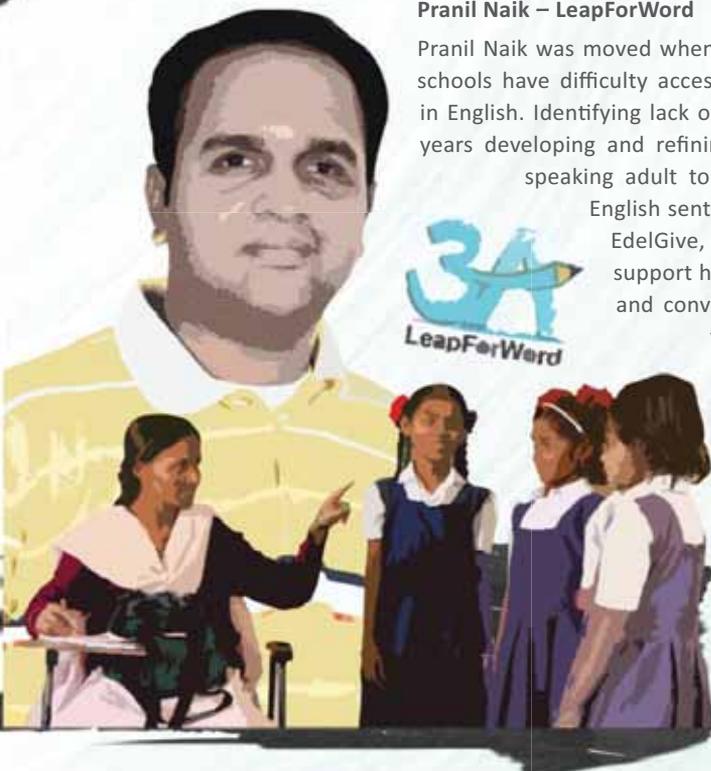
Dhirendra Singh was privileged to enjoy a unique schooling experience thanks to growing up in Army cantonments across the country. The contrast with the quality of education in the remote areas in UP, prompted him to start Milaan, a social development organisation aimed at providing access to quality education to the children in rural UP. Registered in 2007, Milaan has reached out to more than 10,000 children and young people through various educational initiatives. Using an innovative solution to positively change the fabric of society permanently, he launched the Girl Icon program, a 2 year leadership development initiative involving 100 adolescent girls, who have demonstrated the ability and willingness to become change agents and challenge social barriers. EdelGive partnered with Milaan, to build scale and extend the Girl Icon program to other geographies. Beginning with supporting 25 Girl Icons in 2016 to now contributing towards the support of 500 Girl Icons in close to five states, the journey towards transformation has just begun.



“Mentorship program for the Girl Icons, which involved interactions with senior leaders at Edelweiss, is helping shape their thoughts and motivate them towards their goals.”

Pranil Naik – LeapForWord

Pranil Naik was moved when he realised that low-income children from vernacular medium schools have difficulty accessing higher education, because most college instructors speak in English. Identifying lack of high quality English teachers as the main gap, he spent many years developing and refining a product – LeapForWord that empowers any non-English speaking adult to teach children how to read, write, and comprehend correct English sentences within a couple of years. When Pranil first reached out to EdelGive, all he had was an idea and a strong belief, with very little work to support his claims for success. With complete confidence in Pranil’s vision and convinced about the potential of the program, EdelGive supported the project, making LeapForWord a viable, sustainable offering, which is doing complete justice to the faith reposed in it.



“From supporting the training of 15 facilitators in 25 anganwadis reaching 1,200 children in FY16, to now supporting training for 271 workers, 229 helpers, reaching 6,643 anganwadi children across the entire Wada block in Maharashtra, LeapForWord has thrived under EdelGive’s oversight.”

ESG Report

At Edelweiss, we are very conscious that accelerated growth in our businesses cannot come at the cost of stark societal inequities or a deteriorating planet. How we do business is as important as what we do. We remain deeply committed to reducing our environmental footprint and creating positive social impact, while upholding the highest standards of governance. With sustainable and responsible growth being the only acceptable model for our business, we have embraced the ESG framework.

Edelweiss has supported a number of environment and sustainability related initiatives over the past several years. In 2017, Edelweiss Group adopted the sustainable development goals envisioned by the United Nations, where world leaders agreed to 17 goals for a better world by 2030. These goals, which are a universal call to action to end poverty, fight inequality and stop climate change, form the foundation of our Environment and Social Initiative, with a focus on People and Planet.

Demonstrating integrity and strict discipline in everything we undertake is a reflection of our broader commitment to governance. Our comprehensive Corporate Governance practices ensure the best interests of our stakeholders, with our Guiding Principles governing our day-to-day conduct, helping us deliver what our stakeholders expect of us – the highest possible standards of professional ethics.

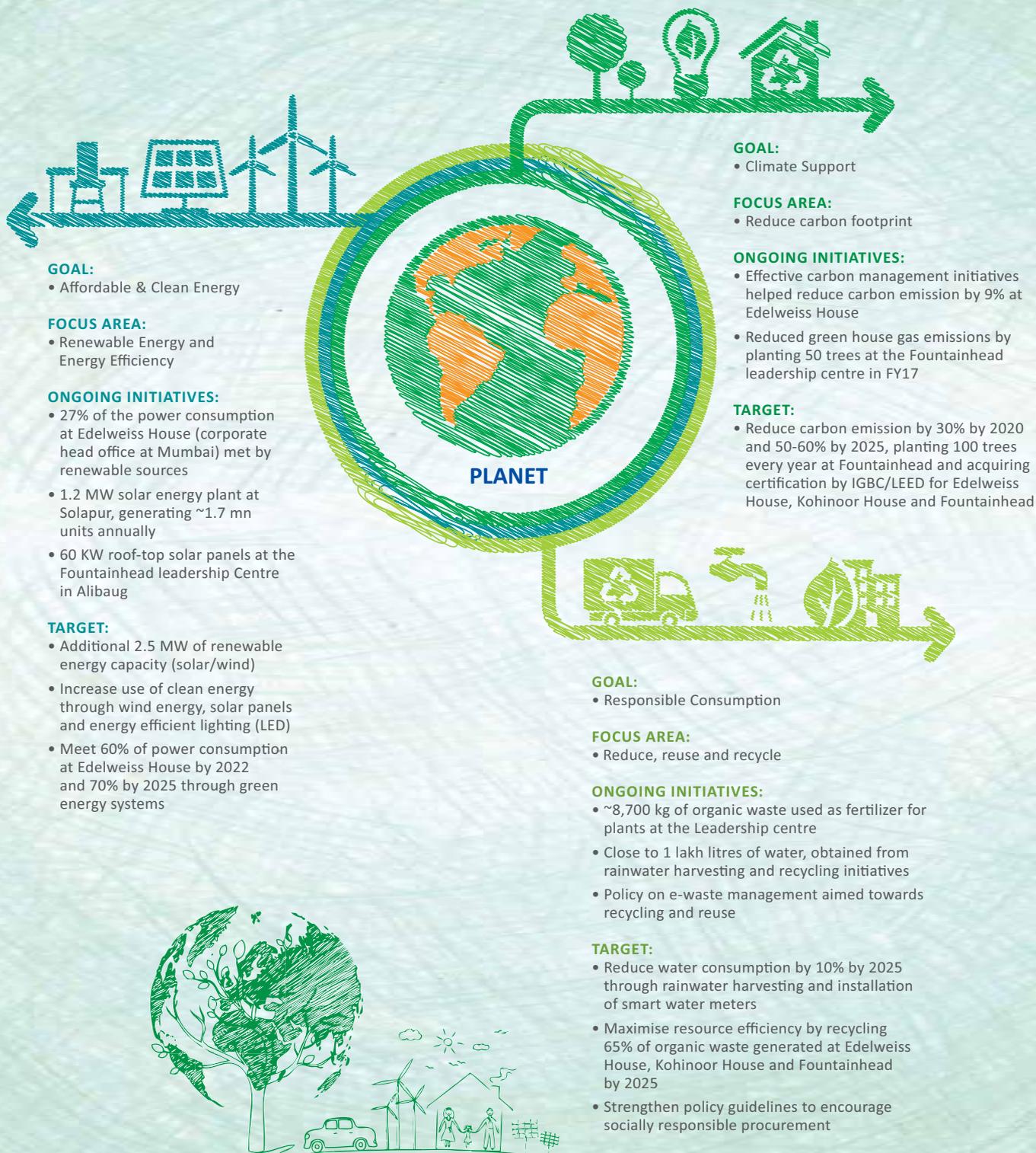
Our ESG commitment reflects our responsibility to clients, shareholders and the communities in which we operate.

ENVIRONMENT

GOVERNANCE



Planet



People



GOAL:
Partnerships
for the goals

FOCUS AREA:

- Partnering to multiply outcomes

ONGOING INITIATIVES:

- Built a robust ecosystem of partners and philanthropists, spanning 95 NGOs, 108 international and domestic funding agencies, CSR and family foundations including Bill and Melinda Gates Foundation, Dalyan Foundation, British Asian Trust, Tata Trusts, among others
- Entered into a Memorandum of Understanding with the Government of Maharashtra to enhance student learning levels in special focus districts

TARGET:

- Public-Private-Partnerships with state governments; 3 by 2020 and 6 by 2025
- Deepen the ecosystem, increasing domestic & international agency partners by 25%, philanthropists by 50% by 2025



GOAL:
Gender
Equality

FOCUS AREA:

- Economic and social empowerment of women

ONGOING INITIATIVES:

- Reached around 1.32 lakh women across 11 states through economic empowerment programs focused on financial inclusion, entrepreneurship, grassroots leadership as well as campaigns against domestic violence

TARGET:

- Empower 250,000 women through our programs by 2020 and 500,000 women by 2025



PEOPLE



GOAL:
Quality
Education

FOCUS AREA:

- Access to quality education for every child and improving learning outcomes

ONGOING INITIATIVES:

- Improved last mile delivery of quality education - Transformed 341 schools (272 of which are in rural centres) in collaboration with the Government of Maharashtra
- Supported 244 early childhood centres and helped educate over 50,000 children across 7 states

TARGET:

- Transform and improve access to quality education, through system strengthening at the district level
- Impact 10 lakh children by 2020 and 20 lakh children by 2025

FOCUS AREA:

- Food security and income enhancement through livelihood initiatives

ONGOING INITIATIVES:

- Impacted close to 1 lakh people, across 8 states by working with 15 organisations, through watershed management, financial inclusion and skilling programs

TARGET:

- Reach out to 3 lakh people through these initiatives by 2020 and to 6 lakh people by 2025

FOCUS AREA:

- Building a sporting nation

ONGOING INITIATIVES:

- Supported sporting talent through an association with Olympic Gold Quest and the Indian Olympic Association, providing nearly 230 athletes with financial aid and insurance coverage

TARGET:

- Scale up support extended to athletes, increasing sportspersons supported by 3x, financial support by 5x by 2025

GOAL:
No Poverty,
Zero Hunger &
Economic
Growth

FOCUS AREA:

- Promoting Job Creation

ONGOING INITIATIVES:

- Productive employment to 10,000+ people across 400+ offices, creating scalable economic opportunities for all associates, channel partners

TARGET:

- Extending employment opportunities to tier 2 cities
- Double the employee strength to 20,000, expand the indirect beneficiary ecosystem of partners and associates to 500,000 by 2025

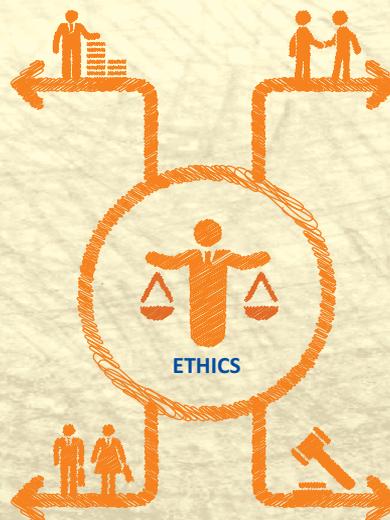
Ethics

INVESTORS & CLIENTS:

- Proactively identifying conflict of interest situations and making full disclosures with complete integrity
- Monitoring anti-bribery, corruption, money laundering with regular risk assessments and training employees to be able to recognise, avoid and report any potential instances

EMPLOYEES:

- Value creation through one of the largest ESOP pool in the financial services space in India
- Seamless oversight on transactional behaviour of employees using technology
- Due diligence during onboarding to ensure a congruent value system
- Sensitising employees on the Group policies such as AML, Code of Conduct, Insider Trading, Information Security, Communications among others to build responsible work ethics

**PARTNERS:**

- Maintaining open and fair business dealings with our partner ecosystem
- Easy access to guidelines, policies, code of conduct and related information on an online platform specially designed for partners
- Training and sensitising partners on competing fairly and keeping client interests at the forefront at all times

REGULATORS:

- Striving to maintain the highest standards of legal and regulatory compliance and effective management, aimed at maximising value to the shareholders through a robust corporate governance framework, detailed out on Page 16 & Page 17 and the corporate governance section in this report

Board Of Directors



Rashesh Shah
Chairman, Managing Director & CEO

Rashesh Shah, co-founder of the company, has over two and half decades of diverse experience in the financial markets and has been instrumental in building Edelweiss into one of India's leading diversified financial services conglomerates.

Rashesh is passionate about financial services and the role they can play in translating India's vast savings into investments; thereby powering economic growth and development. A regular commentator on macro-economic policies, Rashesh is President of FICCI, which is India's apex industry association. He is also part of the High Level Task Force on Public Credit Registry for India as well as the Insolvency Law Committee.

Previously, he was also on the Executive Committee of the NSE and on the committee to review Insider Trading Regulations set up by the SEBI – the country's capital markets regulator.

Along with a PGDM from IIM, Ahmedabad, Rashesh holds a Diploma in International Trade from the IIFT, New Delhi.

Venkatchalam Ramaswamy
Executive Director

Venkatchalam Ramaswamy, co-founder of the company 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. Venkat 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.



Himanshu Kaji
Executive Director & Group COO

Himanshu Kaji has over three decades of diverse experience in the areas of business strategy, risk, finance, regulatory frameworks, process re-engineering, technology, strategy and implementation across the financial services space.

At Edelweiss, he is responsible for the overall functioning of Global Risk, Finance & Accounts, Resources, Digital Initiatives, Business Solutions, Governance, Compliance, Investor Relations, Operations, Technology & Information Security. In addition, he is also in charge of Legal, Administration and Corporate Control functions of the Group.

He is co-chairperson of the FICCI Capital Markets Committee, a member of the Secondary Market Advisory Committee of SEBI and on the Trading Member Advisory Committee of NSE. He has also served on the board of BSE and played a key role in the overhaul of the Exchange, contributing largely to the



demutualisation and corporatisation of BSE. He has been a Corporate Advisor to eminent Indian and global financial services companies, consulting on new product strategy, creating and implementing technology solutions and developing compliance and risk frameworks. He also advised many domestic and foreign players on their acquisition of domestic capital market players.

A Chartered Accountant, he holds a Post-Graduate Diploma in Securities Law.



Rujan Panjwani
Executive Director

Rujan Panjwani has three decades of experience in the financial services industry across multiple business verticals and asset classes.

Over the last 17 years at Edelweiss, he has played a key role in setting up several businesses and functions for the Group including Asset Management, Credit, Group Treasury and the Balance Sheet unit. He is currently a member of the Assets & Liabilities Committee that primarily manages the Group's balance sheet and the Global Risk Committee, the highest decision-making body in Edelweiss on risk-related issues. He also has strategic oversight on the Insurance businesses.

Rujan spearheaded the iconic Edelweiss Associate Program that started more than a decade ago and built leaders who are now in senior positions within the Group today. He continues to play a key role in several strategic initiatives for the Group, including driving its Human Resources, Strategy and Business development.

He holds a Bachelor's degree in Electrical Engineering from Manipal Institute of Technology.

Vidya Shah

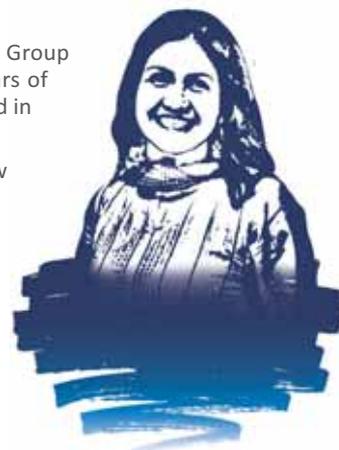
Non-Executive Director

Vidya Shah is the CEO of EdelGive Foundation, the philanthropic arm of the Edelweiss Group with over two and half decades of rich industry experience. She spent the first 11 years of her career in investment banking with companies like ICICI, Peregrine and NM Rothschild in Mumbai, where she advised corporations in Capital Raising and M&A transactions.

She joined Edelweiss in 2000 as the Chief Financial Officer of the Company and oversaw various important functions such as Finance, Human Resources and Administration.

Vidya set up EdelGive Foundation, dedicated to collaborative philanthropy in 2008. Under her leadership, the Foundation has come to be recognised and respected for effecting social change and transformation across India. Vidya is also on the Boards of various non-profit organisations, providing strategic guidance.

She holds a Bachelor's degree in Commerce and a PGDM from IIM, Ahmedabad.



P N Venkatachalam
Independent Director

P N Venkatachalam 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.



Berjis Desai
Independent Director

Berjis Desai has a rich experience, spanning over three decades. He retired as the Managing Partner of J. Sagar Associates, one of India's leading law firms and is now an independent legal counsel engaged in Private Client Practice viz. Taxation and Estate Planning, Family Arrangement and Resolutions.

He has varied experience in the legal field, with specialisation in Corporate Law, Mergers & Acquisitions, Derivatives, Securities & Financial Laws, International Business Laws and International Commercial Arbitration.

He holds a Master's degree in Law from the University of Cambridge, UK.



Sanjiv Misra
Independent Director

Sanjiv Misra has a rich and varied experience of more than two and half decades in the financial service sector. Presently, he is the Chairman of the Asia Pacific Advisory Board of Apollo Management. He is also the President of Phoenix Advisers Pte. Ltd., an advisory and principal investing firm.

He has worked extensively across global organisations like Goldman Sachs and Citigroup.

He holds a Post Graduate Diploma in Management from IIM, Ahmedabad and a Master of Management from the J. L. Kellogg Graduate School of Management.

Navtej S. Nandra
Independent Director

Navtej S. Nandra has over two and half decades of experience. He is the Senior Independent Director of OakNorth Bank, and Independent Director of Edelweiss Financial Services, Edelweiss Tokio Life Insurance and Edelweiss General Insurance. He is a Distinguished Visiting Fellow at the National University of Singapore and also serves on the Boards of the Centre for Governance, Institutions and Organisations, and the Centre for Asset Management Research & Investments. He is also a senior advisor to Insight Guru.

His work experience includes President of E*TRADE Financial, CEO of Morgan Stanley Investment Management Ltd., and senior roles at DTZ Holdings, Merrill Lynch Global Wealth Management, Merrill Lynch Global Investment Banking, The Cambridge Group, and BoozAllen and Hamilton. He has served on various Boards, including Morgan Stanley Huaxin Fund Management, Morgan Stanley International, Nuveen Investments, and Merrill Lynch India Technology Services.

He holds a Post Graduate Diploma in Management from IIM, Ahmedabad, and a Bachelor of Commerce degree from the University of Delhi.





Kunnasagaran Chinniah
Independent Director

Kunnasagaran Chinniah has more than three decades of experience in the financial sector. He is presently a Director of Changi Airport International, Keppel Infrastructure Trust, Azzela Asset Management, Hindu Endowments Board, Singapore and several other companies.

Earlier, he retired as the Managing Director/Global Head of Portfolio, Strategy & 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.

Biswamohan Mahapatra
Independent Director

Biswamohan Mahapatra's career spans over three decades. He retired as Executive Director of RBI in August 2014. At RBI, he was in charge of banking regulation, policy, and supervision. Post retirement, he was an Advisor to RBI on the new bank licensing process. He has represented RBI at various national and international forums and chaired several RBI committees. He was also the Member-Secretary to the Committee set up to introduce a financial holding company in India and was also involved in the formulation of Basel II and Basel III regulations. He also serves as an Independent Director on the Boards of various companies. Recently, he was appointed as the Non-Executive Chairman of National Payments Corporation of India.

He holds a Master of Science in Management (MSM) degree from the Arthur D. Little Management Education Institute, Cambridge, and an MBA from University of Delhi.



COMPANY INFORMATION

Board of Directors

Mr. Rashesh Shah
Mr. Venkatchalam Ramaswamy
Mr. Himanshu Kaji
Mr. Rujan Panjwani
Ms. Vidya Shah
Mr. P. N. Venkatachalam
Mr. Berjis Desai
Mr. Sanjiv Misra
Mr. Navtej S. Nandra
Mr. Kunnasagar Chinniah
Mr. Biswamohan Mahapatra

Chief Financial Officer

Mr. S. Ranganathan

Company Secretary

Mr. B. Renganathan

Statutory Auditors

- M/s. Price Waterhouse, Chartered Accountants LLP (till May 22, 2018)
- M/s. S. R. Batliboi & Co. LLP, Chartered Accountants (w.e.f. May 23, 2018)

Registered Office

Edelweiss House, Off C.S.T. Road, Kalina, Mumbai - 400 098.
CIN: L99999MH1995PLC094641
Tel: +91 22 4063 5445/58/4086 3535
Email: efsl.shareholders@edelweissfin.com
Website: www.edelweissfin.com

Registrar & Share Transfer Agent

Link Intime India Pvt. Ltd.
C-101, 247 Park, L.B.S. Marg, Vikhroli (W) - 400 083.
Tel: +91 22 4918 6270
Fax: +91 22 4918 6060
Email: rnt.helpdesk@linkintime.co.in
Website: www.linkintime.co.in

Edelweiss Presence

448 offices covering
~1.2 million clients

Bankers

- Allahabad Bank
- Andhra Bank
- AU Small Finance Bank
- Axis Bank
- Bank of Baroda
- Bank of India
- Bank of Maharashtra
- Canara Bank
- Catholic Syrian Bank
- Central Bank of India
- Citibank N.A.
- Corporation Bank
- DBS Bank
- DCB Bank
- Dena Bank
- Deutsche Bank
- Emirates NBD PJSC
- Equitas Small Finance Bank
- Federal Bank
- HDFC Bank
- ICICI Bank
- IDBI Bank
- IDFC Bank
- Indian Bank
- Indian Overseas Bank
- IndusInd Bank
- JP Morgan Chase Bank
- Karnataka Bank
- Karur Vysya Bank
- Kotak Mahindra Bank
- Lakshmi Vilas Bank
- Oriental Bank of Commerce
- Punjab & Sind Bank
- Punjab National Bank
- RBL Bank
- Small Industries Development Bank of India
- South Indian Bank
- Standard Chartered Bank
- State Bank of India
- State Bank of Mauritius
- Syndicate Bank
- UCO Bank
- Union Bank of India
- United Bank of India
- Vijaya Bank
- Yes Bank

Debenture Trustee

IDBI Trusteeship Services Limited
Asian Building, Ground Floor, 17. R. Kamani Marg, Ballard Estate, Mumbai, Maharashtra - 400 001.
Phone: +91 22 4080 7000 Fax: +91 22 6631 1776
Email: itsl@idbitrustee.com
Website: www.idbitrustee.com

MAJOR CITIES:

Domestic

- Agra
- Ahmedabad
- Ajmer
- Aligarh
- Allahabad
- Ambala
- Amritsar
- Anand
- Aurangabad
- Bengaluru
- Bhavnagar
- Bhillai
- Bhopal
- Bhubaneswar
- Bilaspur
- Chandigarh
- Chennai
- Coimbatore
- Cuttack
- Dehradun
- Dhanbad
- Erode
- Ghaziabad
- Gorakhpur
- Gurgaon
- Guwahati
- Hyderabad
- Indore
- Jabalpur
- Jaipur
- Jalandhar
- Jammu
- Jamnagar
- Jamshedpur
- Jodhpur
- Junagadh
- Kanpur
- Karnal
- Kochi
- Kolhapur
- Kolkata
- Kottayam
- Kurnool
- Lucknow
- Ludhiana
- Madurai
- Mangalore
- Meerut
- Mehsana
- Mumbai
- Muzaffarpur
- Mysore
- Nagpur
- Nashik
- Navi Mumbai
- New Delhi
- Noida
- Panipat
- Panjim
- Patiala
- Patna
- Pondicherry
- Pune
- Raipur
- Rajkot
- Ranchi
- Rourkela
- Saharanpur
- Salem
- Secunderabad
- Shimla
- Siliguri
- Silvassa
- Surat
- Thane
- Thanjavur
- Tirunelveli
- Tirupathi
- Tirupur
- Trichy
- Trivandrum
- Udaipur
- Vadodara
- Vapi
- Varanasi
- Vellore
- Vijayawada
- Vizag
- Warrangal

International

- Dubai
- Hong Kong
- Mauritius
- New York
- Singapore
- London

BOARD'S REPORT

To the Members of Edelweiss Financial Services Limited,

Your Directors hereby present their 23rd Annual Report on the business, operations and state of affairs of the Company together with the audited financial statements for the year ended March 31, 2018:

FINANCIAL HIGHLIGHTS

I. Consolidated Financial Performance:

(₹ in million)

	2017-18	2016-17
Total Income	86,225.46	66,335.97
Total Expenditure	72,003.81	56,756.32
Profit before tax	14,221.65	9,579.65
Provision for tax	5,598.52	3,947.28
Profit after tax	8,623.13	5,632.37
Add: Share of Minority Interest	278.17	460.69
Profit for the year after Minority interest	8,901.30	6,093.06
Add: Surplus brought forward from previous year	13,034.78	11,179.08
Add/(Less): Effect of changes in Group's interest	(4.28)	(310.52)
Profit available for appropriation:	21,931.80	16,961.62
Less: Appropriations		
Final Dividend for Financial Year 2016-17	255.92	-
Interim Dividend on Equity Shares	957.28	832.21
Dividend on Preference Shares	85.40	82.88
Transfer to Reserves	3,466.52	2,784.53
Dividend Distribution Tax	224.04	227.22
Surplus carried to the Balance Sheet	16,942.64	13,034.78
Earnings per Equity Share (Face Value – ₹ 1/-)		
Basic (₹)	10.11	7.26
Diluted (₹)	9.80	6.92

Board's Report (Continued)

II. Standalone Financial Performance:

(₹ in million)

	2017-18	2016-17
Total Income	4,398.28	4,504.65
Total Expenditure	2,612.26	3,068.76
Profit before tax	1,786.02	1,435.89
Provision for tax	359.42	145.83
Profit after tax	1,426.60	1,290.06
Add: Surplus brought forward from previous year	1,436.33	982.61
Profit available for appropriation	2,862.93	2,272.67
Less: Appropriations		
Final Dividend for Financial Year 2016-17	255.92	-
Interim Dividend	957.28	832.21
Dividend Distribution Tax	33.31	4.13
Surplus carried to the Balance Sheet	1,616.42	1,436.33
Earnings per Equity Share (Face Value – ₹ 1/-)		
Basic (₹)	1.64	1.56
Diluted (₹)	1.59	1.49

DIVIDEND

During the year under review, your Directors declared and paid an interim dividend of ₹ 1.05 per Equity Share (on the face value of ₹ 1 each).

The Board has recommended a final dividend of ₹ 0.30 per Equity Share (on the face value of ₹ 1 each) for the financial year ended March 31, 2018.

The payment of the final dividend is subject to declaration by the members at the ensuing Annual General Meeting (AGM) and shall be paid to those members whose names appear in the Register of Members of the Company as on July 19, 2018. The Register of Members and the share transfer books will remain closed from July 20, 2018 to July 25, 2018 (both days inclusive). The AGM of the Company is scheduled to be held on July 26, 2018.

Pursuant to Regulation 43A of the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Board of Directors of the Company have adopted a Dividend Distribution Policy, which is available on the website of the Company at the link: <https://>

edelweissfin.com/documents/30595/0/EFSLDividendDistributionPolicy.pdf

SHARE CAPITAL

During the year under review, 54,562,488 Equity Shares of ₹ 1 each at a Price of ₹ 280 per Equity Share aggregating to ₹ 15,277.50 million were allotted under the Qualified Institutions Placement and 28,367,350 Equity Shares of ₹ 1 each were allotted on exercise of the Options granted under various Employee Stock Option Schemes of the Company.

Consequently, as at March 31, 2018, the paid-up share capital of the Company stood at ₹ 915.50 million divided into 915,498,927 Equity Shares of ₹ 1 each.

The Company enjoys high credit rating from the Rating Agencies. The credit ratings reflect the Company's financial discipline and prudence.

The disclosures with regard to the Employee Stock Options as required under the SEBI (Share Based Employee Benefits) Regulations, 2014 is available on the website of the Company at the link:

<https://www.edelweissfin.com/web/edelweiss/investor-relation/annual-and-other-reports>

INFORMATION ON THE STATE OF AFFAIRS OF THE COMPANY

Information on the operational and financial performance, among others, is given in the Management Discussion and Analysis Report annexed to this Report and is in accordance with the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

ABRIDGED FINANCIAL STATEMENTS

In terms of the provisions of Section 136 of the Companies Act, 2013, the abridged financial statements as at March 31, 2018 and the Auditors' Report on the abridged Financial Statements forms part of the Annual Report. Full version of the Annual Report is available on the website of the Company at the link: <https://www.edelweissfin.com/web/edelweiss/investor-relation/annual-and-other-reports> and will also be made available to the members of the Company on request.

SUBSIDIARIES & ASSOCIATES

During the financial year ended March 31, 2018, Alternative Investment Market Advisors Private Limited became a subsidiary.

The following companies ceased to be subsidiaries during the year ended March 31, 2018:

- Cross Border Synergy Pte. Ltd. (formerly Edelweiss Commodities Pte. Ltd.)
- EW SBI Crossover Advisors LLC
- Edelweiss Tarim Urunleri Anonim Sirketi

The following companies ceased to be subsidiaries with effect from April 21, 2018:

- Eternity Business Centre Limited
- Olive Business Centre Limited
- Burlington Business Solutions Limited
- Auris Corporate Centre Limited
- Serenity Business Park Limited

Edel Commodities Limited and EFSL Trading Limited ceased to be subsidiaries with effect from May 4, 2018.

Aeon Credit Service India Private Limited, ceased to be an associate of the Company during the year ended March 31, 2018.

The salient features of the financial statement of each of the subsidiaries and the associates as required under the Companies Act, 2013 is provided in the consolidated financial statement. The financial statements of the subsidiary companies is available on the website of the Company at the link: <https://edelweissfin.com/web/edelweiss/investor-relation/financials-of-subsidiaries>. Any member interested in obtaining a copy of financial statement of the subsidiaries may write to the Company Secretary, at the Registered Office of the Company.

LOANS, INVESTMENTS AND GUARANTEES

Particulars of loans given, investments made, guarantees given and securities provided are provided in the financial statements.

RELATED PARTY TRANSACTIONS

Particulars of contracts or arrangements with the related parties as referred to in sub-section (1) of Section 188 and forming part of this report is provided in the financial statement. All the Related Party Transactions as required under AS-18 are reported in the Notes to the financial statement.

In accordance with the provisions of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Company has formulated the Related Party Transactions Policy (the Policy). The Policy is available on the website of the Company at the link: <https://edelweissfin.com/documents/30595/0/RelatedPartyTransactionsPolicy.pdf>.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

(i) Independent Directors

Mr. P. N. Venkatachalam, Mr. Berjis Desai, Mr. Sanjiv Misra, Mr. Navtej S. Nandra, and Mr. Kunnasagaran Chinniah were re-appointed as Independent Directors of the Company at the AGM held on August 2, 2017, to hold office till the conclusion of the 27th AGM to be held in the year 2022.

Mr. Sunil Mitra did not offer himself for re-appointment for a second term at the AGM held on August 2, 2017.

Board's Report (Continued)

Mr. Biswamohan Mahapatra holds office as an Independent Director till the conclusion of the ensuing AGM. Mr. Mahapatra has offered himself for re-appointment for a second term of 5 years from the conclusion of this AGM till the conclusion of the 28th AGM to be held in the year 2023.

In accordance with the provisions of Section 149 of the Companies Act, 2013, the Independent Directors have given a declaration that they meet the criteria of independence as provided in the said Section and in terms of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

(ii) Executive Directors

The members at the AGM held on August 2, 2017 re-appointed Mr. Rashesh Shah as the Managing Director & CEO and Mr. Venkatchalam Ramaswamy as an Executive Director for a period of 5 years w.e.f. April 1, 2017.

(iii) Other Directors

Ms. Vidya Shah and Mr. Himanshu Kaji retire by rotation at the ensuing AGM and being eligible, offer themselves for re-appointment.

(iv) Change in Key Managerial Personnel

There was no change in the Key Managerial Personnel (KMPs) during the year under review. Some of the KMPs of the Company are also the KMPs of the subsidiaries and draw remuneration from those subsidiaries.

NUMBER OF BOARD MEETINGS HELD

During the year ended March 31, 2018, the Board met 5 times.

REMUNERATION POLICY

The Company has formulated a Remuneration Policy pursuant to Section 178 of the Companies Act, 2013 and the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. The Policy is provided as Annexure I to this Report.

EVALUATION OF THE PERFORMANCE OF THE BOARD

A Board Evaluation Policy (the Policy) for evaluating the performance of the Board, Chairman, Managing Director, Executive Directors, Non-executive Directors, Independent

Directors and the Committees has been adopted by the Company.

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

A meeting of the Independent Directors was held during the year under review. An evaluation was carried out based on the Policy and the parameters on the performance evaluation as laid down in the Guidance Note issued by the SEBI.

INTERNAL FINANCIAL CONTROLS AND RISK MANAGEMENT

The Company has in place adequate internal financial control with reference to financial statement and the Risk Management Committee of the Board of Directors of the Company has formulated and implemented a Risk Management Policy for the Company.

AUDIT COMMITTEE

The Audit Committee presently comprises of:

Mr. P. N. Venkatachalam (Chairman)	} Independent Director
Mr. Berjis Desai	
Mr. Sanjiv Misra	
Mr. Biswamohan Mahapatra	
Mr. Kunnasagaran Chinniah (w.e.f. May 3, 2018)	

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility Committee presently comprises of:

Mr. Venkatchalam Ramaswamy (Chairman)	} Executive Director
Mr. Himanshu Kaji	
Mr. Rujan Panjwani	
Mr. P. N. Venkatachalam	} Independent Director

The CSR Policy of the Company is available on the website of the Company at the link: <https://edelweissfin.com/documents/30595/0/CSRPoly.pdf>.

Further details in this regard are provided in the Annexure II to this Report.

AUDITORS

In accordance with the provisions of Section 139 of the Companies Act, 2013 and the Rules framed thereunder ('the Act'), M/s. Price Waterhouse, Chartered Accountants LLP (PwC), was appointed as the Auditors of the Company at the 22nd Annual General Meeting (AGM) held on August 2, 2017, to hold office till the conclusion of the 27th AGM. PwC has since tendered its resignation as the Auditors of the Company vide letter dated May 22, 2018, resulting in casual vacancy in the office of the Auditors.

The Board has recommended to the Members the appointment of M/s. S. R. Batliboi & Co. LLP (SRB), as the Auditors of the Company:

- (a) to fill the casual vacancy caused by the resignation of PwC and to hold the office up to the conclusion of this AGM; and
- (b) for a period 5 years from the conclusion of this AGM till the conclusion of the 28th AGM of the Company to be held in the year 2023.

SRB has confirmed its eligibility to act as the Auditors of the Company.

SECRETARIAL AUDIT

M/s. BNP & Associates, Practising Company Secretaries, was appointed as the Secretarial Auditor, to conduct the Secretarial Audit for the financial year ended March 31, 2018. The Report of the Secretarial Auditor is provided as Annexure III to this Report.

PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

The Company has a Policy on Prevention of Sexual Harassment of Women at Workplace. No case was reported during the year under review.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS/OUTGO

A. Conservation of energy

- i. The steps taken or impact on conservation of energy – The operations of your Company are not energy intensive. However, adequate measures have been initiated for conservation of energy wherever possible.

- ii. The steps taken by the Company for utilising alternate sources of energy – though the operations of the Company are not energy intensive, the Company explore alternative source of energy, as and when the necessity arises.
- iii. The capital investment on energy conservation equipments – Nil

B. Technology absorption

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

C. Foreign exchange earnings and outgo

Foreign exchange earnings and outgo (including dividend) during the year under review were ₹ 189.74 million (previous year ₹ 322.02 million) and ₹ 56.63 million (previous year ₹ 37.45 million) respectively.

OTHERS

No disclosure is required in respect of the details relating to the deposits covered under Chapter V of the Companies Act, 2013, as the Company has not accepted any deposit. There was no significant or material order passed by any regulator or court or tribunal which would impact the status of the Company as a going concern and the operations in future. The Company has complied with the Secretarial Standards issued by the Institute of Company Secretaries of India.

Board's Report (Continued)

EXTRACT OF THE ANNUAL RETURN

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

WHISTLE BLOWER POLICY/ VIGIL MECHANISM

The Company has a Whistle Blower Policy for the employees to report genuine concerns/grievances. The Policy is available on the website of the Company at the link: <https://www.edelweissfin.com/documents/30595/0/WhistleBlowerPolicy.pdf>

The Policy provides for adequate safeguards against the victimisation of the employees who use the vigil mechanism. The vigil mechanism is overseen by the Audit Committee.

DISCLOSURE UNDER SECTION 197 OF THE COMPANIES ACT, 2013

The information as required under Section 197 of the Companies Act, 2013 ('the Act') read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, forms part of this Annual Report.

Disclosures as required under Rule 5(1) of the aforesaid Rules are provided as Annexure V to this Report.

In terms of the provisions of Section 136 of the Act, any member interested in obtaining a copy of information under Rule 5(2) of the aforesaid Rules, may write to the Company Secretary, at the Registered Office of the Company.

CORPORATE GOVERNANCE

Pursuant to the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Report on Corporate Governance together with the certificate issued by M/s. BNP & Associates, Practicing Company Secretaries, on compliance in this regard forms part of this Annual Report.

A Business Responsibility Report pursuant to the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 is provided as Annexure VI to this Report.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- ii) such accounting policies have been selected and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018 and of the profits of the Company for the financial year ended on that date;
- iii) proper and sufficient care had been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) the annual accounts have been prepared on a going concern basis;
- v) internal financial controls have been laid down and the same are adequate and were operating effectively; and
- vi) proper systems had been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

ACKNOWLEDGEMENTS

The Board of Directors wish to place on record their gratitude for the valuable guidance and continued support extended by the Securities Exchange Board of India, Reserve Bank of India, Stock Exchanges, Insurance Regulatory and Development Authority of India, Ministry of Corporate Affairs, other government authorities, Banks and other stakeholders. Your Directors would also like to take this opportunity to express their appreciation for the dedicated efforts of the employees of the Company.

For and on behalf of the Board of Directors
Edelweiss Financial Services Limited

Rashesh Shah
Chairman, Managing Director & CEO
DIN No.: 00008322

May 23, 2018



FUTURE OUTLOOK

We at Edelweiss, see employees as a part of our future. The Edelweiss Leadership Program is focused on identifying and grooming leaders at every level. We have institutionalised the ethos that in the workplace leaders create leaders.



SUSTAINABILITY

EdelGive has influenced commitments of ₹1.5 billion to work across education, livelihoods and women empowerment sectors. EdelGive also helps capacity building through non-financial support.



STRATEGIC OBJECTIVES AND STRATEGIES

Whether wholesale or retail businesses, customer experience is our key differentiator. Customer experience goes to the heart of how we think, manage our businesses, build our platform, design our products and service our customers and their evolving needs.



ORGANISATIONAL OVERVIEW OF BUSINESS MODEL

Taking a conscious choice to constantly pursue innovation and invest in new ideas and businesses. The core thought behind each decision is to create long-term value by building sustainable businesses.

INTEGRATED REPORTING

At Edelweiss, we realise that the true value of any organisation is based on tangible and intangible aspects. Some like financial performance are tangible, but others, like intellectual capital, brand equity, etc., are harder to quantify. Our philosophy on quality and humanity is intertwined with who we are, what we do and how we create value, adopt strategy, exploit opportunities and control risks. Here is a holistic view of us as an organisation through our performance, business model and strategy.



OPERATING RISKS AND OPPORTUNITIES

Slower domestic and global economic growth, low rainfall or delay in revival of capex cycle can impede our growth. However, continued reforms like GST, RERA and IBC along with the global economy showing signs of recovery augur well for our growth. Long term trends in democratisation of access to credit and financialisation of savings will also present tremendous growth opportunities to us.



PERFORMANCE

Our strategy of diversified businesses has continued to build sustainability in our performance. The trend of our quarterly profits improving consistently since FY12, (28 straight quarters) coupled with efficiency and improvement in productivity continues.



GOVERNANCE

Aside from our internal controls and risk structures, we also have in place various crucial policies such as the Prevention of Insider Trading, Conflicts of Interest Policy, a strong Whistleblower Policy and Business Responsibility Policy. We maintain highest levels of governance to optimise value for all our stakeholders.

Management Discussion & Analysis

MACRO ECONOMY: REVIEW AND OUTLOOK

FY18 was one of the better years for global economy and markets. Accelerating growth, easy liquidity, and contained inflation resulted in strong rally in risk assets with low volatility. This was in sharp contrast to FY17, which sprang many surprises such as Brexit, US elections etc.

Global economy continued to build on the cyclical turnaround which started in FY17. Economic growth became more broad-based, resulting in an improvement in global trade, industrial activity, global PMIs and business confidence. However, of late, the rising trade protectionism is coming to fore again. While FY17 saw more of political rhetoric on trade protectionism, some policy action was seen during FY18 and any aggressive steps towards this can undermine global growth.

For India as well, FY18 was a more eventful year with reforms continuing to take place and an improving export performance. The much awaited GST was finally rolled out in the year and though the implementation did lead to initial hiccups, things are settling down and getting better now. Apart from this, RERA finally became a reality, bringing in the much desired discipline in the real estate industry.

The improvement in India's rank of ease of doing business and sovereign rating upgrade (first in last 14 years) is again an effect of continued reforms. This should over time yield benefits in terms of higher FDI and lower cost of capital.

As far as business cycle conditions are concerned, things are on the improving path. Inflation remains benign and broadly speaking, fiscal also remains comfortable. The rise in crude oil prices, however, does pose some downside risk to India's macro environment. In terms of flows in FY18, FDI flows continued to remain stable at ~\$36 billion and portfolio flows have remained strong at ~\$22 billion, significantly higher than ~\$8 billion in FY17.

On the monetary side, RBI maintained its neutral stance throughout the year. Hence, it cut rates

only by 25bps, despite FY18 CPI being ~3.5%, 50bps lower than its medium term target. Lower CPI, in fact, resulted in real interest rates being higher in FY18. INR remained strong during most of the year, with average FY18 INR/USD rate at 64.50 compared to FY17 average of 67.00. However, recent strengthening of USD is again impacting rupee.

Overall Outlook

Overall the macro-fundamentals of the economy remain in comfortable zone albeit with increasing risk from rising crude oil prices. Economic conditions have improved amid rebound in exports and government's push towards infrastructure spending.

Going ahead we believe growth trajectory will remain strong and improve further based on stabilisation of GST regime and other reforms. Rural economy should also get a fillip with IMD forecasting FY19 to be the third consecutive year of normal monsoon. Most importantly, we expect Banking sector NPA problems, which have been haunting the economy for last 7 years, to finally near an end owing to a quicker resolution of stressed assets and PSU bank recapitalisation.

INDUSTRY STRUCTURE AND DEVELOPMENTS

Commercial Credit Markets

After a subdued growth in Indian banking sector in FY17 (non-food credit at sub 5% levels), credit growth started to improve in FY18 with non-food credit at 11% levels.

To tackle the issue of Non-Performing Assets (NPAs), Insolvency & Bankruptcy Code (IBC) was implemented, large NPA accounts were identified and prioritised and action was taken to resolve the NPA problem. Re-capitalisation funds of ₹2.1 trillion were allocated to meet up the requirement of capital deficient PSU banks. Given the magnitude of the asset quality issue in banks, the government has pro-actively worked with RBI on the resolution of stressed assets. RBI also increased its monitoring of asset classification of stressed accounts at all the banks in FY18.



Indian trajectory will remain strong with reforms like GST, IBC and RERA

Now that banks have started providing adequately for distressed assets and IBC has come in play, resolution and turnaround should happen over the next couple of years and credit growth should also improve in FY19.

NBFC Industry

While commercial banks continued to remain dominant source of credit in India, the NBFC sector has been steadily gaining systemic importance with increase in assets from less than 11% of banking assets in FY09 to over 14% now. Though the banking sector was beset with worsening asset quality in FY18, NBFCs could restrict the impact of delinquencies in their portfolios due to their ability to respond quickly owing to effective risk management policies followed by them.

The early part of the fiscal year saw an interim blip in their performance following demonetisation, but recovery following that has also been swift and the situation is back to normal. The growing relevance of the NBFCs also highlights the emphasis of risk management in the sector. Going ahead, comfortable capital adequacy, control on asset quality and conservative liquidity management practices will continue to provide comfort to the credit profile of NBFCs.

Retail Finance

While corporate growth continued to be under pressure, retail segment continues its momentum. Most of the NBFCs and HFCs continue to scale up their portfolio focusing on housing finance, Loans against Property (LAP), Small and Medium Enterprises (SMEs) finance and consumer finance. Within these segments housing continues to do well and also entails huge potential given a) government/regulator thrust, and b) supporting demographic factors etc.

The other scalable area is SME finance. Looking at Indian market, SMEs continue to be under-banked and NBFCs are increasingly turning towards this sector. Thus, the potential for NBFCs and HFCs to scale up their business remains significant.

Asset Reconstruction Industry

Asset Reconstruction Industry has come a long way since its inception and has evolved from a recovery oriented agency mechanism to an attractive investment business for revival of financially broken but potentially viable business entities and earn a reasonable risk adjusted return.

Recent initiatives like IBC and regulatory changes by RBI and Government of India have made Asset Reconstruction Company (ARCs) more effective and efficient in their business of reviving such assets and re-orient themselves as turnaround specialists. ARCs would increasingly become participator of a multi-platform business model with co-investors/large fund houses also bringing in funds.

Wealth Management

Due to various economic reforms, structurally low interest rates and increased investment choices, the focus of investment by Indian public is shifting from hard assets and savings to investing in financial assets. This is clearly visible in the inflows in the equity markets and other capital market investments during FY18. At the same time, the Ultra High Networth Individuals (UHNIs) and Affluent clients are increasingly looking at sophisticated investment strategies and turning towards more personalised and focused investment advisory services in their quest for higher yields. This is creating immense opportunities for wealth management industry. As per our estimates, the assets under advice of the industry continue to grow briskly and now stand at over ₹15 trillion.

Asset Management

The asset management industry in India consists of growing mutual funds and alternative investment funds (AIFs). Similar to wealth management, asset management is also immensely benefitting from the shift of household savings to financial assets resulting in huge inflows in mutual funds along with a record increase in SIPs during FY18.



ARCs will re-orient themselves as turnaround specialists

Mutual Funds' AuMs recorded significant growth of ~22% to stand at ₹21.36 trillion as on March 31, 2018 compared to ₹17.55 trillion a year ago with huge inflows into Equity schemes. Total number of folios in mutual funds stand at 71 million and the number of SIP accounts are 21 million as on March 31, 2018 indicating greater penetration. AuMs under PMS and AIFs, continuing their own growth, have crossed ₹2 trillion as at the end of FY18 as per our estimates.

Alternative assets funds in the structured credit, distressed assets and real estate space also saw higher inflows of ~\$4.5 billion during the year compared to ~\$2 billion in FY17 and their AuMs stand at ~\$27 billion at the end of this year as per our estimate.

Thus the asset management inflows have gained traction which bodes well for the industry.

Capital Markets

As FY18 was a good year for equity markets, both the indices – Nifty and Sensex reached their all time highs. However, re-introduction of long term capital gain tax on gains from listed equities in Union budget along with rising policy action towards global trade protectionism did create some panic towards the fag end of the fiscal year, resulting in a just 10% Nifty return in FY18 compared to 19% in FY17. Equity raising by corporates was also robust this year.

As regards debt markets, the regulatory push towards the development of the bond markets continues. However, despite various reforms undertaken by RBI and government in the recent past, FY18 turned out to be a tumultuous year for the bond market due to a sharp turnaround in sentiments driven by a host of factors which pushed the sovereign bond yields by ~150 bps in the latter half of the year. This resulted in a lacklustre activity in debt market and amount of debt raised through public issues in FY18 fell steeply to ₹52 billion compared to ₹295 billion in FY17. Similarly, private placement of bonds in FY18 was also lower at ₹4,526 billion compared to ₹4,932 billion in FY17. Many of these concerns have softened of late and as the market gains confidence and yields stabilise, activity in both primary and secondary debt markets should again pick up.

Life Insurance

Life insurance sector in India suffers from low level of penetration at ~2.72% and per capita insurance density of only USD 46.50 while global insurance penetration stands at ~3.47% with density of USD 353 (source IRDA report 2017). The year FY18 was a better year as the Individual APE growth of the industry was higher at ~19% touching ~₹635 billion compared to ~₹532 billion for FY17. However, within this, private sector life insurers recorded a higher growth at ~24% compared to ~14% in FY17. With this, the private insurers increased their Individual APE market share from ~54% in FY17 to ~56% in FY18.

The industry fared well this year given strong equity markets, improving persistency and expense efficiency. However, significant scope still exists for margin expansion by a possible shift in product mix towards higher protection, morbidity and longevity (annuities) products from savings and investments. Similarly, development of proprietary channels, direct and agency, can also aid the process.

General Insurance

The General Insurance industry is witnessing increased need for asset and liability protection solutions and health Insurance in India.

However, despite this ever growing potential, the penetration of the General Insurance Industry in India remains much below global averages: 0.77% of GDP (source: Swiss Re Sigma) compared to the global average of 2.81%. Thus, the Indian Industry has significant growth potential which is being demonstrated by the robust 10-year CAGR of 17% in the industry. The private general insurers have grown even faster at a CAGR of 20%. In terms of future growth as well, Munich Re Economic Research estimates that India will be the fastest growing Property & Casualty Insurance market in the world and is expected to achieve inflation adjusted CAGR of 8.7% during the period 2017-25.



Shift in household savings to investments will benefit wealth and asset management

EDELWEISS OVERVIEW

A FULLY DIVERSIFIED FINANCIAL SERVICES GROUP

Edelweiss was founded in November 1995 with an aspiration to building a quality organisation which would be guided by our values and beliefs and to create something for the long-haul. Twenty two years hence, it gives us immense pleasure to share with you that Edelweiss group today is a 10,000+ strong army. Together, we have created one of India's largest diversified financial services platform, helping over 1.2 million customers in the far reaches of the country fulfil their dreams and aspirations.

EDELWEISS STRATEGY

From initially providing advisory and investment banking services, Edelweiss has grown consciously and strategically by investing in expanding services in existing areas as well as in adjacent markets to become a bank-like diversified financial services group today.

Edelweiss has come a long way since inception and knowledge, research and innovation have been the key drivers of the company's growth. We believe that we must add significant value by providing cutting edge products and services by focusing on six key vectors in our journey – **people management, cost management, risk management, technology, simplicity and customer obsession**. At the broader level, our strategy and key business tenets continue to be to improve or build **profitability, scalability, sustainability, management quality and governance**.

Over the years, Edelweiss has also demonstrated its ability to reinvent itself at the turn of each economic and business cycle. This element of adaptability and flexibility adds significant tail winds to our strategy implementation and growth efforts.

EDELWEISS FINANCIAL SERVICES LTD. (EFSL) FINANCIAL PERFORMANCE HIGHLIGHTS

Over the last 22 years, we have experienced various growth phases in our journey – right from our birth pangs up to FY2000 to hyper growth from FY05 - FY08. This was followed by the painful consolidation of the post-crisis era till FY12 and then to the balanced and mature growth phase. We are now in the midst of the scale-up phase.

In continuation of our long-term growth trajectory, our Consolidated Profit after Tax (PAT) is up 46% YoY to ₹8.90 billion and we have seen a CAGR of 38% in PAT over the last 28 quarters, making us one of the fastest growing financial services companies. This growth has been on the back of our sustained efforts towards building a bank-like diversified financial services model. As our rank among companies in India improves gradually, we are grateful to all our stakeholders for helping us build this robust platform.

We are happy to share that Edelweiss completed a fund-raise of ~₹15.28 billion via a QIP in the third quarter of FY18. This is the first fund-raise at the parent company level since our IPO in 2007. This fund-raise saw the participation of several marquee foreign and domestic investors including CDPQ, HDFC MF, Kotak MF, Goldman Sachs, Nomura and Fidelity amongst others. With a comfortable capital position, we are well-placed to continue our growth momentum and focus on building a great institution.



Six key vectors—**people, cost, risk, technology, simplicity and customer**

CONSOLIDATED RESULT - FY18

A summary of consolidated FY18 financial performance of EFSL is as under:



Total Revenue
₹86.23 billion (₹66.34 billion for FY17), up 30%



Profit after Tax
₹8.90 billion (₹6.09 billion for FY17), up 46%



Profit after Tax ex-insurance
₹10.36 billion (₹7.19 billion for FY17), up 44%



Group Net worth
₹77.62 billion (₹52.88 billion for FY17), up 47%



Return on Equity ex-insurance 22.1%
(20.7% for FY17)



Return on Assets ex-insurance 2.6%
(2.4% for FY17)



Diluted EPS ₹9.80
(₹6.92 for FY17)
(FV ₹1)



Book Value per Share
₹72.89 (₹52.00 at the end of FY17) (FV ₹1)

FINANCIAL HIGHLIGHTS

INCOME

Fund based revenue was ₹56.56 billion for FY18 (₹48.06 billion for FY17), up 18%. It mostly comes from interest on loans and credit substitutes, reflecting the scale up in credit book. Our Net Interest Income for FY18 was ₹15.45 billion (₹12.92 billion for FY17), up 20%.

Fee & Commission revenue was ₹21.34 billion for FY18 (₹12.48 billion for FY17), up 71%, on the back of scaling up of all our franchise businesses as well as our ARC becoming a subsidiary of our group during Q2FY17.

After deducting the finance cost, Net Revenue for FY18 was ₹50.93 billion (₹38.24 billion for FY17), up 33%.

Life insurance business recorded a net premium of ₹6.19 billion for FY18 (₹4.26 billion for FY17), a growth of 45%.

Our diversified revenue streams ensure our constant growth across cycles despite volatile environment.

EXPENSES

Total costs for FY18 was ₹72.00 billion (₹56.76 billion in FY17), up 27%. Within our total costs, operating expenses grew by 39% in FY18 as we continued to invest in scaling up our younger retail businesses.

Employee expenses grew by 23% in FY18 as we continued hiring to support our growing businesses. As the size of our operations grew and as we became ₹551 billion asset company,



38% PAT CAGR
over the last
28 quarters

it was also imperative to strengthen the organisation and we have added people at all levels, including over 130 senior professionals. We added in all about 3,080 employees during FY18, a growth of 44%, taking the year end head count to 10,052 resulting in the employee expenses growth.

Interest expense growth was contained at 26% in FY18 despite our borrowings being higher at ₹473.23 billion compared to ₹333.79 billion a year ago with a growth of 42%. Our cost of funding came down to 9.3% in FY18 compared to 9.7% in FY17 helping us bring down the interest expense.

PROFIT AFTER TAX

Our PAT and Minority for FY18 was ₹8.90 billion compared to ₹6.09 billion for FY17, a growth of 46%, which was mainly due to 18% increase in Fund based income, 71% increase in Fee & Commission income and 45% increase in Premium from insurance business. Our Return on Equity (RoE) on consolidated basis for FY18 was 17.1%, up from 15.5% a year ago. Our RoE has improved in FY18 despite addition of ₹15.28 billion to our net worth during FY18 by way of QIP.

Our profits continue to be contributed by a diverse set of businesses eliminating cyclical volatility in our performance.

Profitability ex-insurance

Our life insurance business is relatively young and given the long gestation period of life insurance companies, it is still recording losses, which is as per the plan. Recently launched general insurance business will also continue to impact our consolidated profitability till it breaks even.

Excluding the impact of losses in insurance business, our net profit for FY18 is ₹10.36 billion compared to ₹7.19 billion in FY17, a growth of 44%. Our RoE ex-insurance comes to around 22.1% compared to 17.1% on consolidated basis for FY18.

Business-wise Analysis of Profitability

Operations of Edelweiss are organised around three broad business groups – **Credit business** including Retail Credit, Corporate Credit and Distressed Credit, **Franchise & Advisory**

business including Wealth Management, Asset Management and Capital Markets, and **Insurance** including Life and General Insurance.

The business-wise financial data based on Management's estimates for FY18/as on March 31, 2018 is as under:

₹ in billion				
	EoP Equity	PAT	RoE	RoA
Pre-Minority Total				
Credit	56.24	7.31	18.1%	2.2%
Franchise & Advisory	2.25	3.08	–	–
BMU, Corp & Others	6.18	0.83	9.7%	1.0%
Insurance	12.96	(2.60)	–	–
Less Minority	(10.89)	(0.28)	–	–
Total Consolidated	66.73	8.90	17.1%	2.0%
Total Ex-Insurance	59.44	10.36	22.1%	2.6%

Notes: Numbers are Management Estimates
RoE is calculated on Average Equity

While the Credit business continues to be the significant driver of growth in profits, the Franchise & Advisory businesses have grown strongly during FY18, backed by our investment in these businesses over the last few years. No business in Edelweiss now contributes more than 20% to the overall profit, a testament to our strategy of diversification. This has helped us not only diversify our earnings base to be able to withstand any shocks in the market, it has also helped us establish leadership position in several emerging opportunities. Edelweiss businesses won 28 awards during this year highlighting their leadership in the industry.

With our current size, there is ample headway for growth in each of these businesses as the India growth story pans out.

Balance Sheet

The effective Balance Sheet size at the end of FY18 was ₹550.86 billion compared to ₹386.67 billion at the end of FY17, a growth of 42%. The asset side of the balance sheet includes credit book of ₹420.10 billion besides liquid assets like FDs and cash balances ₹44.84 billion and Government Bonds ₹41.16 billion for liquidity management and business requirement.



Distributed profits across businesses is testament to our diversification strategy

On the liability side, our total net worth was ₹77.62 billion as on March 31, 2018 compared to ₹52.88 billion as on March 31, 2017. Debt as on March 31, 2018 was ₹473.23 billion (₹333.79 billion as on March 31, 2017). However, as a part of our liquidity management, we hold liquid assets in our Treasury book and excluding such liquid treasury assets our Net Gearing Ratio stands at 4.9 times as on March 31, 2018. The Capital Adequacy Ratio (CAR) on consolidated basis was 17.04% at the end of FY18.

BUSINESS SEGMENT-WISE PERFORMANCE

Brief highlights of our business segment-wise performance in FY18 are as under:

CREDIT BUSINESS

Credit business of Edelweiss is a mix of diversified and scalable businesses. It consists of retail credit, corporate credit and distressed credit business. The retail credit segment offers Mortgages including Home Finance, Retail Construction Finance and Loan against Property, SME Finance, Agri & Rural Finance and Loans against Securities. Corporate credit business offers Structured Collateralised Credit to corporates and Real Estate Finance to developers. Distressed Credit business offers resolution of distressed assets including turnaround advisory services.

Total credit book stands at ₹420.10 billion at the end of this year compared to ₹276.08 billion at the end of previous year, a growth of 52%. The book comprises of retail credit ₹161.88 billion (39% of total book), corporate credit ₹195.25 billion (46%) and capital deployed of ₹62.97 billion in Distressed Credit business (15%). The book has grown at a CAGR of 59% since FY09. Credit business improved its NIM in FY18 to 7.7% compared to 7.2% in FY17.

The **asset quality** of the overall credit book continued to remain under control with Gross NPLs at 1.75% and Net NPLs at 0.70% as on March 31, 2018 compared to 1.59% and 0.60% respectively a year ago. The Provision Coverage Ratio (PCR) on NPLs was 60% at the end of FY18. Our total provision cover including the provision on standard assets is 81% at the end of this year.

We have successfully managed the transition of recognising NPLs to 90+ days past due (DPD) norm during FY18 from 180+ DPD norm three years ago without any significant slippages in our asset quality. This was made possible due to our focus on risk management and achieving growth in the book without diluting risk standards.

RETAIL CREDIT BUSINESS

As a part of our long term strategy of synergistic diversification of asset classes and customer segments, Edelweiss offers Housing Finance, Retail Construction Finance, LAP, Rural Finance and Loans to SMEs under Retail Finance business.

This business operates through 132 branches in 118 cities and over 2,300 villages with a client base of ~362,000. We expanded our footprint in 63 new cities this year as part of our infrastructure build up for scaling up this business. This business had built a book of ₹92.12 billion at the end of FY18 compared to ₹53.76 billion at the end of FY17, up 71%. The loan to value ratio in its home loans and LAP portfolio remained at a comfortable level of ~45% with an average tenor of ~15 years.

SME Finance

SMEs account for a significant portion of India's economic output and employment. The sector is underfinanced and credit plays a crucial role in the growth of this sector. Our SME finance business currently operates in 88 major cities across 19 states, up from 17 branches in 11 states last year. This business had a book of ₹22.27 billion at the end of FY18 compared to ₹13.54 billion a year ago, a growth of 64%. Given the importance of SMEs to the Indian Economy, this business continues to present a significant opportunity to build a highly profitable and scalable business.

Agri Credit

Agri credit business is significantly large and untapped opportunity in India. Agri sector is a fragmented market compelling a client to go through multiple service providers to complete a single transaction. Edelweiss is one of the few organised players offering end to end services to meet a new emerging need for the economy



Significant opportunity to tap the underfinanced SME sector

by bridging the physical needs with the financial needs of the commodities market.

As a part of our endeavour, agri credit book scaled up during FY18 and stood at ₹8.85 billion compared to ₹4.63 billion at the end of FY17, a growth of 91%. We have 523 leased warehouses under our management with a storage capacity of around 1.8 million metric tons with tie-ups with around 19 banks for collateral management.

Thus our Retail Finance business (Retail Mortgages, SME and rural finance) has a book of ₹92.12 billion, and Agri credit along with loans against securities and other retail loans aggregate ₹69.76 billion at the end of FY18. Taken together, our total retail credit portfolio stands at ₹161.88 billion at the end of FY18 compared to ₹89.52 billion at the end of FY17, a growth of 81%. Retail credit accounted for 39% of total credit as at the end of FY18 compared to 33% a year ago. It continues to be our focus and we intend to increase its proportion in the total book to around 50% in the next two years.

DISTRESSED CREDIT BUSINESS

Edelweiss Distressed Credit business comprises Edelweiss Asset Reconstruction Company (EARC), Distressed Funds and Turnaround Advisory services.

EARC scaled up its business with AuM of ₹438 billion at the end of FY18 compared to ₹395 billion at the end of FY17. EARC has already created a track record of resolution of assets of over ₹261 billion by the end of FY18 through a combination of resolution strategies with revival and business turnaround being the foremost strategy. Its recoveries during FY18 were higher at ₹25.74 billion compared to ₹10.82 billion in FY17. Our acquisitions will continue to generally target EBIDTA positive operating assets which can be revived.

Edelweiss ARC has been able to maintain its market leadership with a market share of around 45-50%. We have been a pioneer in the industry in changing the perception of ARCs from a recovery oriented agency model to an attractive investment in business for revival of stressed businesses. We are the first ARC to have access to in-house turnaround team for improvements in the operations of stressed assets.

FRANCHISE & ADVISORY BUSINESSES

Our **Franchise & Advisory** businesses include **Wealth Management, Asset Management and Capital Markets**.

WEALTH MANAGEMENT

The Wealth Management business provides advisory and investment services including broking services to UHNIs and Affluent clients with an emphasis on research and analytics. This business offers differentiated value proposition which is delivered through Specialist Financial Advisors and Digital platform.

Our efforts to scale up this business continue to yield results with the business ending FY18 with AuAs of over ₹901 billion compared to ₹603 billion at the end of FY17, a growth of 49%. The AuAs have recorded 63% CAGR growth in the last six years. This business is gaining market share by offering a multi-asset platform with structured customised solutions and is now one among the industry leaders. Its leadership position is truly reflected in various prestigious awards won during FY18 including “**Best Private Bank**” at the Asiamoney Best Bank Awards, 2018, “**Best Wealth Manager – Rising Star India**” by the Asset, Hong Kong, and “**Excellence in Wealth Management, India**” by Asian Private Banker, Hong Kong, 2017.

Wealth Management business caters to over 522,000 clients as at the end of March 2018.

ASSET MANAGEMENT

Asset Management business comprises of three businesses – **Alternative Asset Management, Mutual Funds** and **Multi Strategy Funds**.

Alternative Asset Management

Quest for yield, growing affluence and development of AIF platform are driving the growth of Alternative Asset Management industry. Our objective in this business is to offer innovative and differentiated products by combining Edelweiss platform with investment capabilities to drive consistent investment performance. We are present across asset classes in private debt space through this business. Our efforts to scale up this business also continue



EARC continues to target revivable EBIDTA positive operating assets

to yield results with the AuM reaching ₹119.69 billion equivalent spread over eight funds at the end of FY18 compared to ₹87.80 billion at the end of FY17, a growth of 36%.

Multi Strategy Funds

Our Multi Strategy Funds business is focused on offering Liquid Alternative strategies to UHNIs and Affluent clients. This business has AuMs of ₹56.97 billion compared to ₹25.86 billion at the end of FY17, a growth of 120%.

Mutual Fund (Retail Asset Management)

Our Mutual Fund manages 30 schemes across Equity, Debt and Liquid categories with an AuM of ₹115.05 billion at the end of March 2018, compared to ₹68.34 billion in the last year, a growth of 68%. Around 69% of its AuM is in equity schemes. The business caters to around 117,800 unique investors, compared to 79,800 at the end of FY17.

The aggregate AuMs of our Asset Management business stand at ₹292 billion as at the end of FY18 and have grown more than 10x compared to the AuMs of ₹28 billion as at the end of FY15.

We are now one of the few asset managers in India with leadership position across full bouquet of product offering.

CAPITAL MARKETS

Our **Capital Markets** businesses offer **Investment Banking, Institutional Equities, Prime Broking services** and **Fixed Income Advisory services**. This business continues to show strong performance.

Edelweiss continues to be a leader in Investment Banking and has executed 23 transactions in FY18 compared to 18 transactions in FY17. This included record 20 transactions under Equity Capital Markets, highest ever for this business. Out of these 20 transactions, 8 were ₹10 billion+ transactions.

Our Fixed Income Advisory business closed 62 deals during FY18. In the public issue of debt and short term commercial paper (CP) segment, we retained number one position with a market share of around 80% and 23% respectively (Source: Prime Database). As already mentioned, bond market activity was subdued in second half of

FY18 due to a substantial rise in the interest rates of benchmark government securities. During FY18, we also closed eight Debt Restructuring and eight Debt Syndication transactions.

Institutional Equities business provides equity and equity-derivatives sales and trading services to a large base of FIIs and DIIs. We continued to be among the largest Indian domestic Institutional Broking Houses with a market share of 4 to 4.5% by revenue. This business received the **“Best Broker Award”** from Finance Asia in 2017.

INSURANCE

Edelweiss expanded its addressable retail markets by entering into insurance business during 2011 with the launch of life insurance business. This year in Q4 we completed our offering in the insurance segment by launching general insurance business.

LIFE INSURANCE

Edelweiss launched Edelweiss Tokio Life Insurance Company in 2011 in partnership with Tokio Marine of Japan. It was launched with a capital of ₹5.50 billion – among the highest start-up capital for any Indian life insurer. Signifying our commitment to building a long-term value creator and a sustainable business, both the JV partners further infused capital of ₹6.70 billion during FY18 taking the total capital infused since inception to ₹19.97 billion. Edelweiss holds 51% equity in this JV with Tokio Marine holding the rest.

Edelweiss Tokio is one of the fastest growing life insurance companies in India in the last three years with significant improvement in operational metrics. Gross premium of this business in FY18 was ₹6.38 billion compared to ₹4.41 billion in the previous year, a growth of 45%. Collected Individual APE grew by 52% to ₹2.51 billion in FY18 with a CAGR of 37% since FY15 compared to 16% recorded by the industry. Overall 13th month persistency grew from 72% in FY17 to 80% in FY18 and Individual Claims Settlement Ratio improved from 93% in FY17 to 95% in FY18. The Indian Embedded Value of this business stands at ~₹16.35 billion as on March 31, 2018.

It continues to expand its distribution footprint across agency, partnership and direct channels. During FY18 Edelweiss Tokio expanded its branch



2018 marked our entry into the General Insurance space

network to 121 branches in 93 major locations/cities in India. The agency channel force has also scaled up with the number of Personal Financial Advisors crossing 31,000 by the end of this year compared to ~21,000 a year ago.

It offers 30 individual products with eight rider options, designed to meet various needs of customers. It also offers five group insurance products.

It launched three new products in FY18 including **Wealth Plus** which is an award winning product and a one of its kind product in the market where 100% of the premium is invested with zero allocation and administration charge.

All the individual ULIP funds of Edelweiss Tokio Life Insurance are overall rated 4 or 5 Star and above by Morningstar, an independent entity, as on March 31, 2018, indicating consistent fund performance.

Edelweiss Tokio has also won several awards this year including:

- “**Best Product Innovation for Wealth Ultima**” at Fintelekt Insurance Awards 2017,
- “**Best Product Innovation – Wealth Plus**” at the ET Now – BFSI Awards 2018,
- “**Best Product Innovation for Wealth Ultima**” at the National Awards for Excellence in Insurance 2017,
- “**Golden Peacock Innovative Product / Service Award 2018**” for Wealth Plus &
- “**Best Product Innovation**” for Wealth Plus at the Golden Globe Tigers Awards 2018.

GENERAL INSURANCE

Edelweiss strengthened its retail foray and increased the breadth of solutions offered to customers, both corporate and individual, with the launch of general insurance business in February 2018 through its 100% owned subsidiary Edelweiss General Insurance Co. Ltd. (EGIL).

The opportunity for EGIL is underscored by the India opportunity, significant headroom for growth of general insurance and the Edelweiss group leverage model.

The Edelweiss group’s customer base of 1.2 million plus across individuals and corporates, along with its diverse distribution channels,

offers the general insurance business a strong platform to participate in the India general insurance growth story. Maximising this internal opportunity is one of the key strategic priorities for the business and in line with this, the first product launched, was a liability protection solution for the customers of our retail finance business.

The general insurance business intends to establish itself as a new age player willing to challenge category conventions to deliver a truly ‘hassle free’ experience to the customer. This will be delivered through technology enabled innovative products and digital processes. For products, consumer insight will drive innovation across the mainline categories of motor and health insurance together with niche opportunities in lifestyle protection.

BALANCE SHEET MANAGEMENT UNIT (BMU)

Balance Sheet Management

The BMU manages our group's liquidity in a way similar to that of Treasury of a commercial bank. As a part of this process, we have developed a set of **Balance Sheet Management Rules** to measure, monitor and change key metrics and positions to ensure a healthy Balance Sheet and these are benchmarked to international best practices.

Asset Liability Management Committee (ALCO)

Edelweiss ALCO manages **allocation of capital** among businesses along with **Asset Liability Management**. It also manages the group’s **interest rate and liquidity risks** besides a host of other crucial functions.

Liquidity Cushion

BMU ensures that an adequate liquidity cushion is maintained to take care of immediate requirements while continuing to honour our commitments as a going concern. At the end of the year FY18, we enhanced our liquidity cushion to ₹52 billion, compared to ₹40 billion a year ago, which is around 9% of our balance sheet size. We continually evaluate the composition of our liquidity cushion through various instruments to ensure immediacy, relevance and cost efficiency.



We maintain adequate liquidity cushion and constantly strengthen our balance sheet

Maintaining Liabilities Profile in sync with Lengthening Assets Profile

Besides maintaining a liquid balance sheet, we continue to reduce dependence on market borrowings, diversify our sources of borrowings and increase liabilities in the medium to long term buckets. During FY18, we contracted around ₹180 billion of fresh medium to long term liabilities. These included maiden issue of Perpetual Bonds of ₹3 billion and the maiden issue of floating rate NCDs of ₹2.50 billion, through our NBFC subsidiaries. One of our NBFC subsidiaries, Edelweiss Retail Finance Limited issued retail bonds aggregating ₹5 billion for the first time during the year. With this, three of our subsidiaries have issued retail bonds. We also enhanced our total fund and non-fund based sanctioned bank lines of credit at the end of FY18 to ₹230 billion compared to ₹159 billion a year ago.

As a result of the pro-active steps taken by us, we just not have only a comfortably matched ALM profile, we have even improved it.

OPPORTUNITIES

The macro economic developments in India as well as the rest of the world detailed earlier augur well for growth of financial services in India for firms like Edelweiss and offer immense opportunities in FY19 and beyond as under:

- The projected growth in the Indian economy at 7%+ in FY19 would open up vast opportunities for us to grow our various diversified businesses.
- A welcome shift of access to credit from only large business houses to SMEs, MFIs, middle and low income groups has led to democratisation of credit opening up vast sections of eligible borrowers for credit. This together with the Government's push for affordable housing and "Housing for all by 2022" augurs well for companies like ours which have already secured a strong foothold in retail credit segment.
- The financialisation of Indian household savings is already presenting newer opportunities for financial services like asset management and wealth management which are two of our fastest growing businesses and are ready to capture a fair share of growth.

- Social, Mobility, Analytics and Cloud Computing (SMAC) are the emerging trends in technology. Government initiatives in respect of Digital India and move towards formal and cashless economy has also opened up new client segments which firms like ours can tap for future growth.

THREATS

While the opportunities landscape is promising, the following threats could dampen the growth of financial services sector in India:

- Global economy could slip into turmoil if the current trade and tariffs war between USA and China intensifies.
- Slower than expected recovery of macro-economy, domestically as well as globally, increase in oil prices or delay in revival of capex cycle can impede growth.
- Impending Lok Sabha and a number of State elections could lead to uncertainties in the environment.
- While the monsoon is predicted to be normal this year, any unforeseen failure of the monsoon can hinder the recovery in rural economy.

OUTLOOK & STRATEGY

The Indian economy is back on the growth path and democratisation of credit, financialisation of assets and privatisation of the economy will together lead to a compounding effect, which in turn is expected to double India's GDP from USD 2.5 trillion in 2018 to USD 5 trillion in 2025. Financial services will continue to be a standout performer in this golden age of compounding, private financial services even more so.

In this significant growth scenario, Edelweiss is well-gearred to take advantage of the unfolding opportunity with the multiple vectors of growth that we have. Our retail businesses have gained traction and franchise and advisory businesses have also built significant size and scale. With the foundation we have laid, we are well placed to achieve sustainable growth in the years to come by following our time tested strategy of focusing on key vectors in our journey in future – **people management, cost management, risk management, technology, simplicity and customer obsession.**



Aspire to be among the top 10 financial services companies in India

While the successful implementation of our diversification strategy has helped us achieve all round growth with enviable CAGR numbers as detailed earlier, we have set for ourselves even stiffer targets for future. In the next few years, we wish to aspire to be among the top 10 financial services companies in India, achieve PAT growth of 30%+ CAGR and exceed the expectations of all our stakeholders.

EDELWEISS BRAND – BeUnlimited

Edelweiss as a brand is resonant with being an “Enabler” which helps the consumers view financial products as a launch pad for their ambitions. Our value ethos is inspired by the “BeUnlimited” philosophy which empowers our customers to access a world of unlimited opportunities. It is a philosophy, a promise embedded at the very core of what we do and how we do it. BeUnlimited is going beyond incremental gains and efforts and is more an aspiration towards surmounting one’s limitations and reaching for the stars. This is evident in the active support that we extend to sports as a cause and partnering with Indian Olympians.

Our Commitment to Sports

Edelweiss continues to be a sports evangelist. This year, Edelweiss group deepened and strengthened its commitment towards building a sporting nation. The Edelweiss group has inked a long-term partnership with the Indian Olympic Association (IOA) towards sponsorship of the Indian contingent for all games including Commonwealth Games 2018, Asian Games 2018, Tokyo Olympic Games 2020 and National Games 2019 and 2020. The group launched a campaign saluting the #BeUnlimited spirit of our athletes, aimed at garnering support for Team India for the 21st Commonwealth Games held in Gold Coast, Australia recently. Moreover, Edelweiss provided a life cover of ₹5 million to each of the athletes through the group company Edelweiss Tokio Life Insurance Ltd.

Edelweiss has also signed on India’s female sporting legends – Dipa Karmakar (first ever Indian female gymnast to compete in the Olympics and attempt the Produnova) and Rani Rampal (Captain of Indian women’s hockey team). This is in line with our ethos of BeUnlimited and we believe their journey and success will serve as inspiration for women across the country and for the next generation of Indian athletes. We have also signed on Sukant Kadam who is World #2 para badminton player.

RISK MANAGEMENT

Financial Services Industry has seen significant shifts in business practices in last one year with the digital revolution making the environment dynamic. Risk Management practices, therefore, require a dynamic, proactive and efficient approach to keep pace with the constant change.

The structural trends that are driving many of these significant shifts stem from multiple sources: digitisation of business decisions, public sentiment being less tolerant of any appearance of preventable errors and/or inappropriate business practices, rising customer expectations of holistic experience and environment where incidents of frauds are being reported frequently. Going forward, risk management will have to cope with many new risks in addition to the conventional risks.

Risk management has been core to Edelweiss since we began our journey. By embedding risk management into the DNA of the organisation, we ensure that the first line of defence starts from each individual.



Risk management is embedded in our DNA

Respect for Risk is central to every business decision at Edelweiss. Simple questions are to be answered before every decision, i.e., "Is it worth it?" and "Can we afford it?". To support the risk strategy and effective risk management, we have built an in-house "Eight-risk framework" coupled with "Four-tiered risk governance structure" which protects Edelweiss and ensures that there are enough defences available to control all types of risk events. The four-tiered risk governance structure includes business level risk team, Global Risk Group at the Corporate Centre, Global Risk Committee and the Board Risk Committee which oversees the risk management at the apex level. As a pro-active measure, we are also working on establishing group wide Enterprise Risk Management framework to take risk management to even a higher level.

As a result of the focus on risk management, Edelweiss recently won the Risk Management team of the Year 2017 award at CRO Leadership Summit organised by UBS Transformance

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Internal Financial Controls

The Internal Control Framework of Edelweiss aims to strengthen the overall assurance practices, processes, controls, sharing of best practices, conducting periodic assessments, establishing and overseeing control dashboards and above all creating a "CARES" philosophy for the entire organisation as below:

- Control culture through training workshops, best practice sharing platform across SBUs.
- Assurance through oversight of internal audit function, preparedness of inspections by regulators, special assignments and deep dive in collaboration with other teams.
- Reliable internal controls framework through control reviews, Risk Control Self Assessment (RCSA)/Internal Financial Control review and mock audits.
- Effective and efficient processes through benchmarking with peers, automation of process controls, control dashboard and its monitoring.

- Standardisation through Standard Operating Procedures, frameworks, policies and practices.

The Corporate Controller team, which administers the Internal Control Framework, not only ensures that the businesses adhere to the standards defined but also keeps raising regularly the standards of performance and controls.

Internal Audit

Internal Audit follows Generally Accepted Audit Practices, Internal Audit Standards, analytical procedures etc. and ensures compliance with section 138 of the Companies Act 2013 read with Rule 13 of the Companies (Accounts) Rules, 2014.

The Internal Control System in Edelweiss is commensurate with the size, scale, nature and complexity of its operations. The group conducts its internal audit within the parameters of regulatory framework including preparation and execution of annual internal audit plan. The internal audit function includes assessing the adequacy, efficiency and effectiveness of internal control systems across the group. It conducts Risk Based Internal Audit across the group through external audit firms.

The Corporate Controller group assesses the efficacy of internal controls through external audit firms to provide an independent, objective and reasonable assurance on the adequacy and effectiveness of the organisation's risk management, control and governance processes to the Audit Committee.

Internal Control

Edelweiss has robust internal control system and RCSA system in place including monitoring compliance with relevant matters covered under section 134(5)(e) of the Companies Act 2013, delegation of powers, segregation of duties, third party confirmations, periodic reconciliations, RCSA, physical verification and checks on accuracy; completeness and timely update of records, compliance, risk and periodical financial statements.



4 pronged strategy to manage Cybersecurity – Prevent, Detect, Respond and Recover

TECHNOLOGY

Technology today is a ubiquitous feature across businesses. A technological backbone is now a hygiene factor rather than a standout. With this in mind, Edelweiss uses technology as the cornerstone for driving and growing business. With Edelweiss entering a retail-centric growth phase and digital becoming the new norm, our focus has been to **digitally transform businesses** across customer lifecycle. Over the last one year several initiatives have been undertaken to implement **robust and scalable technology architecture** which will become the foundation for automated and integrated processes that will drive **organisational efficiency** and seamless **customer experience**.

Some of the initiatives are:

- **Customer On-boarding:** We have worked on creating a quick, seamless and paperless on-boarding experience for our retail customers which utilises digital workflow platforms.
- **AI/ML/Robotics:** The initiatives on artificial intelligence, machine learning and robotics process automation are now embedded in the business helping save time and resources, reduce errors and risk and automate decision making. During the year we introduced **Chatbots** using AI to help our web customers.
- **Data Enabled Decision Making:** Data and Analytics is increasingly playing a larger role in both our retail and corporate businesses. For corporates we are accessing data from external sources to understand their business trajectory. For retail customers we are using both internal and external data to support all aspects of decision making from customer on-boarding, credit appraisal, insurance underwriting and cross-sell/upsell.
- Cybersecurity threats are becoming more sophisticated and targeted. With an objective to protecting Edelweiss Data & IT infrastructure from unauthorised access and use, we use four pronged strategy to manage our Cybersecurity program:
 - Prevent – with multi-layered security controls and driving employee awareness
 - Detect – through 24x7 monitoring by Security Operations Centre (SOC) and Edelweiss Brand Protection initiatives
 - Respond – Continuously maturing Incident Response Management
 - Recover – Quick recovery of operations through Business Continuity Program



HUMAN RESOURCES

We set out on a long journey in 1996 with just a four member team and one ambition – building a quality organisation which would be guided by our values and beliefs. At that time, all we knew was that we wanted to create something for the long-haul. Twenty two years hence, it gives us immense pleasure to share that Edelweiss group is now a 10,000+ strong army. Nearly eight out of every ten employees are engaged in our fastest growing retail businesses: retail credit, wealth and asset management and insurance.

At Edelweiss we believe that our human capital is the major driver of our growth, efficiency and productivity. Edelweiss is a cross-cultural mosaic and our strength lies in our diversity everywhere, within teams and across businesses. This diversity makes us a stronger organisation by bringing in fresh ideas, perspectives, experiences and fostering a truly collaborative workplace.

One of the most important factors contributing to our success is the Edelweiss culture which is defined by attributes such as entrepreneurship,



A culture of entrepreneurship, risk management and leadership



Ensure a superlative experience for all our customer segments

risk management, creating leaders, attributes which will hold us in good stead in our journey. Culture is, thus, the most important aspect on our mind as we move ahead.

Leadership Development

In the ever changing environment, Edelweiss recognises the significance of change management and therefore attaches an emphasis to build leadership trait in its talent to manage change effectively. Year on year we continue to deepen our philosophy by investing in developing our talent and leadership through a series of well-designed measures.

The four-tiered Edelweiss Leadership Program, which was created in the backdrop of Edelweiss's rapid expansion and aspiration to grow further, continues to build upon its success. Now ~6% of our employees are a part of this Program, which runs across levels from emerging to business to senior leaders to Managing Committee members. Most of our leadership development is experience and exposure focused. The development playground is diverse and includes cross-functional projects at work and we provide opportunities for our leaders to be part of global programs both for education and exposure. Our current leaders also play an integral part in the development processes of our future leaders.

WE (Women Empowered) Platform

Women Empowered (WE) is an Edelweiss initiative which provides our women employees with opportunities to make the best of their individual talent with the objective of creating leaders of tomorrow amongst our women employees. We value diversity, not only in gender, where we

are at 20%, but in all other aspects of thought and behaviour and foster a culture that is inclusive and embraces differences.

At the end of FY18 we had a total of 10,052 employees (6,972 as at the end of the previous year) spread across 448 offices in India and overseas.

CUSTOMER EXPERIENCE

The core to any business is its customers. Despite this, it is a maxim which is often ignored by many organisations, especially in Financial Services. However, at Edelweiss, Customer Experience (CX) is regarded as a key pillar of business success in true spirit. Traditionally, Edelweiss has taken a problem-solving based approach to improving CX across its businesses, focusing on:

- Who is the Customer?
- What is their Need?
- How can we address that Need in the best possible way?

This was captured in our motto “**Suno Samjho Suljhao**”, and complemented by an active measurement of **Net Promoter Score (NPS)** throughout the year.

With this motto in sight, we have continued to build a culture of customer-centric thinking across the group. To drive this agenda, we have also instituted wide ranging corporate structure changes across the group. Through these efforts, we are responding to **evolving customer needs**, and **institutionalising these processes across the organisation**, to ensure a superlative experience for all our customer segments, throughout the value chain.

Cautionary Statement

Statements made in this Annual Report may contain certain forward looking statements, which are tentative, based on various assumptions on the Edelweiss group's present and future business strategies and the environment in which we operate. Actual results may differ substantially or materially from those expressed or implied due to risks and uncertainties. These risks and uncertainties include the effect of economic and political conditions in India and internationally, volatility in interest rates and in the securities market, new regulations and Government policies that may impact the Company's businesses as well as the ability to implement its strategies. The information contained herein is as of the date referenced and Edelweiss does not undertake any obligation to update these statements. Edelweiss has obtained all market data and other information from sources believed to be reliable or its internal estimates, although its accuracy or completeness cannot be guaranteed. The discussion relating to business wise financial performance, financial statement, asset books and AuM/AuAs of Edelweiss and industry data herein is reclassified/regrouped based on Management estimates and may not directly correspond to published data. The numbers have also been rounded off in the interest of easier understanding.

Remuneration Policy

Objective

The Companies Act, 2013 ('the Act') and the Listing Agreement requires a Company to frame a policy for determining the remuneration payable to the Directors, Key Managerial Personnel (KMPs) and other Senior level employees.

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

The objective of the Policy is to ensure that:

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

Remuneration of the Independent Directors and Non-executive Directors

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

Remuneration of the Managing Director and Executive Directors

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

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

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

Policy Review

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

Annexures to Board's Report (Continued)

Annexure II

Annual Report on Corporate Social Responsibility (CSR) activities for the financial year 2017-18

[Pursuant to Clause (o) of Sub-section (3) of Section 134 of the Companies Act, 2013 and
Rule 8 of the Companies (Corporate Social Responsibility) Rules, 2014]

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

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

The CSR Policy of the Company is uploaded on the website of the Company at: <https://edelweissfin.com/documents/30595/0/CSRPolicy.pdf>

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

Mr. Venkatchalam Ramaswamy	- Executive Director (Chairman)
Mr. Himanshu Kaji	- Executive Director
Mr. Rujan Panjwani	- Executive Director
Mr. P. N. Venkatachalam	- Independent Director

3. Average net profit of the Company for last three financial years: ₹ 1,599.80 million
4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): ₹ 31.99 million
5. Details of CSR spent during the financial year:

(a) Total amount spent for the financial year: Consolidated : ₹ 177.13 million
Standalone : ₹ 38 million

(b) Amount unspent, if any: ₹ Nil

(c) Manner in which the amount was spent by the Company during the financial year - Refer Table annexed.

6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board Report:- Not Applicable
7. A responsibility statement of the CSR Committee – The implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

The CSR Activities are carried out in the areas where we have presence. An amount of ₹ 177.13 million was spent on a consolidated basis, during the financial year 2017-18.

Himanshu Kaji
Executive Director
DIN No. 00009438

May 23, 2018

Venkatchalam Ramaswamy
(Chairman of the CSR Committee)
DIN No. 00008509

For information - Manner in which the amount was spent (on a consolidated basis) during the financial year is detailed below:

		(₹ in Million)					
1	2	3	4	5	6	7	8
S. No	CSR project or activity Identified	Sector in which the project is Covered	Projects or programs (1) Local area or other district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub – heads: (1) Direct expenditure on projects or programs	(2) Overheads:	Amount spent : Direct or through Implementing Agency
							Cumulative expenditure up to the reporting period
1	Early Childhood Education, Enhanced Child Learning and School Transformation Programs, Research and Advocacy and Innovative Practices	Education	Alibaugh, Amravati, Gadchiroli, Mumbai, Palghar, Parbhani and Pune in Maharashtra, Banerghatta and Bangalore in Karnataka, Baswara in Rajasthan, Bihar, Delhi, Koraput in Orissa, Madhya Pradesh, Orissa and Tikiapara in West Bengal	54.33	53.02	1.31	54.33
2	Skill and Institutional building, Employability skill building, Financial Inclusion and Watershed for livelihoods	Livelihood	Balod in Chattisgarh, Mokhada, Buldhana, Mumbai, Nagpur, Hingoli in Maharashtra, Jodhpur and Udaipur in Rajasthan, Khunti in Jharkhand, Mahisagar, Dahod and Bhavnagar in Gujarat, Lucknow in Uttar Pradesh, Bangalore in Karnataka, Mayurbhanj in Orissa, Chindwara and Puddukottai in Madhya Pradesh and Tamil Nadu	37.55	36.25	1.30	37.55
							Implementing Agency - Edelgive Foundation *(Edelgive Foundation is the strategic philanthropic arm of the Edelweiss Group and is registered under Section 25 of the Companies Act, 1956)

(₹ in Million)

1	2	3	4	5	6	7	8
S. No	CSR project or activity Identified	Sector in which the project is Covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub – heads: (1) Direct expenditure on projects or programs	Cumulative expenditure up to the reporting period	Amount spent : Direct or through Implementing Agency
3	Economic and Social Empowerment	Women Empowerment	Rohtak and Jhajjar in Haryana, 24 North and South Pargana in West Bengal, Alwar in Rajasthan, Dahod, Panchmahal and Morbi in Gujarat, Hyderabad in Telangana, Karnataka, Khunti, Azamgarh and Lucknow in Jharkhand and Uttar Pradesh, Kutch in Gujarat, Madhya Pradesh, Marathwada (Osmanabad, Latur, Beed, Nanded), Maswad and Mumbai in Maharashtra	55.02	52.78	55.02	
4	Capacity building	Multiple Sectors	Mumbai, Maharashtra	0.13	0.13	0.13	
5	EdelGive Foundation Corpus fund	-	Maharashtra	30.00	30.00	30.00	
6	Chief Minister's Relief Fund	-	Maharashtra	0.10	0.10	0.10	
	TOTAL			177.13	172.28	177.13	4.85

Manner in which the amount was spent by the Company during the financial year:

(₹ in Million)							
1	2	3	4	5	6	7	8
S. No	CSR project or activity Identified	Sector in which the project is Covered	Projects or programs (1) Local area or other district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub – heads: (1) Direct expenditure on projects or programs (2) Overheads:	Cumulative expenditure up to the reporting period	Amount spent : Direct or through Implementing Agency
1	Early Childhood Education, Enhanced Child Learning and School Transformation Programs, Research and Advocacy and Innovative Practices	Education	Pune and Palghar, Maharashtra	8.98	8.63	8.98	
2	Skill and Institutional building, Employability skill building, Financial Inclusion and Watershed for livelihoods	Livelihood	Mumbai, Maharashtra	1.25	1.20	1.25	
3	Economic and Social Empowerment	Women Empowerment	Marathwada (Osmanabad, Latur, Beed, Nanded), Mumbai, Maswad, Maharashtra, 24 North and South Pargana, West Bengal and Kutch, Gujarat	27.77	26.84	27.77	
	TOTAL			38.00	36.67	38.00	Implementing Agency - Edelgive Foundation *(Edelgive Foundation is the strategic philanthropic arm of the Edelweiss Group and is registered under Section 25 of the Companies Act, 1956)

**SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018**
[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Edelweiss Financial Services Limited
Edelweiss House, Off. C.S.T Road,
Kalina, Mumbai – 400 098.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Edelweiss Financial Services Limited (hereinafter called 'the Company') for the audit period covering the financial year ended on 31st March 2018 ('the audit period'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

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

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2018 according to the provisions of:

- The Companies Act, 2013 ('the Act') and the Rules made thereunder;
- The Securities Contracts (Regulation) Act, 1956 and the Rules made thereunder;
- The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

- Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Overseas Direct Investments and Foreign Direct Investments;
- The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act')
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; and
 - g) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; and

- Other specific law applicable to the company is the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992.

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

During the Audit Period, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

During the Audit period, provisions of the following Act / Regulations were not applicable to the Company:

- The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- The Securities and Exchange Board of India (Buyback of Securities) Regulation, 1998; and
- Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of External Commercial Borrowings

We further report that –

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

Adequate notice is given to all the Directors to schedule the Board Meetings in compliance with the provisions of Section 173(3) of the Companies Act, 2013, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Decisions at the meetings of the Board of Directors of the Company were carried through on the basis of majority. There were no dissenting

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

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

We further report that during the audit period, the company had approved the following resolutions with requisite majority on November 1, 2017 passed vide postal ballot:

- Issue Securities for an aggregate amount upto ₹ 2,000 crore (Rupees Two Thousand Crore Only); and
- Increase in the limits of Equity holdings of Foreign Institutional Investors (“FIIs”) and Foreign Portfolio Investors (“FPIs”) up to 49% of the paid-up equity share capital of the Company.

Consequent to the aforesaid approval, the Company on 23rd November, 2017, has allotted 54,562,488 equity shares to the eligible Qualified Institutional Buyers at a price of ₹ 280/- per equity shares of Re. 1/- each (Inclusive of premium of ₹ 279/- per share) aggregating to ₹ 1,527.75 crore under the Qualified Institutions Placement which opened on November 15, 2017 and closed on November 20, 2017.

For BNP & Associates

Company Secretaries
(Firm Regn. No. P2014MH037400)

Prakash K. Pandya

Partner

FCS No.3901

COP No.2311

Mumbai
May 23, 2018

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

Annexures to Board's Report (Continued)

Annexure A to the Secretarial Audit Report for the financial year ended 31st March 2018

To,
The Members,
Edelweiss Financial Services Limited,
Edelweiss House, Off. C.S.T Road,
Kalina, Mumbai – 400098.

Our Secretarial Audit Report of even date is to be read along with this letter.

1. The compliance of provisions of all laws, rules, regulations, standards applicable to Edelweiss Financial Services Limited (the 'Company') is the responsibility of the management of the Company. Our examination was limited to the verification of records and procedures on test check basis for the purpose of issue of the Secretarial Audit Report.
2. Maintenance of secretarial and other records of applicable laws is the responsibility of the management of the Company. Our responsibility is to issue Secretarial Audit Report, based on the audit of the relevant records maintained and furnished to us by the Company, along with explanations where so required.
3. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial and other legal records, legal compliance mechanism and corporate conduct. The verification was done on test check basis to ensure that correct facts as reflected in secretarial and other records produced to us. We believe that

the processes and practices we followed, provides a reasonable basis for our opinion for the purpose of issue of the Secretarial Audit Report.

4. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
5. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and major events during the audit period.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For BNP & Associates

Company Secretaries
(Firm Regn. No. P2014MH037400)

Prakash K. Pandya
Partner

FCS No.3901
COP No.2311

Mumbai
May 23, 2018

Form No. MGT-9
EXTRACT OF ANNUAL RETURN

As on the financial year ended on March 31, 2018
[Pursuant to section 92(3) of the Companies Act, 2013 and
rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:	
i) CIN	L99999MH1995PLC094641
ii) Registration Date	21/11/1995
iii) Name of the Company	Edelweiss Financial Services Limited
iv) Category / Sub-Category of the Company	Public Company/limited by Shares
v) Address of the Registered Office and contact details	Edelweiss House, Off. C.S.T. Road, Kalina Mumbai- 400098 Email: efsl.shareholders@edelweissfin.com Tel No.: +91 22 4009 4400 Fax No.: +91 22 4086 3610
vi) Whether listed company	Yes
vii) Name, Address and Contact details of Registrar & Share Transfer Agent, if any	Link Intime India Private limited C 101, 247 Park, L.B.S Marg, Vikhroli (West), Mumbai - 400083 Tel: +91 22 4918 6270 Fax: +91 22 4918 6060
II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY All the business activities contributing 10% or more of the total turnover of the Company	As per Attachment – A
III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES	As per Attachment – B
IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)	
i) Category-wise Share Holding	As per Attachment - C
ii) Shareholding of Promoters and Promoter Group	As per Attachment - D
iii) Change in Promoters Shareholding and Promoter Group	As per Attachment - E As per Attachment - F
iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters, Promoter Group and Holders of GDRs and ADRs)	As per Attachment - G
v) Shareholding of Directors and Key Managerial Personnel	
V. INDEBTEDNESS	
Indebtedness of the Company including interest outstanding/accrued but not due for payment	As per Attachment – H
VI. Remuneration of Directors and Key Managerial Personnel	
A. Remuneration to Managing Director, Whole-time Directors and/ or Manager	As per Attachment – I
B. Remuneration to other Directors	As per Attachment – J
C. Remuneration to Key Managerial Personnel other than Managing Director/Manager/ Whole Time Director	As per Attachment – K
VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES	As per Attachment – L

Annexures to Board's Report (Continued)

Attachment – A

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company are given below:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service [#]	% to total turnover of the Company [§]
1.	Investment Banking and Advisory Services	649	80.67
2.	Holding Activities/investments (dividend income from subsidiaries)	642	19.33

[#] As per National Industrial Classification – Ministry of Statistics and Programme Implementation

[§] On the basis of Gross Income.

Attachment – B

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No	Name and Address of the Company	CIN/GLN	Holding / Subsidiary /Associate	% of shares held*	Applicable Section
1.	ECL Finance Limited Address: Edelweiss House, Off. C.S.T. Road, Kalina, Mumbai – 400 098	U65990MH2005PLC154854	Subsidiary	100	2(87)(ii)
2.	Edelweiss Finance & Investments Limited Address: Edelweiss House, Off. C.S.T. Road, Kalina, Mumbai - 400098	U67120MH1994PLC286057	Subsidiary	100	2(87)(ii)
3.	Edelweiss Finvest Private Limited (formerly known as Arum Investments Private Limited) Address: Edelweiss House, Off. C.S.T. Road, Kalina, Mumbai- 400 098	U65993MH2006PTC164007	Subsidiary	100	2(87)(ii)
4.	Edelweiss Retail Finance Limited Address: Edelweiss House, Off. C.S.T. Road, Kalina, Mumbai – 400 098	U67120MH1997PLC285490	Subsidiary	100	2(87)(ii)
5.	Edel Finance Company Limited Address: Edelweiss House, Off. C.S.T. Road, Kalina, Mumbai – 400 098	U65920MH1989PLC053909	Subsidiary	100	2(87)(ii)

Sr. No	Name and Address of the Company	CIN/GLN	Holding / Subsidiary /Associate	% of shares held*	Applicable Section
6.	Edelweiss Asset Reconstruction Company Limited Address: Edelweiss House, Off. C.S.T. Road, Kalina, Mumbai- 400 098	U67100MH2007PLC174759	Subsidiary	74.8	2(87)(ii)
7.	Edelweiss Housing Finance Limited Address: Edelweiss House, Off. C.S.T. Road, Kalina, Mumbai- 400 098	U65922MH2008PLC182906	Subsidiary	100	2(87)(ii)
8.	Edelweiss Holdings Limited Address: Edelweiss House, Off. C.S.T. Road, Kalina, Mumbai – 400 098	U65923MH2015PLC270791	Subsidiary	100	2(87)(ii)
9.	Edelweiss Tokio Life Insurance Company Limited Address: Edelweiss House, Off. C.S.T. Road, Kalina, Mumbai – 400 098	U66010MH2009PLC197336	Subsidiary	51	2(87)(ii)
10.	Edelweiss General Insurance Company Limited Address: Edelweiss House, Off. C.S.T. Road, Kalina, Mumbai – 400 098	U66000MH2016PLC273758	Subsidiary	100	2(87)(ii)
11.	Edelweiss Insurance Brokers Limited Address: Edelweiss House, Off. C.S.T. Road, Kalina, Mumbai – 400 098	U72200MH2000PLC124096	Subsidiary	100	2(87)(ii)
12.	Edelweiss Commodities Services Limited Address: 2nd Floor, MB Towers, Plot No.5, Road No.2, Banjara Hills, Hyderabad - 500 034.	U45201AP2006PLC078157	Subsidiary	100	2(87)(ii)
13.	Edelweiss Agri Value Chain Limited Address: Edelweiss House, Off. C.S.T. Road, Kalina, Mumbai – 400 098	U63090MH2014PLC256473	Subsidiary	100	2(87)(ii)

Annexures to Board's Report (Continued)

Sr. No	Name and Address of the Company	CIN/GLN	Holding / Subsidiary /Associate	% of shares held*	Applicable Section
14.	Edelweiss Comtrade Limited Address: Unit No.801-804, Eighth Floor, Abhishree Avenue, Nehru Nagar, Ambawadi Ahmedabad – 380 015	U66990GJ1995PLC025267	Subsidiary	100	2(87)(ii)
15.	EC Commodity Limited Address: 2nd Floor, MB Towers,Plot No.5, Road No.2, Banjara Hills,Hyderabad- 500 034	U51109AP2008PLC065146	Subsidiary	100	2(87)(ii)
16.	EFSL Comtrade Limited Address: 2nd Floor, MB Towers, Plot No.5, Road No. 2, Banjara Hills, Hyderabad – 500 034	U67190TG2011PLC077784	Subsidiary	100	2(87)(ii)
17.	Edelweiss Securities Limited Address : 2nd Floor, MB Towers, Plot No.5, Road No. 2, Banjara Hills, Hyderabad – 500 034	U67110AP1993PLC052266	Subsidiary	100	2(87)(ii)
18.	Edelweiss Broking Limited Address: Unit No.801-804,Eighth Floor, Abhishree Avenue, Nehru Nagar, Ambawadi Ahmedabad -380 015	U65100GJ2008PLC077462	Subsidiary	100	2(87)(ii)
19.	Edelcap Securities Limited Address: 2nd Floor, MB Towers, Plot No.5, Road No.2, Banjara Hills, Hyderabad- 500 034	U67120AP2008PLC057145	Subsidiary	100	2(87)(ii)
20.	ECap Equities Limited Address: 2nd Floor, M.B.Towers, Plot No.5, Road No.2, Banjara Hills, Hyderabad- 500 034	U67190TG2008PLC057122	Subsidiary	100	2(87)(ii)
21.	Edelweiss Custodial Services Limited Address: Edelweiss House, Off. C.S.T. Road, Kalina, Mumbai – 400 098	U51109MH2008PLC187594	Subsidiary	100	2(87)(ii)

Sr. No	Name and Address of the Company	CIN/GLN	Holding / Subsidiary /Associate	% of shares held*	Applicable Section
22.	Edelweiss Capital Markets Limited Address: 2nd Floor, MB Towers, Plot No.5, Road No. 2, Banjara Hills, Hyderabad – 500 034	U65999TG2010PLC113135	Subsidiary	100	2(87)(ii)
23.	Edelweiss Securities (IFSC) Limited Address: Unit No.204, 2nd Floor, Signature Tower, Block 13-B, Zone-1, GIFT SEZ, GIFT City, Gandhinagar - 382 355	U65999GJ2016PLC094838	Subsidiary	100	2(87)(ii)
24.	Edelweiss Asset Management Limited Address: Edelweiss House, Off. C.S.T. Road, Kalina, Mumbai- 400 098	U65991MH2007PLC173409	Subsidiary	100	2(87)(ii)
25.	Edelweiss Trusteeship Company Limited Address: Edelweiss House, Off. C.S.T. Road, Kalina, Mumbai- 400 098	U67100MH2007PLC173779	Subsidiary	100	2(87)(ii)
26.	Edelweiss Global Wealth Management Limited Address: 2nd Floor, MB Towers, Plot No.5, Road No.2, Banjara Hills, Hyderabad- 500 034	U67100TG2007PLC112499	Subsidiary	100	2(87)(ii)
27.	Edelweiss Alternative Asset Advisors Limited Address: Edelweiss House, Off. C.S.T. Road, Kalina, Mumbai- 400 098	U67190MH2008PLC182205	Subsidiary	95	2(87)(ii)
28.	Edelweiss Investment Adviser Limited Address: 2nd Floor, MB Towers, Plot No.5, Road No.2, Banjara Hills, Hyderabad- 500 034	U74140TG2008PLC120334	Subsidiary	100	2(87)(ii)
29.	Edelweiss Multi Strategy Funds Management Private Limited (formerly known as Forefront Capital Management Private Limited) Address: Edelweiss House, Off. C.S.T. Road, Kalina, Mumbai – 400 098	U67120MH2009PTC194273	Subsidiary	100	2(87)(ii)

Annexures to Board's Report (Continued)

Sr. No	Name and Address of the Company	CIN/GLN	Holding / Subsidiary /Associate	% of shares held*	Applicable Section
30.	Edelweiss Business Services Limited (formerly known as Edelweiss Web Services Limited) Address: Edelweiss House, Off. C.S.T. Road, Kalina, Mumbai – 400 098	U65990MH2005PLC154276	Subsidiary	100	2(87)(ii)
31.	EdelGive Foundation Address: Edelweiss House, Off. C.S.T. Road, Kalina, Mumbai- 400 098	U65999MH2008NPL182809	Subsidiary	100	2(87)(ii)
32.	Edelweiss Trustee Services Limited Address: Edelweiss House, Off. C.S.T. Road, Kalina, Mumbai- 400 098	U65999MH2005PLC155191	Subsidiary	100	2(87)(ii)
33.	Edel Land Limited Address: Edelweiss House, Off. C.S.T. Road, Kalina, Mumbai – 400 098	U74900MH2008PLC287466	Subsidiary	100	2(87)(ii)
34.	Edel Investments Limited Address: 2nd Floor, MB Towers, Plot No.5, Road No. 2, Banjara Hills, Hyderabad – 500 034	U65923TG2009PLC112586	Subsidiary	100	2(87)(ii)
35.	Alternative Investment Market Advisors Private Limited Address: 2nd Floor, MB Towers, Plot No.5, Road No.2, Banjara Hills, Hyderabad- 500 034	U74120TG2014PTC122370	Subsidiary	100	2(87)(ii)
36. @	Eternity Business Centre Limited Address: Edelweiss House, Off. C.S.T. Road, Kalina, Mumbai – 400 098	U74999MH2014PLC259027	Subsidiary	100	2(87)(ii)
37. @	Olive Business Centre Limited Address: Edelweiss House, Off. C.S.T. Road, Kalina, Mumbai – 400 098	U74999MH2014PLC259032	Subsidiary	100	2(87)(ii)
38. @	Burlington Business Solutions Limited Address: Edelweiss House, Off. C.S.T. Road, Kalina, Mumbai- 400 098	U74999MH2014PLC259023	Subsidiary	100	2(87)(ii)

Sr. No	Name and Address of the Company	CIN/GLN	Holding / Subsidiary /Associate	% of shares held*	Applicable Section
39. @	Auris Corporate Centre Limited Address: Edelweiss House, Off. C.S.T. Road, Kalina, Mumbai- 400 098	U74999MH2014PLC259034	Subsidiary	100	2(87)(ii)
40. @	Serenity Business Park Limited Address: Edelweiss House, Off. C.S.T. Road, Kalina, Mumbai- 400 098	U74120MH2014PLC259073	Subsidiary	100	2(87)(ii)
41. \$	Edel Commodities Limited Address: 2nd Floor, MB Towers, Plot No.5, Road No. 2, Banjara Hills, Hyderabad – 500 034	U51900AP2008PLC065549	Subsidiary	100	2(87)(ii)
42. \$	EFSL Trading Limited (formerly known as EFSL Commodities Limited) Address: 2nd Floor, MB Towers, Plot No.5, Road No. 2, Banjara Hills, Hyderabad – 500 034	U51900TG2011PLC077654	Subsidiary	100	2(87)(ii)
43.	Edelweiss Capital (Singapore) Pte. Ltd. Address: 133, Cecil Street # 13/03, Keck Seng Tower, Singapore (069535)	N.A.	Subsidiary	100	2(87)(ii)
44.	Edelweiss Investment Advisors Private Limited Address: 133, Cecil Street # 13/03, Keck Seng Tower, Singapore (069535)	N.A.	Subsidiary	100	2(87)(ii)
45.	Edelweiss International (Singapore) Pte. Ltd. Address: 133, Cecil Street # 13/03, Keck Seng Tower, Singapore (069535)	N.A.	Subsidiary	100	2(87)(ii)
46.	Edelweiss Alternative Asset Advisors Pte. Limited Address: 133, Cecil Street # 13/03, Keck Seng Tower, Singapore (069535)	N.A.	Subsidiary	100	2(87)(ii)
47.	EC Global Limited Address: c/o Citco (Mauritius) Limited, 4th Floor, Tower A,1 Cyber City Ebene,Mauritius	N.A.	Subsidiary	100	2(87)(ii)

Annexures to Board's Report (Continued)

Sr. No	Name and Address of the Company	CIN/GLN	Holding / Subsidiary /Associate	% of shares held*	Applicable Section
48.	EC International Limited Address: c/o Citco (Mauritius) Limited, 4th Floor, Tower A, 1CyberCity Ebene,Mauritius	N.A.	Subsidiary	100	2(87)(ii)
49	EFSL International Limited Address: c/o Citco (Mauritius) Limited, 4th Floor, Tower A, 1 Cyber City Ebene, Mauritius	N.A.	Subsidiary	100	2(87)(ii)
50.	EAAA LLC Address: c/o Citco (Mauritius) Limited, 4th Floor,Tower A,1CyberCity Ebene, Mauritius.	N.A.	Subsidiary	100	2(87)(ii)
51.	EW Special Opportunities Advisors LLC Address: c/o Citco (Mauritius) Limited, 4th Floor, Tower A,1CyberCity Ebene, Mauritius	N.A.	Subsidiary	67	2(87)(ii)
52.	EW India Special Assets Advisors LLC Address: c/o Citco (Mauritius) Limited, 4th Floor, Tower A,1CyberCity Ebene, Mauritius	N.A.	Subsidiary	100	2(87)(ii)
53.	Edelweiss India Capital Management Address: c/o CIM Fund Services Ltd, 33, Edith Cavell Street, Port Louis, Mauritius	N.A.	Subsidiary	100	2(87)(ii)
54.	Edelweiss Securities (Hong Kong) Private Limited Address: Unit 1001, 10/F, Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong	N.A.	Subsidiary	100	2(87)(ii)

Sr. No	Name and Address of the Company	CIN/GLN	Holding / Subsidiary /Associate	% of shares held*	Applicable Section
55.	Aster Commodities DMCC Address: 46-J, Almas Tower, Jumeirah Lake Towers, Dubai, U.A.E, P. O. Box No.113741	N.A.	Subsidiary	100	2(87)(ii)
56.	Edelweiss Financial Services (UK) Limited Address: 30 St Mary's Axe, 28th Floor, London EC3A 8BF, United Kingdom	N.A.	Subsidiary	100	2(87)(ii)
57.	Edelweiss Financial Services Inc. Address: 205 E 42nd Street, 20th Floor, New York, NY-10017 United States of America	N.A.	Subsidiary	100	2(87)(ii)
58.	Allium Finance Private Limited Address: Edelweiss House, Off. C.S.T. Road, Kalina, Mumbai – 400 098	U67120MH2008PTC180229	Associate	46.13	2(6)
59.	Edelweiss Fund Advisors Private Limited Address: Edelweiss House, Off. C.S.T. Road, Kalina, Mumbai – 400 098	U70200MH2005PTC155545	Associate	40	2(6)
60.	Magnolia Commodities Services Private Limited Address: 2nd Floor, MB Towers, Plot No.5, Road No. 2, Banjara Hills, Hyderabad – 500 034	U65990TG2009PTC113078	Associate	50	2(6)
61.	Dahlia Commodities Services Private Limited Address: 2nd Floor, MB Towers, Plot No.5, Road No. 2, Banjara Hills, Hyderabad – 500 034	U65999TG2009PTC113083	Associate	50	2(6)

*Representing aggregate % of shares held by the Company and / or its subsidiaries

® ceased to be subsidiaries with effect from April 21, 2018

§ ceased to be subsidiaries with effect from May 4, 2018

Annexures to Board's Report (Continued)

SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

Attachment – C

(i) Category - wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year as on April 1, 2017				No. of Shares held at the end of the year as on March 31, 2018				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters and Promoters Group									
(1) Indian									
a) Individual/HUF	264,435,690	-	264,435,690	31.76	264,435,690	-	264,435,690	28.88	(2.88)
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt (s)	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	3,200,000	-	3,200,000	0.38	3,200,000	-	3,200,000	0.35	(0.03)
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other (Trust)	38,750,000	-	38,750,000	4.65	38,750,000	-	38,750,000	4.23	(0.42)
Sub-total (A) (1):-	306,385,690	-	306,385,690	36.80	306,385,690	-	306,385,690	33.47	(3.33)
(2) Foreign									
a) NRIs – Individuals	1,000,000	-	1,000,000	0.12	1,000,000	-	1,000,000	0.11	(0.01)
b) Other –Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A) (2):-	1,000,000	-	1,000,000	0.12	1,000,000	-	1,000,000	0.11	(0.01)
Total shareholding of Promoter and Promoters Group (A) =(A)(1)+(A)(2)	307,385,690	-	307,385,690	36.92	307,385,690	-	307,385,690	33.58	(3.34)
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	16,725,407	-	16,725,407	2.01	38,446,725	-	38,446,725	4.20	2.19
b) Banks / FI	696,348	-	696,348	0.08	687,431	-	687,431	0.08	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FII / FPI	238,391,762	-	238,391,762	28.63	255,294,790	-	255,294,790	27.89	(0.74)
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others:	-	-	-	-	-	-	-	-	-
Alternative Investment Funds	-	-	-	-	662,889	-	662,889	0.07	0.07
Sub-total (B)(1):-	255,813,517	-	255,813,517	30.72	295,091,835	-	295,091,835	32.24	1.52

Category of Shareholders	No. of Shares held at the beginning of the year as on April 1, 2017				No. of Shares held at the end of the year as on March 31, 2018				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Non-Institutions									
a) Bodies Corporate									
i) Indian	21,418,418	-	21,418,418	2.57	35,590,733	-	35,590,733	3.89	1.32
ii) Overseas	15,184,005	156,000	15,340,005	1.84	14,886,505	78,000	14,964,505	1.63	(0.21)
b) Individuals/HUF									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	43,486,537	139,120	43,625,657	5.24	58,923,985	183,495	59,107,480	6.46	1.22
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	110,258,742	-	110,258,742	13.24	123,222,898	-	123,222,898	13.45	0.21
c) Others:									
Clearing Member	2,052,379	-	2,052,379	0.25	3,065,835	-	3,065,835	0.33	0.08
Non Resident Indians (Repatriable)	6,000,727	555,000	6,555,727	0.79	4,718,835	555,000	5,273,835	0.58	(0.21)
Non Resident Indians (Non Repatriable)	1,585,064	-	1,585,064	0.19	2,560,528	-	2,560,528	0.28	0.09
Directors (other than Promoter Directors)	22,560,560	-	22,560,560	2.71	24,145,310	-	24,145,310	2.64	(0.07)
Trusts	1,030,041	-	1,030,041	0.12	179,420	-	179,420	0.02	(0.10)
Foreign Nationals	209	-	209	0.00	2,361	-	2,361	0.00	0.00
Foreign Portfolio Investor (Individual)	46,300	-	46,300	0.01	-	-	-	-	-
Investor Education And Protection Fund	-	-	-	-	11,717	-	11,717	0.00	0.00
Sub-total (B)(2):-	223,622,982	850,120	224,473,102	26.96	267,308,127	816,495	268,124,622	29.28	2.32
Total Public Shareholding (B)= (B)(1)+(B)(2)	479,436,499	850,120	480,286,619	57.69	562,399,962	816,495	563,216,457	61.52	3.83
C. Non Promoter-Non Public Shareholder	44,896,780	-	44,896,780	5.39	44,896,780	-	44,896,780	4.90	(0.49)
Total Non Promoter-Non Public Shareholder (C)	44,896,780	-	44,896,780	5.39	44,896,780	-	44,896,780	4.90	(0.49)
D. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C+D)	831,718,969	850,120	832,569,089	100.00	914,682,432	816,495	915,498,927	100.00	-

Annexures to Board's Report (Continued)

Attachment – D

(ii) Shareholding of Promoters and Promoter Group

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year as on April 1, 2017			Shareholding at the end of the Year as on March 31, 2018			% change in share holding during the year
		No. of Shares	% of Total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of Total Shares of the Company	% of Shares Pledged / encumbered to total shares	
Promoters								
1.	Mr. Rashes Shah	145,301,730	17.45	8.41	145,301,730	15.87	2.73	(1.58)
2.	Mr. Venkatchalam Ramaswamy	58,026,560	6.97	4.32	58,026,560	6.34	2.95	(0.63)
3.	Ms. Vidya Shah	35,031,200	4.21	1.28	35,031,200	3.83	1.17	(0.38)
4.	Ms. Aparna T. C.	12,000,000	1.44	-	12,210,000	1.33	0.27	(0.11)
Promoter Group								
5.	M/s. Shah Family Discretionary Trust	38,750,000	4.65	-	38,750,000	4.23	-	(0.42)
6.	Ms. Kaavya Arakoni Venkat	12,000,000	1.44	-	11,790,000	1.29	-	(0.15)
7.	M/s. Spire Investment Advisors LLP	3,200,000	0.38	0.38	3,200,000	0.35	0.35	(0.03)
8.	Ms. Sneha Sripad Desai	1,025,000	0.12	-	1,025,000	0.11	-	(0.01)
9.	Ms. Shilpa Urwish Mody	1,001,200	0.12	-	1,001,200	0.11	-	(0.01)
10.	Ms. Sejal Premal Parekh	1,000,000	0.12	-	1,000,000	0.11	-	(0.01)
11.	Mr. Arakoni Venkatachalam Ramaswamy	50,000	0.01	-	50,000	0.01	0.01	-
Total		307,385,690	36.92	14.39	307,385,690	33.58	7.20	(3.34)

Note: Except for Sr. No. 4 & 6, the variation in the % is due to increase in the paid-up share capital of the Company.

(iii) Change in Promoters' and Promoter Group Shareholding

Sr. No.	Name	Shareholding at the beginning of the year as on April 01, 2017		Increase/Decrease in Shareholding during the year			Date of change	Cumulative Shareholding during the year	
		No. of shares	% of the total shares of the Company	Increase in number of Share	Decrease in number of Share	Reason		No. of shares	% of total shares of the Company
Promoters									
1	Mr. Rashesh Shah	145,301,730	17.45	-	-	-	-	-	-
						As on	31.03.2018	145,301,730	15.87
2	Mr. Venkatchalam Ramaswamy	58,026,560	6.97	-	-	-	-	-	-
						As on	31.03.2018	58,026,560	6.34
3	Ms. Vidya Shah	35,031,200	4.21	-	-	-	-	-	-
						As on	31.03.2018	35,031,200	3.83
4	Ms. Aparna T. C.	12,000,000	1.44	-	-	-	-	-	-
				2,10,000	-	Purchase	17.07.2017	12,210,000	1.43
						As on	31.03.2018	12,210,000	1.33
Promoter Group									
5	M/s. Shah Family Discretionary Trust	38,750,000	4.65	-	-	-	-	-	-
						As on	31.03.2018	38,750,000	4.23
6	Ms. Kaavya Arakoni Venkat	12,000,000	1.44	-	-	-	-	-	-
				-	2,10,000	Transfer	17.07.2017	11,790,000	1.38
						As on	31.03.2018	11,790,000	1.29
7	M/s. Spire Investment Advisors LLP	3,200,000	0.38	-	-	-	-	-	-
						As on	31.03.2018	3,200,000	0.35
8	Ms. Sneha Sripad Desai	1,025,000	0.12	-	-	-	-	-	-
						As on	31.03.2018	1,025,000	0.11
9	Ms. Shilpa Urvish Mody	1,001,200	0.12	-	-	-	-	-	-
						As on	31.03.2018	1,001,200	0.11
10	Ms. Sejal Premal Parekh	1,000,000	0.12	-	-	-	-	-	-
						As on	31.03.2018	1,000,000	0.11
11	Mr. Arakoni Venkatachalam Ramaswamy	50,000	0.01	-	-	-	-	-	-
						As on	31.03.2018	50,000	0.01

Note: Except for Sr. No. 4 & 6, the variation in the % is due to increase in the paid-up share capital of the Company.

Annexures to Board's Report (Continued)

Attachment – F

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters, Promoter Group and Holders of GDRs and ADRs):

Sr. No.	Name	Shareholding at the beginning of the year as on April 01, 2017		Increase/Decrease in Shareholding during the year			Date of change	Cumulative Shareholding during the year	
		No. of shares	% of the total shares of the Company	Increase in number of Share	Decrease in number of Share	Reason		No. of shares	% of total shares of the Company
1	Edelweiss Employee Welfare Trust	37,595,270	4.52	-	-	-	-	-	-
						As on	31.03.2018	37,595,270	4.11
2	BIH SA	27,343,180	3.29	-	-	-	-	-	-
				5,600,000	-	Transfer	12.05.2017	32,943,180	3.95
				4,552,620	-	Transfer	27.10.2017	37,495,800	4.38
						As on	31.03.2018	37,495,800	4.10
3	HDFC TRUSTEE COMPANY LTD - A/C HDFC MID - CAPOPPORTUNITIES FUND	-	-	-	-	-	-	-	-
				3,512,000	-	Transfer	27.10.2017	3,512,000	0.41
				2,540,600	-	Transfer	03.11.2017	6,052,600	0.71
				1,071,000	-	Transfer	10.11.2017	7,123,600	0.83
				10,000,000	-	QIP Allotment	23.11.2017	17,123,600	1.88
				300,000	-	Transfer	24.11.2017	17,423,600	1.91
				164,000	-	Transfer	01.12.2017	17,587,600	1.93
				2,444,000	-	Transfer	08.12.2017	20,031,600	2.20
				651,700	-	Transfer	22.12.2017	20,683,300	2.27
				241,000	-	Transfer	29.12.2017	20,924,300	2.30
				100,000	-	Transfer	05.01.2018	21,024,300	2.31
				100,000	-	Transfer	12.01.2018	21,124,300	2.32
						As on	31.03.2018	21,124,300	2.31
4	CDPQ PRIVATE EQUITY ASIA II PTE. LTD.	-	-	-	-	-	-	-	-
				14,000,000	-	QIP Allotment	23.11.2017	14,000,000	1.54
						As on	31.03.2018	14,000,000	1.53
5	MR. DEEPAK MITTAL	13,461,300	1.62	-	-	-	-	-	-
				275,000	-	ESOP Allotment	16.06.2017	13,736,300	1.63
				37,500	-	ESOP Allotment	18.08.2017	13,773,800	1.61
				-	2,100,000	Transfer	23.03.2018	11,673,800	1.28
						As on	31.03.2018	11,673,800	1.28
6	BARCLAYS WEALTH TRUSTEES INDIA PRIVATE LIMITED	3410182	0.41	-	-	-	-	-	-
				1,000,000	-	Transfer	24.11.2017	4,410,182	0.48
				1,200,000	-	Transfer	08.12.2017	5,610,182	0.62
				3,286,220	-	Transfer	05.01.2018	8,896,402	0.98
				1,868,000	-	Transfer	12.01.2018	10,764,402	1.18
				382,500	-	Transfer	26.01.2018	11,146,902	1.22
				465,000	-	Transfer	02.02.2018	11,611,902	1.27
				34,349	-	Transfer	23.02.2018	11,646,251	1.27
						As on	31.03.2018	11,646,251	1.27

Sr. No.	Name	Shareholding at the beginning of the year as on April 01, 2017		Increase/Decrease in Shareholding during the year			Date of change	Cumulative Shareholding during the year		
		No. of shares	% of the total shares of the Company	Increase in number of Share	Decrease in number of Share	Reason		No. of shares	% of total shares of the Company	
7	DSP BLACKROCK MIDCAP FUND	7,290,919	0.88	-	-	-	-	-	-	
				2,465,436	-	-	Transfer	12.05.2017	9,756,355	1.17
				1,000,000	-	-	Transfer	19.05.2017	10,756,355	1.29
				102,962	-	-	Transfer	09.06.2017	10,859,317	1.30
				54,000	-	-	Transfer	07.07.2017	10,913,317	1.28
				108,067	-	-	Transfer	04.08.2017	11,021,384	1.29
				-	383169	-	Transfer	11.08.2017	10,638,215	1.25
				-	257375	-	Transfer	15.09.2017	10,380,840	1.22
				-	148508	-	Transfer	29.09.2017	10,232,332	1.20
				630,000	-	-	Transfer	27.10.2017	10,862,332	1.27
				461,677	-	-	Transfer	08.12.2017	11,324,009	1.24
				3,629	-	-	Transfer	15.12.2017	11,327,638	1.24
				-	589016	-	Transfer	05.01.2018	10,738,622	1.18
				450,000	-	-	Transfer	12.01.2018	11,188,622	1.23
				-	314019	-	Transfer	19.01.2018	10,874,603	1.19
				-	125095	-	Transfer	02.02.2018	10,749,508	1.18
				282,387	-	-	Transfer	09.02.2018	11,031,895	1.21
63,613	-	-	Transfer	23.02.2018	11,095,508	1.21				
66,335	-	-	Transfer	16.03.2018	11,161,843	1.22				
58,651	-	-	Transfer	23.03.2018	11,220,494	1.23				
60,807	-	-	Transfer	31.03.2018	11,281,301	1.23				
				As on	31.03.2018	11,281,301	1.23			
8	STEADVIEW CAPITAL MAURITIUS LIMITED			-	-	-	-	-	-	
				1,200,000	-	-	Transfer	19.05.2017	1,200,000	0.14
				799,050	-	-	Transfer	26.05.2017	1,999,050	0.24
				2,580,500	-	-	Transfer	02.06.2017	4,579,550	0.55
				1,008,000	-	-	Transfer	09.06.2017	5,587,550	0.67
				720,000	-	-	Transfer	13.10.2017	6,307,550	0.74
				500,000	-	-	Transfer	20.10.2017	6,807,550	0.80
				3,731,092	-	-	QIP Allotment	23.11.2017	10,538,642	1.16
				As on	31.03.2018	10,538,642	1.15			
9	MS. PRIYA C KHUBCHANDANI	10,507,310	1.26	-	-	-	-	-	-	
				19,000	-	-	Transfer	14.04.2017	10,488,310	1.26
							As on	31.03.2018	10,488,310	1.15
10	Mr. VIKAS VIJAYKUMAR KHEMANI	9,027,112	1.08	-	-	-	-	-	-	
				1,387,500	-	-	Transfer	07.07.2017	10,414,612	1.22
							As on	31.03.2018	10,414,612	1.14
11	AMANSA HOLDINGS PRIVATE LIMITED	11,900,000	1.43	-	-	-	-	-	-	
				285,714	-	-	Transfer	24.11.2017	12,185,714	1.34
				-	776,750	-	Transfer	08.12.2017	11,408,964	1.25
				-	408,964	-	Transfer	22.12.2017	11,000,000	1.21
				-	934,031	-	Transfer	12.01.2018	10,065,969	1.10
				-	131,160	-	Transfer	19.01.2018	9,934,809	1.09
				-	475,000	-	Transfer	26.01.2018	9,459,809	1.04
				-	956,000	-	Transfer	02.02.2018	8,503,809	0.93
				-	223,192	-	Transfer	09.03.2018	8,280,617	0.91
				-	238,764	-	Transfer	16.03.2018	8,041,853	0.88
				As on	31.03.2018	8,041,853	0.88			

Annexures to Board's Report (Continued)

Sr. No.	Name	Shareholding at the beginning of the year as on April 01, 2017		Increase/Decrease in Shareholding during the year			Date of change	Cumulative Shareholding during the year	
		No. of shares	% of the total shares of the Company	Increase in number of Share	Decrease in number of Share	Reason		No. of shares	% of total shares of the Company
12	GOVERNMENT PENSION FUND GLOBAL	12,803,436	1.54	-	-	-	-	-	-
				-	1,821,043	Transfer	19.05.2017	10,982,393	1.31
				-	264,488	Transfer	04.08.2017	10,717,905	1.26
				2,056,767	-	Transfer	08.09.2017	12,774,672	1.50
				342,967	-	Transfer	15.09.2017	13,117,639	1.54
				156,036	-	Transfer	22.09.2017	13,273,675	1.55
				-	2,069,577	Transfer	27.10.2017	11,204,098	1.31
				-	253,802	Transfer	03.11.2017	10,950,296	1.28
				-	486,755	Transfer	19.01.2018	10,463,541	1.15
				-	981,076	Transfer	02.02.2018	9,482,465	1.04
				-	2,806,053	Transfer	09.02.2018	6,676,412	0.73
				-	319,009	Transfer	16.02.2018	6,357,403	0.70
				69,965	-	Transfer	23.03.2018	6,427,368	0.70
				70,900	-	Transfer	31.03.2018	6,498,268	0.71
				As on	31.03.2018	6,498,268	0.71		
13	MORGAN STANLEY MAURITIUS COMPANY LIMITED	10,450,601	1.26	-	-	-	-	-	-
				233,541	-	Transfer	07.04.2017	10,684,142	1.28
				-	369,431	Transfer	14.04.2017	10,314,711	1.24
				-	601,539	Transfer	27.10.2017	9,713,172	1.13
				-	911,274	Transfer	03.11.2017	8,801,898	1.03
				-	2,968	Transfer	10.11.2017	8,798,930	1.03
				-	33,032	Transfer	08.12.2017	8,765,898	0.96
				-	250,498	Transfer	15.12.2017	8,515,400	0.93
				-	9,499	Transfer	22.12.2017	8,505,901	0.93
				-	2,562,799	Transfer	29.12.2017	5,943,102	0.65
				-	2,776,362	Transfer	05.01.2018	3,166,740	0.35
				-	2,538	Transfer	12.01.2018	3,164,202	0.35
				-	62	Transfer	26.01.2018	3,164,140	0.35
-	35,268	Transfer	16.03.2018	3,128,872	0.34				
				As on	31.03.2018	3,128,872	0.34		
14	PRIVATBANK IHAG ZURICH AG	17,902,620	2.15	-	-	-	-	-	-
				-	33,680	Transfer	14.04.2017	17,868,940	2.15
				-	216,320	Transfer	21.04.2017	17,652,620	2.12
				-	5,600,000	Transfer	05.05.2017	12,052,620	1.45
				-	3,500,000	Transfer	19.05.2017	8,552,620	1.02
				-	3,000,000	Transfer	11.08.2017	5,552,620	0.65
				-	4,552,620	Transfer	27.10.2017	1,000,000	0.11
				As on	31.03.2018	1,000,000	0.11		
15	SAIF INDIA IV FII HOLDINGS LIMITED	20,633,505	2.48	-	-	-	-	-	-
				-	300,000	Transfer	14.04.2017	20,333,505	2.44
				-	4,700,000	Transfer	28.04.2017	15,633,505	1.88
				-	2,991,396	Transfer	09.06.2017	12,642,109	1.51
				-	2,008,604	Transfer	16.06.2017	10,633,505	1.26
				-	555,652	Transfer	11.08.2017	10,077,853	1.18
				-	2,444,348	Transfer	18.08.2017	7,633,505	0.89
				-	1,713,290	Transfer	25.08.2017	5,920,215	0.69
				-	1,791,710	Transfer	01.09.2017	4,128,505	0.48
				-	4,128,505	Transfer	08.09.2017	-	-
				As on	31.03.2018	-	-		

Sr. No.	Name	Shareholding at the beginning of the year as on April 01, 2017		Increase/Decrease in Shareholding during the year			Date of change	Cumulative Shareholding during the year	
		No. of shares	% of the total shares of the Company	Increase in number of Share	Decrease in number of Share	Reason		No. of shares	% of total shares of the Company
16	FIDELITY INVESTMENT TRUST FIDELITY SERIES EMERGING MARKETS FUND	11,288,385	1.36	-	-	-	-	-	-
				-	674,130	Transfer	28.04.2017	10,614,255	1.27
				-	699,799	Transfer	05.05.2017	9,914,456	1.19
				-	521,694	Transfer	19.05.2017	9,392,762	1.12
				-	906,765	Transfer	02.06.2017	8,485,997	1.02
				-	835,270	Transfer	23.06.2017	7,650,727	0.91
				-	522,501	Transfer	30.06.2017	7,128,226	0.84
				-	321,488	Transfer	07.07.2017	6,806,738	0.80
				-	730,616	Transfer	14.07.2017	6,076,122	0.71
				-	283,966	Transfer	11.08.2017	5,792,156	0.68
				-	773,225	Transfer	08.09.2017	5,018,931	0.59
				-	1,451,704	Transfer	15.09.2017	3,567,227	0.42
				-	3,567,227	Transfer	22.09.2017	-	-
						As on	31.03.2018	-	-

- Note:
1. In respect of Sr. No. 1, the variation in the % is due to increase in the paid-up share capital of the Company.
 2. Sr. No. 11 to 16 were part of top ten Shareholders at the beginning of the year as on April 1, 2017 and are not part of top ten Shareholders at the end of the year as on March 31, 2018.
 3. The date of change is considered on which the beneficiary position is downloaded.
 4. In case of ESOP & QIP, the date of allotment is considered.

Annexures to Board's Report (Continued)

Attachment - G

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Name	Shareholding at the beginning of the year as on April 1, 2017		Increase/ (Decrease) in Shareholding	Reason	Date	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company
(A)	Directors							
1)	Mr. Rashesh Shah*	145,301,730	17.45	-	-	-	-	-
					As on	31.03.2018	145,301,730	15.87
2)	Mr. Venkatchalam Ramaswamy*	58,026,560	6.97	-	-	-	-	-
					As on	31.03.2018	58,026,560	6.34
3)	Ms. Vidya Shah*	35,031,200	4.21	-	-	-	-	-
					As on	31.03.2018	35,031,200	3.83
4)	Mr. Himanshu Kaji	1,987,500	0.24	-	-	-	-	-
				1,050,000	ESOP Allotment	28.06.2017	3,037,500	0.36
					As on	31.03.2018	3,037,500	0.33
5)	Mr. Rujan Panjwani	12,316,380	1.48	-	-	-	-	-
				97,250	ESOP Allotment	16.05.2017	12,413,630	1.49
				202,750	ESOP Allotment	16.06.2017	12,616,380	1.49
				97,250	ESOP Allotment	20.03.2018	12,713,630	1.39
					As on	31.03.2018	12,713,630	1.39
6)	Mr. P. N. Venkatachalam	207,500	0.02	-	-	-	-	-
				62,500	ESOP Allotment	16.06.2017	270,000	0.03
					As on	31.03.2018	270,000	0.03
7)	Mr. Berjis Desai	62,500	0.01	-	-	-	-	-
				37,500	ESOP Allotment	16.06.2017	100,000	0.01
					As on	31.03.2018	100,000	0.01
8)	Mr. Sanjiv Misra	37,500	0.01	-	-	-	-	-
				25,000	ESOP Allotment	16.05.2017	62,500	0.01
					As on	31.03.2018	62,500	0.01
9)	Mr. Navtej S. Nandra	7,949,180	0.95	-	-	-	-	-
				12,500	ESOP Allotment	18.08.2017	7,961,680	0.93
					As on	31.03.2018	7,961,680	0.87
10)	Mr. Kunnasagaran Chinniah	-	-	-	-	-	-	-
11)	Mr. Biswamohan Mahapatra	-	-	-	-	-	-	-
12)	Mr. Sunil Mitra [#]	-	-	-	-	-	-	-

*The variation in the % is due to increase in the paid-up share capital of the Company.

[#] Mr. Sunil Mitra ceased to be a Director of the Company w.e.f. August 2, 2017.

Sr. No.	Name	Shareholding at the beginning of the year as on April 1, 2017		Increase/ (Decrease) in Shareholding	Reason	Date	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company
(B)	Key Managerial Personnel							
1)	Mr. S. Ranganathan	550,000	0.07	-	-	-	-	-
				150,000	ESOP Allotment	28.06.2017	700,000	0.08
				100,000	ESOP Allotment	13.07.2017	800,000	0.09
				180,000	ESOP Allotment	18.10.2017	980,000	0.11
				18,750	ESOP Allotment	20.03.2018	998,750	0.11
					As on	31.03.2018	998,750	0.11
2)	Mr. B. Renganathan	6,937	0.01	-	-	-	-	-
				(4,000)	Transfer	12.04.2017	2,937	0.01
				36,937	ESOP Allotment	16.06.2017	39,874	0.01
				7,500	ESOP Allotment	18.08.2017	47,374	0.01
					As on	31.03.2018	47,374	0.01

Annexures to Board's Report (Continued)

Attachment – H

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding /accrued but not due for payment

(₹ in million)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	1,062.00	7,150.33	-	8,212.33
ii) Interest due but not paid	-	39.54	-	39.54
iii) Interest accrued but not due	273.72	-	-	273.72
Total (i+ii+iii)	1,335.72	7,189.87	-	8,525.59
Change in Indebtedness during the financial year				
• Addition	76.23	2,29,410.01	-	2,29,486.24
• Reduction	(1,135.43)	(2,36,599.88)	-	(2,37,735.31)
Net Change	(1,059.20)	(7,189.87)	-	(8,249.07)
Indebtedness at the end of the financial year				
i) Principal Amount	212.00	-	-	212.00
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	64.52	-	-	64.52
Total (i+ii+iii)	276.52	-	-	276.52

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Particulars of Remuneration	(₹ in million)				
	Mr. Rashesh Shah	Mr. Venkatchalam Ramaswamy	Mr. Himanshu Kaji	Mr. Rujan Panjwani	Total
1. Gross salary	11.69	1.20	11.40	1.30	25.59
(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	0.04	–	0.03	0.04	0.11
(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	–	–	–	–	–
(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	–	–	–	–	–
2. Stock Option (perquisite value)	–	–	143.90	63.07	206.97
3. Sweat Equity	–	–	–	–	–
4. Commission	–	–	–	–	–
- as % of profit	–	–	–	–	–
- others	–	–	–	–	–
5. Others: Bonus *	52.50	–	40.00	30.00	122.50
Total (A)	64.23	1.20	195.33	94.41	355.17
Ceiling as per the Act	The total managerial remuneration is within the ceilings prescribed.				

* Relates to financial year 2016-17

Annexures to Board's Report (Continued)

Attachment J

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

B. Remuneration to other Directors:

Particulars of Remuneration	(₹ in million)							Total
	1.	2.	3.	4.	5.	6.	7.	
	Mr. P N Venkatachalam	Mr. Berjis Desai	Mr. Sanjiv Misra	Mr. Navtej S. Nandra	Mr. Kunnasagar Chinniah	Mr. Biswamohan Mahapatra	Ms. Vidya Shah	
							Non-executive, Non-Independent	
1. Independent Directors								
• Fee for attending Board/ Committee of Meetings	0.48	0.42	0.24	0.20	0.26	0.36	--	1.96
• Commission	1.30	1.30	1.30	1.30	1.30	1.30	--	7.80
• Others	--	--	--	--	--	--	--	--
Total (1)	1.78	1.72	1.54	1.50	1.56	1.66	--	9.76
2. Other Non- Executive Director	--	--	--	--	--	--	--	--
• Fee for attending Board/ Committee of Meetings	--	--	--	--	--	--	--	--
• Commission	--	--	--	--	--	--	--	--
• Others	--	--	--	--	--	--	--	--
Total (2)	--	--	--	--	--	--	--	--
Total B = (1+2)	1.78	1.72	1.54	1.50	1.56	1.66	--	9.76
Total Managerial Remuneration (A+B)								364.93
Overall Ceiling as per the Act	The total managerial remuneration is within the ceilings prescribed. the Act							

Note: Mr. Sunil Mitra ceased to be a Director of the Company w.e.f. August 2, 2017 and was paid sitting fee of ₹ 0.10 million

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MANAGING DIRECTOR/MANAGER/WHOLE TIME DIRECTOR:

(₹ in million)

Particulars of Remuneration	Chief Financial Officer	Company Secretary	Total
1. Gross salary			
(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	10.62	8.63	19.25
(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	0.04	0.03	0.07
(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961			
2. Stock Option (perquisite value)	75.17	6.42	81.59
3. Sweat Equity	-	-	-
4. Commission			
- as % of profit	-	-	-
- others, specify	-	-	-
5. Others: Bonus *	27.50	5.90	33.40
Total	113.33	20.98	134.31

* Relates to financial year 2016-17

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

Rashesh Shah
Chairman, Managing Director & CEO
DIN No. 00008322

May 23, 2018

Annexures to Board's Report (Continued)

Annexure V

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

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

Sr. No.	Disclosure Requirement	Disclosure Details		
		Directors	Title	Ratio
1	Ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year	1. Mr. Rashesh Shah 2. Mr. Venkatchalam Ramaswamy 3. Mr. Himanshu Kaji 4. Mr. Rujan Panjwani	Chairman, Managing Director & CEO Executive Director Executive Director Executive Director	49.49 0.93 39.63 24.14
	For the financial year 2017-18, Mr. P. N. Venkatachalam, Mr. Berjis Desai, Mr. Sanjiv Misra, Mr. Navtej S. Nandra, Mr. Kunnasagaran Chinniah and Mr. Biswamohan Mahapatra were paid commission of ₹ 1.3 million each, representing the ratio of 1X each			
		Directors/KMPs	Title	% increase in remuneration
2.	Percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year	1. Mr. Rashesh Shah 2. Mr. Venkatchalam Ramaswamy 3. Mr. Himanshu Kaji 4. Mr. Rujan Panjwani 5. Mr. S Ranganathan 6. Mr. B Renganathan	Chairman, Managing Director & CEO Executive Director Executive Director Executive Director Chief Financial Officer Company Secretary	5% (56%) (12%) 2356% 16% 8%
3	Percentage increase in the median remuneration of employees in the financial year	27%. (The employees who joined the Company during the financial year 2017-18 are not considered for this purpose)		
4	Number of permanent employees on the rolls of Company at the end of the year	145 permanent employees were on the rolls of the Company as on March 31, 2018		
5	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	The average increase in the remuneration for employees other than the managerial personnel is 2.10% and for managerial personnel is 19.80%.		
6	Affirmations that the remuneration is as per the Remuneration Policy of the Company	It is affirmed that the remuneration paid is as per the Remuneration Policy of the Company.		

Rashesh Shah
Chairman, Managing Director & CEO
DIN No. 00008322

May 23, 2018

Business Responsibility Report for the year 2017-18

Section - A

General Information about the Company

Sr. No.	Particulars	Reply
1	Corporate Identity Number (CIN) of the Company	L99999MH1995PLC094641
2	Name of the Company	Edelweiss Financial Services Limited
3	Registered Office address of the Company	Edelweiss House, Off. C.S.T Road, Kalina Mumbai MH 400 098
4	Website	www.edelweissfin.com
5	E-mail ID	efsl.shareholders@edelweissfin.com
6	Financial Year reported	2017-18
7	Sector (s) that the Company is engaged in (Industrial activity code-wise)	Financial Services
8	List three key products / services that the Company manufactures/ provides (as in Balance Sheet)	Investment Banking & Advisory Services
9	Total number of locations where business activity is undertaken by the Company	
	(a) Number of International Locations (Provide details of major 5)	6 (Dubai, Hong Kong, Mauritius, New York, Singapore, and London) through subsidiaries of the Company.
	(b) Number of National Locations	89 major cities
10.	Market served by the Company- Local/ State / National/ International	Edelweiss serves the Indian markets and the international markets through its subsidiaries.

Annexures to Board's Report (Continued)

Section - B Financial details of the Company

Sr. No.	Particulars	Reply
1	Paid-up Capital (as on March 31, 2018)	₹ 915,498,927
2	Total Turnover / Income	₹ 4,398.28 million
3	Total Profit After Taxes	₹ 1,426,60 million
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	2.66% (₹ 38 million)
5	List of activities in which expenditure in 4 above has been incurred:-	The above expenditure is predominantly incurred / spent on Education, Livelihood and Woman Empowerment.

Section – C Other Details

Sr. No.	Particulars	Reply
1	Does the Company have any Subsidiary Company / Companies?	Yes
2	Do the Subsidiary Company / Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	Yes. The Company is engaged in the Financial Services. The Company along with its subsidiaries carries out the Business Responsibilities and CSR activities.
3	Do any other entity/ entities (e.g. suppliers, distributors etc.) that the Company does Business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	We encourage our associates & partners to engage / participate in BR initiatives.

Section - D Business Responsibility Information

(1) Details of Director/Directors responsible for Business Responsibility

Sr. No.	Particulars	Reply
(a)	Details of the Director/Director responsible for implementation of the Business Responsibility Policy / policies	DIN Number: 00009438 Name: Mr. Himanshu Kaji Designation: Executive Director
(b)	Details of the Business Responsibility head	DIN Number: 00274831 Name: Ms. Vidya Shah Designation: Director Telephone No.:+ 91 22- 40094400 e-mail ID: efsl.shareholders@edelweissfin.com

In fulfilling its obligation of Business Responsibility (BR) and the Corporate Social Responsibility (CSR), the Company is guided by Edelweiss Guiding Principles which are provided in this Annual Report.

(2) Principal wise (as per NVGs) BR Policy

(a) Details of compliance (Reply in Y/N)

Sr. No.	Questions	P-1	P-2	P-3	P-4	P-5	P-6	P-7	P-8	P-9
1	Do you have a policy/ policies for	Y	N.A [§]	Y	Y	Y	N.A [§]	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	N.A [§]	Y	Y	Y	N.A [§]	Y	Y	Y
3	Does the policy conform to any national / international standards? If yes, specify? (50words)	Y	N.A [§]	Y	Y	Y	N.A [§]	Y	Y	Y
4	Has the policy being approved by the Board? If yes, has it been signed by MD / owner/ CEO/ appropriate Board Director ?	Business Responsibility Policy encompassing all these principles have been approved.								
5	Does the company have a specified committee of the Board / Director / Official to oversee the implementation of the policy?	Appropriate steps are taken to oversee the implementation of the policy.								
6	Indicate the link for the policy to be Viewed online?	The Policy is made available on the website of the Company www.edelweissfin.com								
7	Has the policy been formally Communicated to all relevant internal and external stakeholders?	Yes								
8	Does the company have in-house structure to implement the policy/ policies	Yes								
9	Does the Company have a Grievance redressal mechanism related to the policy / policies to address stakeholders' grievances related to the policy / policies?	Yes								
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	The Company may take appropriate steps in this regard.								

[§]: Considering the nature of business of the Company, Principle - 2 & principle - 6 may not be strictly applicable.

Annexures to Board’s Report (Continued)

(b) If answer to the question at serial number 1 against any principle, is “ No’ Please explain why: (Tick up to 2 options) : Not Applicable

Sr. No.	Questions	P-1	P-2*	P-3	P-4	P-5	P-6*	P-7	P-8	P-9
1	The company has not understood the Principles									
2	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3	The company does not have financial or manpower resources available for the task									
4	It is planned to be done within next 6 months									
5	It is planned to be done within next 1 Year									
6	Any other reason (please specify)									

Not Applicable

*: Considering the nature of business of the Company, Principle - 2 & principle - 6 may not be strictly applicable.

3. Governance related to BR

Sr. No.	Particulars	Reply
1	Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year	Annually
2	Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	The same is available on the website of the Company www.edelweissfin.com .

SECTION - E

Principle-wise Performance

Principle 1: Businesses should conduct and govern themselves with ethics, transparency and accountability

It is an integral part of the Edelweiss Guiding Principle to conduct the business in a Fair and transparent manner.

Sr. No.	Particulars	Reply
1	Does the policy relating to ethics, bribery and corruption cover only the Company? Yes / No. Does it extend to the Group / Joint Ventures/ Suppliers / Contractors / NGOs/Others?	Yes applicable to the Company and the Companies within the Group.
2	How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.	During the year under review: No. of Complaints Received : 18 No. of Complaints Resolved : 18 % of the Complaints Resolved : 100%

Principle 2 : Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

#: Considering the nature of business of the Company this Principle may not be strictly applicable.

Sr. No.	Particulars	Reply
1	List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.	Not Applicable
2	For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional): (a) Reduction during sourcing / production / distribution achieved since the previous year throughout the value chain? (b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?	Not Applicable
3	Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.	Not Applicable
4	Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? (a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?	Not Applicable
5	Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.	Not Applicable

Annexures to Board's Report (Continued)

Principle 3 : Businesses should promote the wellbeing of all employees

Sr. No.	Particulars	Reply	
1	Please indicate the Total number of employees (including Group Subsidiaries)	10,232	
2	Please indicate the Total number of employees hired on temporary/contractual/casual basis.	1,080	
3	Please indicate the Number of permanent women employees.	2,065	
4	Please indicate the Number of permanent employees with disabilities	Not Applicable	
5	Do you have an employee association that is recognized by management.	No	
6	What percentage of your permanent employees is members of this recognized employee association?	Not Applicable	
7	Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.	The Company does not employ / hire child labour, forced labour or , involuntary labour.	
	No. Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
	1 Child labour/forced labour /involuntary labour	Not Applicable	Not Applicable
	2 Sexual harassment	Nil	Nil
	3 Discriminatory employment	Not Applicable	Not Applicable
	Casual/Temporary/Contractual Employees		
8	What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?	Every employee of the Company undergoes necessary training.	
	(a) Permanent Employees		
	(b) Permanent Women Employees		
	(c) Casual/Temporary/Contractual Employees		
	(d) Employees with Disabilities		

Principle 4 : Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

As an Edelweiss Guiding Principle the Company focuses on Growth for its stakeholders - clients, employees and shareholders.

Sr. No.	Particulars	Reply
1	Has the company mapped its internal and external stakeholders?	The Company through its group's CSR arm Edelgive Foundation contributes to the society by providing support to the under privileged etc.
2	Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.	
3	Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.	

Principle 5 : Businesses should respect and promote human rights

Sr. No.	Particulars	Reply
1	Does the policy of the company on human rights cover only the company or extend to the Group/ Joint Ventures / Suppliers / Contractors / NGOs / Others?	Extends to the Company and the Group
2	How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?	Nil

Annexures to Board's Report (Continued)

Principle 6 : Businesses should respect, protect, and make efforts to restore the environment

Sr. No.	Particulars	Reply
1	Does the policy related to Principle 6 cover only the company or extends to the Group / Joint Ventures / Suppliers / Contractors / NGOs /others.	Not Applicable (Considering the nature of business of the Company, Principle - 6 may not be strictly applicable).
2	Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.	
3	Does the company identify and assess potential environmental risks? Y/N	
4	Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?	
5	Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.	
6	Are the Emissions/Waste generated by the company within the permissible limits given by CPCB / SPCB for the financial year being reported?	
7	Number of show cause/ legal notices received from Central Pollution Control Board (CPCB) / State Pollution Control Board (SPCB) which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.)	

Principle 7 Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

Sr. No.	Particulars	Reply
1	Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with.	Yes- FICCI, CII
2	Have you advocated / lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)	Edelweiss group presents its views on various regulatory changes in the light of the changing business environment.

Principle 8 : Businesses should support inclusive growth and equitable development

Sr. No.	Particulars	Reply
1	Does the company have specified programmes / initiatives / projects in pursuit of the policy related to Principle 8? If yes details thereof.	The CSR activities / programmes supports inclusive growth and equitable development. The Company being in the business of providing financial services, conducts various investor awareness programmes from time to time. Woman Empowerment program plays pivotal role in inclusive growth and equitable development.
2	Are the programmes / projects undertaken through in-house team / own foundation / external NGO / government structures/any other organization?	The programmes / projects are undertaken through EdelGive Foundation - The CSR arm of the Group.
3	Have you done any impact assessment of your initiative?	Yes, the Company continuously monitors and assess the impact of its CSR initiatives.
4	What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.	Please refer CSR Report attached to the Boards' Report.
5	Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.	Yes. (Please refer CSR Report)

Annexures to Board's Report (Continued)

Principle 9 : Businesses should engage with and provide value to their customers and consumers in a responsible manner

Sr. No.	Particulars	Reply
1	What percentage of customer complaints/ consumer cases are pending as on the end of financial year.	Nil
2	Does the company display product information on the product label, over and above what is mandated as per local laws? Yes / No / N.A ./ Remarks (additional information)	Not Applicable
3	Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.	No
4	Did your company carry out any consumer survey/ consumer satisfaction trends?	Yes, Consumer surveys are taken at regular intervals.

May 23, 2018

Rashesh Shah
Chairman, Managing Director & CEO
DIN No. 00008322

CORPORATE GOVERNANCE REPORT

Company's philosophy on Corporate Governance

Corporate Governance is about promoting corporate fairness, transparency, accountability and integrity of the Management to facilitate effective entrepreneurial and prudent management practices for long-term sustainable growth of the Company. It also aims to align as nearly as possible the interests of individuals, corporates and society and enhancing the stakeholders' value. Best results are achieved when companies begin to treat the Corporate Governance system not as a mere structure but as a way of corporate life. Edelweiss Guiding Principles also reflect the fundamental philosophy of Good Corporate Governance practices which has always been an integral part of your Company's philosophy.

Board of Directors

Composition, Meeting and Attendance

The composition of the Board of Directors of the Company comprises of Executive and Non-Executive Directors. This is in conformity with the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 ('the Listing Regulations') and the Companies Act, 2013 ('the Act').

The annual calendar of Board Meetings is agreed upon at the beginning of the year. The agenda which is circulated in advance is backed by comprehensive background information to enable the Board to take appropriate decisions. The names and categories of the Directors on the Board, their attendance at the Board Meetings held during the financial year 2017-18 and at the last Annual General Meeting (AGM), the number of directorships and committee positions held by them in other public limited companies as on March 31, 2018 are as under:

Name and DIN of the Directors	Category	No. of Board Meetings		Attendance at the last AGM held on August 2, 2017	No. of directorships in other Public Limited Companies [§]	Committee Position*	
		Held	Attended			Member	Chairman
Mr. Rashesh Shah [Chairman, Managing Director & CEO] (DIN No. 00008322)	Executive (Promoter)	5	5	Yes	2	Nil	Nil
Mr. Venkatchalam Ramaswamy (DIN No. 00008509)	Executive (Promoter)	5	4	Yes	4	1	Nil
Ms. Vidya Shah (DIN No. 00274831)	Non-Executive, Non-Independent (Promoter)	5	5	Yes	2	2	Nil
Mr. Himanshu Kaji (DIN No. 00009438)	Executive	5	5	Yes	3	1	Nil
Mr. Rujan Panjwani (DIN No. 00237366)	Executive	5	5	Yes	3	1	Nil
Mr. P. N. Venkatachalam (DIN No. 00499442)	Independent	5	5	Yes	9	4	3

Corporate Governance Report (Continued)

Name and DIN of the Directors	Category	No. of Board Meetings		Attendance at the last AGM held on August 2, 2017	No. of directorships in other Public Limited Companies [§]	Committee Position*	
		Held	Attended			Member	Chairman
Mr. Berjis Desai (DIN No. 00153675)	Independent	5	5	Yes	9	2	2
Mr. Sanjiv Misra (DIN No. 03511635)	Independent	5	4	Yes	Nil	Nil	Nil
Mr. Navtej S. Nandra (DIN No. 02282617)	Independent	5	4	Yes	2	2	Nil
Mr. Kunnasagaran Chinniah (DIN No. 01590108)	Independent	5	5	Yes	4	2	1
Mr. Biswamohan Mahapatra (DIN No. 06990345)	Independent	5	4	Yes	4	3	1

§ Only Directorships of public limited companies incorporated in India have been considered.

*Only Audit Committee and Stakeholders' Relationship Committee, in other public limited companies, have been considered for the Committee position.

Mr. Sunil Mitra did not offer himself for re-appointment for the second term at the Annual General Meeting held on August 2, 2017. He attended the last AGM held on August 2, 2017 and two Board Meetings during the year before his cessation.

None of the Directors on the Board is a member of more than 10 Committees and Chairman/ Chairperson of more than 5 Committees, across all the public limited companies in which he / she is a Director.

The Board met 5 times during the financial year 2017-18 i.e. on: May 17, 2017; August 2, 2017; September 26, 2017; November 3, 2017; and January 23, 2018.

Except for Mr. Rashesh Shah and Ms. Vidya Shah, who are related to each other as spouse, none of the other Directors are related to each other.

COMMITTEES OF THE BOARD:

A) Audit Committee

Composition and attendance as at March 31, 2018:-

Name of the Member	No. of meetings	
	Held	Attended
Mr. P. N. Venkatachalam - Chairman	4	4
Mr. Berjis Desai - Member	4	2
Mr. Sanjiv Misra - Member	4	3
Mr. Biswamohan Mahapatra - Member	4	3*

* Mr. Biswamohan Mahapatra was inducted as a member of Audit Committee on May 17, 2017.

Mr. Sunil Mitra attended two Meetings during the year before his cessation.

All the members of the Committee are Independent Directors and have financial management expertise. The constitution and terms of reference of the Committee are in compliance with the requirements of Section 177 of the Act and the Listing Regulations.

Brief Description of the Terms of Reference of the Committee

The terms of the Audit Committee inter alia includes:

- 1) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- 2) Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- 3) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval.
- 4) Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- 5) Evaluation of internal financial controls and risk management systems;
- 6) Reviewing, with the management, performance of statutory auditors and internal auditors, adequacy of the internal control systems;
- 7) Discussion with internal auditors of any significant findings and follow up there on;
- 8) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern; and
- 9) To review the functioning of the Whistle Blower/Vigil mechanism.

Meetings held

During the financial year 2017-18, the Committee met 4 times on May 16, 2017; August 1, 2017; November 3, 2017 and January 23, 2018.

The Auditors, Internal Auditors, Chief Financial Officer, Group Deputy CFO and Chief Corporate Controller are invited to attend the meetings of the Committee. The Company Secretary acts as the Secretary to the Committee.

Mr. P. N Venkatachalam, the Chairman of the Committee, was present at the last Annual General Meeting (AGM) held on August 2, 2017.

B) Nomination and Remuneration Committee

Composition and attendance as at March 31, 2018:

Name of the Member	No. of meetings	
	Held	Attended
Mr. Berjis Desai - Chairman	1	1
Mr. Sanjiv Misra - Member	1	1
Mr. Kunnasagaran Chinniah - Member	1	1
Mr. Navtej S. Nandra - Member	1	1

Meetings held:

During the Financial Year 2017-18, a Meeting of the Committee was held on May 17, 2017.

Brief Description of the Terms of Reference of the Committee

The terms of reference inter alia includes:

- i) Identifying the persons who can become Directors;
- ii) Formulating the criteria for determining the qualifications, positive attributes etc. and independence of a Director; and
- iii) Recommending to the Board a policy relating to the remuneration for the Directors & Key Managerial Personnel.

The Company has formulated a Remuneration Policy which is annexed to the Board's Report.

Corporate Governance Report (Continued)

Board Evaluation

A Board Evaluation Policy (the Policy) has been framed for evaluating the performance of the Board, Chairman, Managing Director/Executive Directors, Independent Directors and the Non-executive Directors. Based on the same, the performance evaluation was carried out for the financial year ended March 31, 2018.

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

Familiarization Programme

The Independent Directors are familiarized with their roles, rights, responsibilities etc. in relation to the nature of the financial services sector and the business model of the Company. The details are uploaded on the website of the Company at <http://edelweissfin.com/portals/0/documents/miscellaneous/familiarisationProgrammeforIndependentDirectors.pdf>

Remuneration to the Directors

Non-Executive Directors

The Company pays sitting fee of ₹ 20,000/- per meeting to the Independent Directors for attending the meetings of the Board and the Committees thereof. The members of the Company have authorised the payment of commission of upto 1% of the net profits of the Company to the Non-executive Directors of the Company. The commission is paid to the Non-executive Directors inter alia based on their attendance, contribution etc. at the Board and various Committee Meetings. An amount of ₹ 13 lakhs was paid to each of the Independent Directors as commission for the year ended March 31, 2018.

Executive Directors

The details of the remuneration paid to the Managing Director and the Executive Directors during the financial year ended March 31, 2018 are as under:

(₹ in million)

Particulars	Mr. Rashesh Shah - Chairman, MD & CEO	Mr. Venkatchalam Ramaswamy - Executive Director	Mr. Himanshu Kaji - Executive Director	Mr. Rujan Panjwani - Executive Director
Salary	11.69	1.20	11.40	1.30
Perquisites	0.04	-	0.03	0.04
Bonus*	52.50	-	40.00	30.00
Total	64.23	1.20	51.43	31.34
Service Contracts	April 1, 2017 to March 31, 2022	April 1, 2017 to March 31, 2022	November 1, 2014 to October 31, 2019	June 24, 2016 to June 23, 2021
No. of Stock options granted	N.A.	N.A.	120,000	40,000
Notice Period	N.A.	N.A.	N.A.	N.A.
Severance Fee	N.A.	N.A.	N.A.	N.A.

* Relates to financial year 2016-17

The Stock Options are granted under 'Edelweiss Employees Stock Incentive Plan 2011'. The vesting of the options and the exercise period are as per the said Plan. None of the Options are granted at a discount.

The shareholding of the Directors in the Company as on March 31, 2018 is as under:

Sr. No.	Name of the Directors	No. of Equity Shares*	% of the paid up capital
1.	Mr. Rashesh Shah	14,53,01,730	15.87
2.	Mr. Venkatchalam Ramaswamy	5,80,26,560	6.34
3.	Mr. Himanshu Kaji	30,37,500	0.33
4.	Mr. Rujan Panjwani	1,27,13,630	1.39
5.	Ms. Vidya Shah	3,50,31,200	3.83
6.	Mr. P. N. Venkatachalam	2,70,000	0.03
7.	Mr. Berjis Desai	100,000	0.01
8.	Mr. Navtej S. Nandra	79,61,680	0.87
9.	Mr. Sanjiv Misra	62,500	0.01
10.	Mr. Kunnasagaran Chinniah	-	-
11.	Mr. Biswamohan Mahapatra	-	-

* Shares held singly or as a first shareholder are only considered.

C) Stakeholders' Relationship Committee

Composition and attendance as at March 31, 2018:

Name of the Member	No. of meetings	
	Held	Attended
Mr. Berjis Desai - Chairman	2	2
Mr. Kunnasagaran Chinniah - Member	2	2
Mr. Venkatchalam Ramaswamy - Member	2	2

Meetings held:

During the financial year 2017-18, the committee met twice on: May 17, 2017 and November 3, 2017.

Mr. B. Renganathan is the Company Secretary & Compliance Officer of the Company.

Based on the report received from Link Intime India Private Limited, the Registrar & Share Transfer Agent, the Company received 18 requests/complaints during the year ended March 31, 2018 which were satisfactorily resolved/replied. As on March 31, 2018 there were no pending requests/complaints.

Risk Management

The Risk Management Committee of the Board of Directors of the Company has framed and implemented a Risk Management Policy, which also covers foreign exchange risk and hedging activities.

General Body Meetings

The date, time and venue of the last three Annual General Meetings are given below:

Financial Year	Date	Time	Venue	No. of special resolutions passed
2016-2017	August 2, 2017	3.00 p.m	Edelweiss House, Off C.S.T. Road, Kalina, Mumbai- 400 098	7
2015-2016	August 9, 2016	3.00 p.m.	Edelweiss House, Off C.S.T. Road, Kalina, Mumbai- 400 098.	10
2014-2015	July 21, 2015	3.00 p.m.	Edelweiss House, Off C.S.T. Road, Kalina, Mumbai- 400 098.	14

Corporate Governance Report (Continued)

Postal Ballot

During the year, Special Resolutions on the following matters were passed with the requisite majority through Postal Ballot on November 1, 2017 by the members of the Company:

1. Issue of Securities; and
2. Increase in the limits of Equity holdings of Foreign Portfolio Investors (“FPIs”) and Foreign Institutional Investors (“FIIs”) upto an aggregate limit of 49% of the paid-up equity share capital of the Company.

Mr. B. Narasimhan, Practicing Company Secretary, Proprietor of M/s. B.N. & Associates, Company Secretaries, was appointed as the Scrutinizer for conducting the Postal Ballot and E-voting process in a fair and transparent manner.

Details of Voting Pattern for above mentioned Resolutions are as under:

Resolutions	Votes cast in favour		Votes cast against	
	Number	%	Number	%
1	52,77,35,280	99.9956	23,091	0.0044
2	52,77,48,383	99.9957	22,582	0.0043

The Company follows the procedure as prescribed under the Companies Act, 2013, the Rules framed thereunder and other applicable statutes, if any, for conducting the postal ballot.

Resolution, if any, to be passed through Postal Ballot during the current financial year will be taken up as and when necessary.

Means of Communication

- I. The quarterly/annual financial results are regularly submitted to the Stock Exchanges in accordance with the Listing Regulations and published in a English daily and a Marathi daily. The quarterly/annual results, press releases and the presentation made to the Institutional Investors/Analysts are also uploaded on the website of the Company www.edelweissfin.com.

II. General Shareholder Information

i.	AGM : Date, time and venue	Thursday, July 26, 2018 at 1.30 p.m. at Edelweiss House, Off C.S.T. Road, Kalina, Mumbai – 400 098.
ii.	Financial Year:	April 1, 2017 to March 31, 2018
iii.	Book Closure dates:	July 20, 2018 to July 25, 2018 (Both days inclusive)
iv.	Dividend payment date:	July 28, 2018 to August 2, 2018

III. Listing of Equity Shares on Stock Exchanges:

The Equity Shares of the Company are listed on:

	Name of the Stock Exchange	Address of the Stock Exchange	Stock Codes (Equity Share): Trading Symbol
i)	BSE Limited (BSE)	P J Towers, Dalal Street, Fort, Mumbai - 400 001.	BSE - 532922
ii)	National Stock Exchange of India Limited (NSE)	Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051.	NSE - EDELWEISS

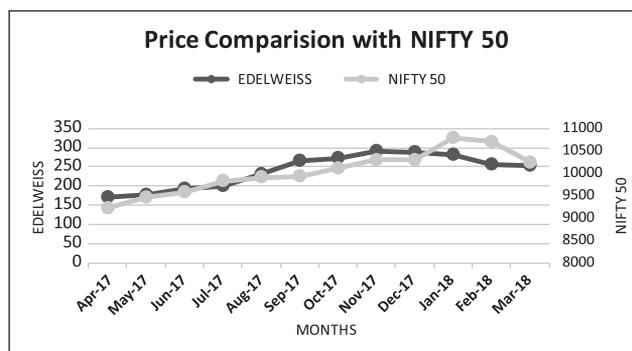
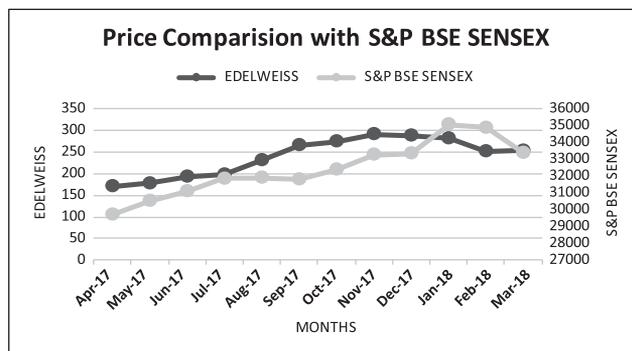
The Company has paid the listing fees, to the Stock Exchanges for the financial year 2018-2019.

ISIN with NSDL and CDSL (Equity): INE532F01054

IV. Market Price Data: Stock Market price data for the financial year 2017-18 and the High/ Low of market price of the Company's shares traded at BSE and NSE during each month in the financial year ended March 31, 2018, are as under:

Months	BSE			NSE		
	High (₹)	Low (₹)	No. of shares traded	High (₹)	Low (₹)	No. of shares traded
Apr-17	185.30	156.80	1,24,45,511	186.00	156.60	5,44,41,732
May-17	191.80	163.25	1,35,86,359	192.05	162.20	5,96,83,085
Jun-17	214.60	171.85	1,29,53,511	214.65	171.75	5,51,04,310
Jul-17	208.00	188.30	85,84,669	231.10	169.50	2,79,92,495
Aug-17	261.35	201.00	1,05,59,862	261.30	201.00	7,89,15,278
Sep-17	296.60	235.35	1,23,99,921	296.90	235.00	8,65,06,698
Oct-17	300.65	248.70	1,39,91,723	301.00	245.00	6,94,75,765
Nov-17	309.40	273.40	90,25,069	309.10	273.55	6,41,09,418
Dec-17	303.30	273.00	89,47,940	303.40	273.00	3,52,93,828
Jan-18	300.65	262.70	67,49,197	300.50	262.50	5,19,73,127
Feb-18	288.35	215.05	40,64,674	288.60	224.10	4,68,88,585
Mar-18	280.00	226.55	55,11,403	280.65	226.10	3,62,72,226

V. Performance of share price in comparison with the broad – based indices viz., NSE Nifty & BSE Sensex:



Price: Average of High & Low

Corporate Governance Report (Continued)

VI. Registrar & Share Transfer Agent: Link Intime India Private Limited, C 101, 247 Park, L.B.S Marg, Vikhroli (West), Mumbai - 400 083 is the Registrar & Share Transfer Agent of the Company.

VII. Share Transfer System: The Company's shares are compulsorily traded in demat mode on the BSE and NSE. The transfer of Physical shares, if any, are processed and returned to the shareholders within a period of 15 days by the Registrar & Share Transfer Agent.

VIII. Distribution of shareholding as on March 31, 2018:

No. of Equity Shares	No. of Shareholders	% of Share holders	Total no. of shares held	% of Shares held
1 - 500	1,39,032	89.4361	1,46,61,145	1.6014
501 - 1000	7,568	4.8683	59,15,466	0.6461
1001 - 2000	3,753	2.4142	56,47,563	0.6169
2001 - 3000	1,407	0.9051	36,09,192	0.3942
3001 - 4000	680	0.4374	24,41,112	0.2666
4001 - 5000	545	0.3506	25,85,955	0.2825
5001 - 10000	947	0.6092	69,61,829	0.7604
10001 and above	1,522	0.9791	87,36,76,665	95.4318
Total	1,55,454	100.00	91,54,98,927	100.00

SHAREHOLDING PATTERN AS ON MARCH 31, 2018

Sr. No.	Category	No. of Shares	% of Holding
1.	Promoters and Promoters Group	30,73,85,690	33.58
2.	Mutual Funds / FIs / Banks / Insurance Companies	3,91,34,156	4.27
3.	FII's/FPIs	25,52,94,790	27.89
4.	NRI's / Foreign Nationals / Foreign Bodies Corporate	2,28,01,229	2.49
5.	Public and Others	24,59,86,282	26.87
6.	Non Promoter - Non Public	4,48,96,780	4.90
	Total	91,54,98,927	100.00

IX. Dematerialisation of shares: As on March 31, 2018, 91,46,82,432 Equity Shares representing 99.91% of the issued share capital of the Company were held in dematerialised form and 8,16,495 Equity Shares representing 0.09% of the issued share capital were held in physical form. At the end of each quarter, reconciliation of share capital audit is conducted by a Practicing Company Secretary to reconcile the total issued capital, listed capital and capital held by the Depositories in dematerialised form.

X. Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity: The Company has not issued GDRs/ADRs/Warrants or any other instrument convertible into equity.

XI. Details of shares lying in the suspense account pursuant to the SEBI (Listing Obligations and Disclosure Requirements) 2015:

Sr. No.	Particulars	Details	
		No. of Shareholders	No. of shares
1	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year	97	7,770
2	Number of shareholders who approached the Company for transfer of shares from the suspense account during the year	1	80
3	Number of shareholders to whom shares were transferred from the suspense account during the year	1	80
4	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year	96	7,690

The voting rights on these shares shall remain frozen till the rightful owner of such shares claims these shares.

XII. Plant locations – Not Applicable

Other Disclosures

- i. The Company did not enter into any materially significant related party transactions having a potential conflict with the interest of the Company at large. Transactions with the related parties are disclosed in the audited financial statements.
- ii. The financial statements (both standalone and consolidated) have been prepared in accordance with the accounting standards & the Indian Generally Accepted Accounting Principles.
- iii. There were no instances of non-compliance by the Company on any matter related to the capital markets, resulting in disciplinary action against the Company by the Stock Exchanges or Securities and Exchange Board of India (SEBI) or any other statutory authority, during the last three years, except an Adjudication Order passed by SEBI in the matter of Initial Public Offer (“IPO”) of Electrosteel Steels Limited imposing a penalty of ₹ 10 million which the Merchant Bankers to the IPO are liable to pay jointly and severally. The Company along with other Merchant Bankers to the IPO have filed an appeal before Securities Appellate Tribunal (SAT) against the aforesaid adjudication order.
- iv. The Company has a Whistle Blower Policy for the employees to report concerns about unethical behavior, actual or suspected fraud or violation of our code of conduct and confirms that no personnel have been denied access to the Audit Committee.
- v. The Policy for determining Material Subsidiaries and the Policy on Related Party Transactions are available at: <https://edelweissfn.com/Home/InvestorRelations/CorporateGovernance.aspx>

Corporate Governance Report (*Continued*)

vi. The Company has complied with the corporate governance requirements as prescribed in Regulation 17 to 27, 46(2) (b) to (i), and Schedule V of Chapter IV of the Listing Regulations.

vii. **CEO / CFO Certification**

The CEO and the CFO have certified to the Board on the requirements of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, with regard to financial statements.

viii. **Compliance Certificate**

Pursuant to SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, a certificate issued by BNP & Associates, Company Secretaries, certifying the compliance by the Company with the provisions of the Corporate Governance forms a part of this Report.

Address for correspondence: For any assistance, request or instruction regarding transfer or transmission of shares and debentures, dematerialisation of shares, change of address, non receipt of annual report, dividend warrant and any other query relating to the shares and debentures of the Company, the investors may please write to the following address:

Link Intime India Private Limited
Unit: Edelweiss Financial Services Limited
C 101, 247 Park, L.B.S Marg,
Vikhroli (West), Mumbai - 400 083.
Tel: +91 22 4918 6270
Fax: +91 22 4918 6060
e-mail: rnt.helpdesk@linkintime.co.in
Website: www.linkintime.co.in

The Company Secretary
Edelweiss Financial Services Limited
Edelweiss House, Off C.S.T. Road,
Kalina, Mumbai – 400 098.
Tel: +91 022 – 4009 4400
Fax: +91 022 – 4086 3759
E-mail: efsl.shareholders@edelweissfin.com
Website: www.edelweissfin.com

Declaration by the Managing Director & CEO under SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 regarding adherence to the Edelweiss Code of Conduct

In accordance with SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, it is hereby confirmed that for the financial year ended March 31, 2018, the Directors and the Senior Management Personnel of the Company have affirmed compliance with the Edelweiss Code of Conduct.

Rashesh Shah
Chairman, Managing Director & CEO
DIN No. 00008322

May 23, 2018

CERTIFICATE OF COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To the Members of
Edelweiss Financial Services Limited,

We have examined the compliance of conditions of corporate governance by Edelweiss Financial Services Limited ('the Company'), for the year ended 31 March, 2018, as prescribed in regulations 17 to 27, 46 (2) (b) to (i) and para C, D and E of Schedule V of Chapter IV of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 ('LODR').

We state that the compliance of conditions of Corporate Governance is the responsibility of the management, and our examination was limited to the procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion, and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the aforesaid provisions of LODR.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For BNP Associates
Company Secretaries
Firm Registration No. P2014MH037400

Prakash K. Pandya
Partner
FCS No. 3901
CP No. 2311

Mumbai
May 23, 2018



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Edelweiss Financial Services Limited

Consolidated Financial Statements for the year ended 31 March 2018



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Independent Auditors' Report

To the Members of Edelweiss Financial Services Limited

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of Edelweiss Financial Services Limited (hereinafter referred to as the "Company" or "Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), its associate companies; (refer Note 1.2 to the attached consolidated financial statements), comprising of the consolidated Balance Sheet as at March 31, 2018, the consolidated Statement of Profit and Loss, the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information prepared based on the relevant records (hereinafter referred to as "the Consolidated Financial Statements").

Management's Responsibility for the Consolidated Financial Statements

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its associates in accordance with 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 Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of Consolidated Financial Statements. The respective Board of Directors of the companies included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associates respectively and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements 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 has been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

3. 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 and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.
4. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements 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.
5. 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 auditors' judgement, 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 the 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.
6. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph 8 of the Other Matters paragraph below, other than the unaudited financial statements as certified by the management and referred to in sub-paragraph 9 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Independent Auditors' Report (*Continued*)

Opinion

7. 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, and its associates as at March 31, 2018, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Other Matters

8. We did not audit the financial statements of forty five subsidiaries whose financial statements reflect total assets of ₹ 149,945.85 million and net assets of ₹ 27,403.25 million as at March 31, 2018, total revenue of ₹ 28,178.06 million, net loss of ₹ 1,776.13 million and net cash flows amounting to ₹ 924.27 million for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit of ₹ 51.48 million for the year ended March 31, 2018 as considered in the consolidated financial statements in respect of four associate companies, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion on the consolidated financial statements insofar as it relates to the amounts and disclosures included in respect of these subsidiaries and associate companies and our report in terms of sub-section (3) of Section 143 of the Act insofar as it relates to the aforesaid subsidiaries and associate companies, is based solely on the reports of the other auditors.
9. The consolidated financial statements include the Group's share of net loss of ₹ 12.07 million for the period April 01, 2017 to August 22, 2017 as considered in the consolidated financial statements, in respect of one associate company whose financial statements have not been audited by us. These financial statements are unaudited and have been furnished to us by the Management, and our opinion on the consolidated financial statements insofar as it relates to the amounts and disclosures included in respect of the associate company and our report in terms of sub-section (3) of Section 143 of the Act insofar as it relates to the aforesaid associate company, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, this financial statement is not material to the Group.
10. The auditors of Edelweiss Tokio Life Insurance Company Limited ('ETLICL'), a subsidiary of the Holding Company, have reported that " the actuarial valuation of liabilities for life policies in force and for policies in respect of which premium has been discontinued but liability exists as at March 31, 2018 is the responsibility of ETLICL's appointed Actuary ('the Appointed Actuary'). The actuarial valuation of these liabilities for the life policies in force and for policies in respect of which premium has been discontinued but liability exists as at March 31, 2018 has been duly certified by the Appointed Actuary and in his opinion, the assumption for such valuation are in accordance with the guidelines and norms issued by the Insurance Regulatory and Development Authority of India (the 'IRDAI' or 'Authority') and the Institute of Actuaries of India in concurrence with the Authority. The statutory auditors of ETLICL have relied upon Appointed Actuary's certificate in this regard for forming an opinion on the valuation of liabilities for life policies in force and for policies in respect of which premium has been discontinued but liability exists in financial statements of ETLICL".

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 reports of the other auditors and the financial statements certified by the Management.

11. The consolidated financial statements of the Company as at March 31, 2017 and for the year then ended were audited by another firm of chartered accountants who, vide their report dated May 17, 2017, expressed an unmodified opinion on those financial statements.

Our opinion is not modified in respect of these matters.

Independent Auditors' Report (*Continued*)

Report on Other Legal and Regulatory Requirements

12. 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.
- (b) In our opinion, proper books of account as required by law maintained by the Holding Company, its subsidiaries included in the Group and associate companies incorporated in India including relevant records relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and records of the Holding Company 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 by the Holding Company, its subsidiaries included in the Group and associate companies incorporated in India including relevant records relating to the 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 the written representations received from the directors of the Holding Company as on March 31, 2018 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and associate companies incorporated in India, none of the directors of the Group companies and associate companies incorporated in India is disqualified as on March 31, 2018 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 with reference to financial statements of the Holding Company, its subsidiary companies and associate companies incorporated in India and the operating effectiveness of such controls, refer to our separate Report in Annexure A.
- (g) With respect to the other matters to be included in the Auditors' 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 consolidated financial statements disclose the impact, if any, of pending litigations as at March 31, 2018 on the consolidated financial position of the Group and its associates – Refer Note 2.40 to the consolidated financial statements.
 - ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts as at March 31, 2018– Refer (a) Note 2.6, 2.10 and 2.56 to the consolidated financial statements in respect of such items as it relates to the Group and its associates and (b) the Group's share of net profit in respect of its associates.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company. Further, there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the subsidiaries and associate companies incorporated in India during the year ended March 31, 2018.
 - iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Group for the year ended March 31, 2018.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016
Chartered Accountants

Russell I Parera
Partner

Membership Number: 42190

Mumbai
May 03, 2018

Annexure A to Independent Auditors' Report

Referred to in paragraph 12(f) of the Independent Auditors' Report of even date to the members of Edelweiss Financial Services Limited on the Consolidated Financial Statements for the year ended March 31, 2018

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

1. In conjunction with our audit of the Consolidated Financial Statements of the Company as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of Edelweiss Financial Services Limited (hereinafter referred to as "the Holding Company") and its subsidiary companies and its associate companies, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

2. The respective Board of Directors of the Holding company, its subsidiary companies and its associate companies, to whom reporting under clause (i) of sub section 3 of Section 143 of the Act in respect of the adequacy of the internal financial controls over financial reporting is applicable, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on "internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI)". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective 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 Act.

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the 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.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph 9 below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

6. 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

Annexure A to Independent Auditors' Report (*Continued*)

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

7. 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

8. In our opinion, read with other matters paragraph 9 and 10 stated below, the Holding Company, its subsidiary companies and its associate companies, which are companies 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 March 31, 2018, 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.

Other Matters

9. Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to 23 subsidiary companies and 4 associate companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India. Our opinion is not modified in respect of this matter.
10. As stated in paragraph 9 of our main audit report, the report on the internal financial controls over financial reporting, insofar as it relates to an associate entity which was disposed off during the year, is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, this financial information is not material to the Group.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016
Chartered Accountants

Russell I Parera
Partner

Membership Number: 42190

Mumbai
May 03, 2018

Consolidated Balance Sheet as at 31 March 2018

(Currency : Indian rupees in millions)	Note	As at 31 March 2018	As at 31 March 2017
EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	2.1	915.50	832.57
(b) Reserves and surplus	2.2	65,790.97	42,421.02
		66,706.47	43,253.59
Share application money pending allotment	2.38	25.08	40.94
Minority interest	2.3	10,892.78	9,584.56
Non-current liabilities			
(a) Long-term borrowings	2.4	273,060.50	169,874.07
(b) Other long term liabilities	2.5	8,200.27	3,061.42
(c) Long-term provisions	2.6	15,760.88	10,417.48
		297,021.65	183,352.97
Current liabilities			
(a) Short-term borrowings	2.7	149,248.63	118,394.14
(b) Trade payables	2.8		
(i) total outstanding dues of micro enterprises and small enterprises		-	1.50
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		21,879.79	20,852.14
(c) Other current liabilities	2.9	83,574.91	68,167.09
(d) Short-term provisions	2.10	5,786.04	4,587.03
		260,489.37	212,001.90
TOTAL		635,135.35	448,233.96
ASSETS			
Non -Current assets			
(a) Fixed assets			
(i) Property, Plant and Equipment	2.11	5,731.83	5,258.41
(ii) Intangible assets	2.11	1,384.61	1,109.53
(iii) Capital work-in-progress		10.83	951.21
(iv) Intangible assets under development		410.82	58.35
(b) Non-current investments	2.12	66,991.21	60,413.90
(c) Deferred tax assets (net)	2.13	1,740.37	2,109.09
(d) Long-term loans and advances	2.14	164,953.07	106,127.61
(e) Other non-current assets	2.15	7,913.89	8,365.64
		249,136.63	184,393.74
Current assets			
(a) Current investments	2.16	23,763.08	8,362.93
(b) Stock-in-trade	2.17	161,919.70	106,524.04
(c) Trade receivables	2.18	26,252.40	10,982.38
(d) Cash and bank balances	2.19	39,258.82	26,181.91
(e) Short-term loans and advances	2.20	108,555.05	94,867.79
(f) Other current assets	2.21	26,249.67	16,921.17
		385,998.72	263,840.22
TOTAL		635,135.35	448,233.96
The accompanying notes are an integral part of the Consolidated Financial Statements	1 & 2		

This is the Consolidated Balance Sheet referred to in our report of even date

For Price Waterhouse Chartered Accountants LLP

Chartered Accountants

Firm's Registration No.: 012754N / N500016

For and on behalf of the Board of Directors

Russell I Parera

Partner

Membership No.: 42190

Rashesh Shah
Himanshu Kaji

Chairman, Managing Director & CEO
Executive Director

DIN: 00008322

DIN: 00009438

S Ranganathan
B Ranganathan

Chief Financial Officer
EVP & Company Secretary

Mumbai
3 May 2018

Mumbai
3 May 2018

Consolidated Statement of Profit and Loss for the year ended 31 March 2018

(Currency : Indian rupees in millions)	Note	For the year ended 31 March 2018	For the year ended 31 March 2017
Revenue from operations			
Fee and commission income	2.22	21,340.60	12,480.82
Income from treasury	2.23	5,780.28	6,893.77
Interest income	2.24	50,740.86	41,015.44
Premium from insurance business		6,188.92	4,258.92
Other operating revenue	2.25	1,759.24	1,271.98
Other income	2.26	376.18	267.49
Total revenue		86,186.08	66,188.42
Expenses			
Employee benefits expense	2.27	13,549.11	11,021.54
Finance costs	2.28	35,295.22	28,096.99
Depreciation and amortization expenses	2.11	1,116.85	1,064.36
Change in insurance policy liability		4,975.67	4,263.32
Other expenses	2.29	17,066.96	12,310.11
Total expenses		72,003.81	56,756.32
Profit before tax		14,182.27	9,432.10
Tax expense:			
Current tax		5,583.57	4,565.64
Minimum alternate tax (MAT)		(316.30)	(143.82)
Deferred tax		331.25	(474.54)
Profit for the year		8,583.75	5,484.82
Share in profit / (loss) of associate companies (net)		39.38	147.55
Share of minority interest		(278.17)	(460.69)
Profit for the year after minority interest		8,901.30	6,093.06
Earnings per share (₹) (Face value ₹ 1 each)			
- Basic	2.32	10.11	7.26
- Diluted		9.80	6.92
The accompanying notes are an integral part of the Consolidated Financial Statements	1 & 2		

This is the Consolidated Statement of Profit and Loss referred to in our report of even date

For Price Waterhouse Chartered Accountants LLP
Chartered Accountants
Firm's Registration No.: 012754N / N500016

Russell I Parera
Partner
Membership No.: 42190

Mumbai
3 May 2018

For and on behalf of the Board of Directors

Rashesh Shah
Himanshu Kaji

S Ranganathan
B Ranganathan

Mumbai
3 May 2018

Chairman, Managing Director & CEO
Executive Director
DIN: 00008322
DIN: 00009438

Chief Financial Officer
EVP & Company Secretary

Consolidated Cash Flow Statement for the year ended 31 March 2018

(Currency : Indian rupees in millions)	For the year ended 31 March 2018	For the year ended 31 March 2017
A Cash flow from operating activities		
Profit before tax (post share of profit in associate companies)	14,221.65	9,579.65
Adjustments for:		
Depreciation and amortisation expenses	1,116.85	1,064.36
Bad debts and advances written off	4,269.99	2,447.90
Provision for doubtful debts and advances	776.89	296.22
Provision for non-performing assets	748.45	513.58
Provision for standard assets and credit loss on securitisation	401.48	299.61
Provision for policyholders' liability	4,975.67	4,263.32
(Profit) / loss on sale of fixed assets (net)	(45.21)	3.69
Profit on sale of investment (net)	-	(100.61)
Provision for diminution in value of non-current investments	(82.10)	248.00
Finance costs	12,010.20	9,460.24
Operating cash flow before working capital changes	38,393.87	28,075.96
Adjustments for:		
Increase in trade receivables	(20,316.90)	(8,540.51)
(Increase) / decrease in stock-in-trade	(55,395.66)	8,595.08
(Increase) / decrease in loans and advances and other assets	(23,242.07)	2,250.04
Increase in receivable from financing activities	(57,491.62)	(37,122.90)
Increase in liabilities and provisions	11,366.23	6,611.58
Cash used in operations	(106,686.15)	(130.75)
Income taxes paid (net of refund)	(4,688.73)	(4,840.71)
Net cash used in operating activities - A	(111,374.88)	(4,971.46)
B Cash flow from investing activities		
Purchase of fixed assets	(1,387.80)	(2,304.40)
Proceeds from sale of fixed assets	155.59	803.30
Purchase of investments (Refer note 1 below)	(22,051.28)	(41,858.64)
Net cash used in investing activities - B	(23,283.49)	(43,359.74)

Consolidated Cash Flow Statement for the year ended 31 March 2018 *(Continued)*

(Currency : Indian rupees in millions)	For the year ended 31 March 2018	For the year ended 31 March 2017
C Cash flow from financing activities		
Proceeds from issue of shares including premium and share application money (net of issue expenses)	16,239.40	702.17
Change in Minority interest	2,024.04	4,066.70
Proceeds from long / short term borrowings (Refer note 1 below)	138,923.53	55,728.74
Dividend and dividend distribution tax paid	(1,561.85)	(1,124.37)
Finance cost paid	(7,278.83)	(8,249.64)
Net cash generated from financing activities - C	148,346.29	51,123.60
Change in foreign exchange translation reserve - D	(179.40)	131.84
Net increase in cash and cash equivalents (A+B+C+D)	13,508.52	2,924.24
Cash and cash equivalents as at the beginning of the year	10,503.62	7,579.38
Cash and cash equivalents as at the end of the year (Refer Note 2.19)	24,012.14	10,503.62

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.

The accompanying notes are an integral part of the Consolidated Financial Statements

This is the Consolidated Cash Flow Statement referred to in our report of even date

For Price Waterhouse Chartered Accountants LLP

Chartered Accountants

Firm's Registration No.: 012754N / N500016

Russell I Parera

Partner

Membership No.: 42190

Mumbai
3 May 2018

For and on behalf of the Board of Directors

Rashesh Shah
Himanshu Kaji

Chairman, Managing Director & CEO
Executive Director

DIN: 00008322
DIN: 00009438

S Ranganathan
B Renganathan

Chief Financial Officer
EVP & Company Secretary

Mumbai
3 May 2018

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

1 Significant accounting policies

1.1 Basis of preparation of consolidated financial statements

The accompanying consolidated 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), the provisions of the Companies Act, 1956 (to the extent applicable) (hereinafter referred to as ‘the Act’) and the Schedule III to the Act. The financial statements are presented in Indian Rupees in millions.

1.2 Principles of consolidation

- a) The consolidated financial statements relate to Edelweiss Financial Services Limited (‘the Company’) and its subsidiaries and associates (together ‘the Group’). The consolidated financial statements have been prepared on the following basis:
- In respect of subsidiaries, 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.
 - In case of Associate Enterprises, the financial statements have been consolidated as per Accounting Standard 23 - Accounting for Investment in Associates.
 - 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.
 - The financial statements of all subsidiaries incorporated outside India which are in the nature of non-integral foreign operations are converted on the following basis : (a) Income and expenses are converted at the average rate of exchange applicable for the period/year and (b) All assets and liabilities are translated at the closing rate as on the Balance Sheet date. The exchange difference arising out of period/year end translation is debited or credited as “Foreign Currency Translation Reserve” forming part of “Reserves and Surplus”.
 - The excess of cost over the Company’s share in equity and reserves of the subsidiaries is recognised in the consolidated financial statements as Goodwill. The excess of Company’s share in equity and reserves of the subsidiaries over the cost of acquisition is treated as Capital Reserve.
 - The share of minority interest in the net profit / loss of subsidiaries for the period/year is identified and adjusted against the income of the Group to arrive at the net income attributable to the Group.
 - The share of minority interest in net assets of subsidiaries is identified and presented in the consolidated financial statements separate from liabilities and the equity of the Group.
 - 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.
- b) Investments other than in subsidiaries and associates have been accounted as per Accounting Standard 13 – Accounting for Investments.

Notes to the consolidated financial statements (*Continued*)

1 Significant accounting policies (*Continued*)

1.2 Principles of consolidation (*Continued*)

c) The subsidiaries and associates considered in the consolidated financial statements:

Sr. No.	Name of the Entity	Country of Incorporation	Proportion of ownership interest as at 31 March 2018
Subsidiaries			
1	Edelweiss Securities Limited	India	100.00%
2	Edelweiss Finance & Investments Limited	India	100.00%
3	ECL Finance Limited	India	100.00%
4	Edelweiss Global Wealth Management Limited	India	100.00%
5	EC Global Limited ⁷	Mauritius	100.00%
6	Edelweiss Insurance Brokers Limited	India	100.00%
7	Edelweiss Trustee Services Limited	India	100.00%
8	Edelweiss Business Services Limited ³	India	100.00%
9	Edelcap Securities Limited ⁴	India	100.00%
10	Edelweiss Asset Management Limited	India	100.00%
11	ECap Equities Limited	India	100.00%
12	Edelweiss Broking Limited	India	100.00%
13	Edelweiss Trusteeship Company Limited	India	100.00%
14	Edelweiss Alternative Asset Advisors Limited	India	95.00%
15	Edelweiss Housing Finance Limited ⁵	India	100.00%
16	Edelweiss Investment Adviser Limited	India	100.00%
17	EC Commodity Limited	India	100.00%
18	Edel Commodities Limited ⁵	India	100.00%
19	Edel Land Limited	India	100.00%
20	Edelweiss Custodial Services Limited ¹	India	100.00%
21	EC International Limited	Mauritius	100.00%
22	Edelweiss Capital (Singapore) Pte. Limited	Singapore	100.00%
23	Edelweiss Alternative Asset Advisors Pte. Limited ⁶	Singapore	100.00%
24	Edelweiss International (Singapore) Pte. Limited ⁶	Singapore	100.00%
25	Aster Commodities DMCC ⁷	United Arab Emirates	100.00%
26	EAAA LLC ⁷	Mauritius	100.00%
27	EW Special Opportunities Advisors LLC ⁸	Mauritius	67.00%
28	EW India Special Assets Advisors LLC ⁸	Mauritius	90.00%
29	Edel Investments Limited	India	100.00%
30	Edelweiss Tokio Life Insurance Company Limited	India	51.00%
31	Edelweiss Investment Advisors Private Limited ⁶	Singapore	100.00%
32	Edelweiss Commodities Services Limited	India	100.00%
33	Edelweiss Comtrade Limited ¹	India	100.00%

Notes to the consolidated financial statements (Continued)

1 Significant accounting policies (Continued)

1.2 Principles of consolidation (Continued)

c) The subsidiaries and associates considered in the consolidated financial statements (Continued):

Sr. No.	Name of the Entity	Country of Incorporation	Proportion of ownership interest as at 31 March 2018
34	Edel Finance Company Limited	India	100.00%
35	Edelweiss Capital Markets Limited ⁵	India	100.00%
36	EFSL Trading Limited ¹⁰	India	100.00%
37	EFSL Comtrade Limited ⁵	India	100.00%
38	Edelweiss Retail Finance Limited ¹²	India	100.00%
39	Edelweiss Securities (Hong Kong) Private Limited ¹	Hong Kong	100.00%
40	Edelweiss Financial Services Inc ¹	United States of America	100.00%
41	Cross Border Synergy Pte. Limited ¹³ (formerly known as Edelweiss Commodities Pte. Limited) (upto December 06, 2017)	Singapore	100.00%
42	Edelweiss Agri Value Chain Limited ⁵	India	100.00%
43	Edelweiss Multi Strategy Funds Management Private Limited	India	100.00%
44	Edelweiss India Capital Management ⁹	Mauritius	100.00%
45	Edelweiss Multi Strategy Fund Advisors LLP ⁹	India	100.00%
46	Edelweiss Wealth Advisors LLP ⁵	India	100.00%
47	EFSL International Limited ⁷	Mauritius	100.00%
48	Edelweiss Financial Services (UK) Limited ¹	United Kingdom	100.00%
49	Edelweiss Holdings Limited	India	100.00%
50	Edelweiss Tarim Urunleri Anonim Sirketi ¹³ (upto February 27, 2018)	Turkey	100.00%
51	Edelweiss AIF Fund I - EW Clover Scheme - 1 ¹²	India	100.00%
52	Edelweiss General Insurance Company Limited	India	100.00%
53	Edelweiss Finvest Private Limited ⁴	India	100.00%
54	Edelweiss Asset Reconstruction Company Limited ¹¹	India	74.80%
55	Edelweiss Private Equity Tech Fund ⁴	India	88.90%
56	Edelweiss Value and Growth Fund ⁴	India	88.90%
57	Edelweiss Securities (IFSC) Limited	India	100.00%
58	EW SBI Crossover Advisors LLC (upto July 27, 2017)	India	100.00%
59	Alternative Investment Market Advisors Private Limited ⁴	India	100.00%
Associates			
60	Allium Finance Private Limited ⁵	India	46.13%
61	Edelweiss Fund Advisors Private Limited	India	40.00%
62	Dahlia Commodities Services Private Limited ¹	India	50.00%
63	Magnolia Commodities Services Private Limited ¹	India	50.00%
64	Aeon Credit Services India Private Limited (upto August 22, 2017)	India	25.00%

Notes to the consolidated financial statements (Continued)

1 Significant accounting policies (Continued)

1.2 Principles of consolidation (Continued)

- c) The subsidiaries and associates considered in the consolidated financial statements (Continued):
- ¹ held through Edelweiss Securities Limited
 - ² held through Edelweiss Finance & Investments Limited
 - ³ held through Edelweiss Broking Limited
 - ⁴ held through ECap Equities Limited
 - ⁵ held through Edelweiss Commodities Services Limited
 - ⁶ held through Edelweiss Capital (Singapore) Pte. Limited
 - ⁷ held through EC International Limited
 - ⁸ held through EAAA LLC
 - ⁹ held through Edelweiss Multi Strategy Funds Management Private Limited
 - ¹⁰ held through Edel Commodities Limited
 - ¹¹ held through Edelweiss Custodial Services Limited
 - ¹² held through Edelcap Securities Limited
 - ¹³ held through EFSL Comtrade Limited
- d) Edelgive Foundation, a 100% subsidiary and a company registered under section 8 of the Companies Act, 2013, with the sole objective of philanthropy, where no economic benefit shall be derived by the Group, has not been consolidated.
- e) With effect from 01 April 2017, Auris Corporate Centre Limited, Burlington Business Solutions Limited, Eternity Business Centre Limited, Olive Business Centre Limited and Serenity Business Park Limited have been merged with Ecap Equities Limited, a wholly owned subsidiary of the Company, pursuant to the scheme of arrangement approved by National Company Law Tribunal.
- f) With effect from 05 April 2017, Alternative Investment Market Advisors Private Limited became a subsidiary of the Company and has been consolidated from the said date.
- g) EW SBI Crossover Advisors LLC a subsidiary has been wound up on 27 July 2017 and has not been consolidated from the said date.
- h) With effect from 22 August 2017, Aeon Credit Services India Private Limited ceased to be an associate of the Company and has not been consolidated from the said date.
- i) With effect from 05 September 2017, Edelweiss Value and Growth Fund became a subsidiary of the Company and has been consolidated from the said date.
- j) The Company acquired 7.8% stake in ECL Finance Limited (a 92.2% subsidiary) from the minority stakeholders on 20 September 2017. Consequently, ECL Finance Limited has become a wholly owned subsidiary of the Company and accordingly consolidated.
- k) With effect from 06 December 2017, Cross Border Synergy Pte. Limited (formerly known as Edelweiss Commodities Pte. Limited) ceased to be a subsidiary of the Company and has not been consolidated from the said date.
- l) Edelweiss Tarim Urunleri Anonim Sirketi a subsidiary has been wound up on 27 February 2018 and has not been consolidated from the said date.

Notes to the consolidated financial statements (Continued)

1 Significant accounting policies (Continued)

1.3 Use of estimates

The preparation of the financial statements in conformity with the GAAP requires management to make certain 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 assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as on the date of the financial statements. Actual results could differ from the estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

1.4 Current / non-current classification

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

Assets

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

Liabilities

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

1.5 Revenue recognition

- a) Fee income including investment banking, advisory fees, syndication fees, processing fees (other than on housing loans and loans against property) and other fees is accounted for on an accrual basis in accordance with the terms and contracts entered into between the Group and the counterparty.
- b) In case of housing loans and loans against property, processing fees is amortized over a period of seven years or original contractual tenor, whichever is shorter. In the event of a loan being foreclosed or written off, the unamortized portion of such processing fees is recognised as income at the time of such foreclosure or write-off. The unamortized balance is disclosed under "Other current liabilities" and "Other long-term liabilities" based on amortisable tenor.
- c) Brokerage income on securities and commodities broking business is recognised as per contracted rates at the execution of transactions on behalf of the customers on the trade date and is reflected net of related sub-brokerage expenses, service tax, transaction charges and stock exchange expenses. Brokerage income on insurance broking business is recognised on an accrual basis at the inception of the insurance policy once the policy is issued by the insurance company based on the terms agreed with the insurance companies and is exclusive of service tax.

Notes to the consolidated financial statements (Continued)

1 Significant accounting policies (Continued)

1.5 Revenue recognition (Continued)

- d) Investment management fees are recognised net of service tax / goods and service tax ("GST") on an accrual basis in accordance with the Investment Management Agreement with Edelweiss Mutual Fund ('the mutual fund') and comply with the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 based on average Assets Under Management ('AUM') confirmed by the mutual fund.
- e) Portfolio management fees are recognised on an accrual basis in accordance with portfolio management agreement entered with respective clients.
- f) Revenue from fund management services (excluding mutual fund business) is recognised in accordance with the terms and conditions of the investment management agreement between the Group and the Fund for which the Group acts as a fund manager.
- g) Revenue from rendering of trustee services is recognised in accordance with the terms and conditions of the Compensation Agreement between the trustee company and the fund. The amount recognised as revenue is exclusive of service tax/GST.
- h) Income from treasury comprises of profit/loss on sale of securities and commodities and profit/loss on derivative instruments.

- i) Profit/loss on sale of securities and commodities is determined based on the weighted average cost of the securities/commodities sold. Commodities sales are accounted when all obligations connected with the transfer of risks and rewards to the buyer have been fulfilled after the price has been determined and collection of the receivable is reasonably certain.

Sale during the course of import by transfer of documents of title i.e. high seas sale is booked upon transfer of documents of title to the goods in favor of buyer before the goods cross the custom frontiers of India.

- ii) Realised profit/loss on closed positions of derivative instruments is recognised on final settlement on squaring-up of the contracts. 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.
- iii) In respect of currency forward contracts entered with banks, the premium or discount arising at the inception of the contract is amortized over the life of the contract in the statement of profit and loss. The difference in the opening and closing exchange rate as on the Balance Sheet date rates (mark to market) is recognised in the statement of profit and loss. Any profit or loss arising on cancellation or renewal of such contracts is recognised in the statement of profit and loss.

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.

Notes to the consolidated financial statements (Continued)

1 Significant accounting policies (Continued)

1.5 Revenue recognition (Continued)

- iv) In respect of interest rate derivatives, realised profit/loss on maturity/termination of contract is recognised as 'Profit 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 income others' in statement of profit and loss. Positions open as on the Balance Sheet date are marked to market and recognised in the statement of profit and loss.

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.

- v) Profit/loss on error trades in broking business is included in "Income from treasury".
- i) 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 and National Housing Bank (NHB) 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.
- j) 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.
- k) Warehouse income and Rental income are recognised on accrual basis by reference to the agreements entered.
- l) Dividend income is recognised when the right to receive payment is established.
- m) As per RBI guidelines the interest spread under par structure of securitization/direct assignment of loan receivables is recognized on realization over the tenure of securitized/direct assigned loan.
Unrealised gain on securitisation comprises of future interest receivable under par structure of securitisation assignment.
Securitisation deferred consideration receivable comprises of Company's share of future interest strip receivables in case of a par structure securitised/assigned deal.
- n) Profit/loss from share in partnership firm is accounted for once the amount of the share of profit / loss is ascertained and credited/debited to the Company's account in the books of the partnership firm.
- o) Income from training centre is recognised on accrual basis.
- p) Interests on delayed payments are recognised on accrual basis by reference to the agreements entered.

Notes to the consolidated financial statements (Continued)

1 Significant accounting policies (Continued)

1.5 Revenue recognition (Continued)

q) In case of Asset Reconstruction business:

i. Management fee: The Company receives management fee from trusts declared by it for acquisition of financial assets and the same is accounted for on accrual basis as per terms of the relevant trust deeds and offer document issued by the Trust. In accordance with the Guidelines, recognition of management fee is discontinued and such unrealised fee is reversed on earlier of the following situations:

- a) If the fee remains unrealised after the expiry of 180 days from the end of planning period, wherever applicable or from the date of recognition, in other cases.
- b) If Net Assets Value (NAV) of the Security Receipts falls below 50% of the face value of Security Receipts.

Such unrecognised fee is recognised only on realisation.

ii. Upside Sharing: Share in excess realization over acquisition price is accounted for as per terms of the relevant trust deed/offer document. For acquisitions on or after 1st April, 2014, upside income is recognized only after full redemption of Security Receipts.

iii. Other fee income is recognized on accrual basis as per contractual terms.

iv. Income by way of yield on Security Receipt is accounted for as and when the same is realized. For acquisitions on or after 1st April, 2014, yield is recognised only after the full redemption of the entire principal amount of Security Receipts.

v. Interest Income:

- a) Interest on bank deposits / permitted investments is accounted for on accrual basis as per the terms of the deposits / instruments
- b) Interest on advances in terms of expenses incurred on behalf of the trusts is accounted for in terms of the provisions of the relevant trust deed and offer document and is accrued where reasonable certainty exists with respect to its recovery. Interest on advances is reversed on earlier of the following situations:
 1. If the interest on advance remains unrealised after the expiry of 180 days from the end of planning period, wherever applicable or from the date of recognition, in other cases
 2. If Net Assets Value (NAV) of the Security Receipts falls below 50% of the face value of Security Receipts.

Such interest income is recognised only on realisation.

c) Interest income from Security Receipts is accounted for as and when the same is realized.

d) Interest on loans provided directly to the Investee Companies for the purpose of asset reconstruction and recovery are recognized on an accrual basis in the accounts based on the terms of the loan documents except in case of non-performing assets , wherein it is accounted on realisation.

Notes to the consolidated financial statements (Continued)

1 Significant accounting policies (Continued)

1.5 Revenue recognition (Continued)

r) In case of Life Insurance business:

i) **Premium Income**

Premium Income for non-linked policies is recognised as income when due from policyholders. For unit linked policies, premium is recognised as income when the associated units are created. Premium on lapsed policies is recognised as income as and when such policies are reinstated. Top up premiums paid by unit linked policyholders' are considered as single premium and recognised as income when the associated units are created.

ii) **Reinsurance Premium Ceded**

Reinsurance premium ceded is accounted in accordance with the terms and conditions of the relevant treaties with the reinsurer.

iii) **Income from Investment**

Interest Income on investments is recognised on accrual basis. Dividend Income is recognised on 'ex-dividend date'. Profit or loss on sale/redemption of debt securities is calculated as the difference between net sale proceeds/redemption proceeds and the weighted average amortised cost. Profit or loss on sale/redemption of equity shares/ equity exchange traded funds (ETFs) and mutual fund units is the difference between the sale consideration net of expenses and the weighted average book cost as on the date of sale. Gain/Yield on Security Receipts is accounted for, based on the redemption advice received from the trust. Lease rentals on investment property is recognised on accrual basis and include only the realised rent and does not include any notional rent, as prescribed by IRDA (Preparation of Financial Statements and Auditors' Report of Insurance Companies) Regulations 2002. Costs related to operating and maintenance of investment property are recognised as expense in the Revenue Account or P&L Account, as applicable. Fees received on lending of equity shares under Securities Lending and Borrowing scheme (SLB) is recognised as income over the period of the lending on straight- line basis.

iv) **Income from unit linked policies**

Income from unit linked policies, which include fund management charges, policy administration charges, mortality charges and other charges, wherever applicable, are recovered from the unit linked funds in accordance with the terms and conditions of the policies issued and are recognised as and when due. Fees and other charges are recognised on receipt basis.

v) **Interest Income on policy loan**

Interest Income on policy loans is recognised on accrual basis.

vi) Fees and other charges are recognised when recovered.

vii) Acquisition costs such as commission, medical fees, etc. are costs that vary with and are primarily related to the acquisition of insurance contracts and are expensed in the period in which they are incurred.

Notes to the consolidated financial statements (Continued)

1 Significant accounting policies (Continued)

1.5 Revenue recognition (Continued)

viii) Benefits Paid

Benefit paid consists of the policy benefit and claim settlement costs, if any.

Non Linked Business

Death, Rider, Withdrawals and Surrender claims are accounted for on receipt of written intimation.

Maturity and survival benefit are accounted when due.

Linked Business

Death and Rider are accounted for on receipt of intimation when associated units are de-allocated. Maturity and survival benefit are accounted when due. Maturity claims are accounted for on due basis when the associated units are de-allocated. Surrenders and withdrawals are accounted for on receipt of intimation when associated units are de-allocated. Amount payable on lapsed/discontinued policies are accounted for on expiry of lock in period of these policies. Surrenders, withdrawals and lapsation are disclosed at net of charges recoverable.

Reinsurance claims receivable are accounted for in the same period as the related claim.

- ix) The policyholder liabilities are calculated in accordance with the following Acts, Regulations & Actuarial Practice Standards –

Insurance Laws (Amendment) Act 2015, IRDA Act 1999, Insurance Regulatory and Development Authority of India (Assets, Liabilities, and Solvency Margin of Life Insurance Business) Regulations 2016, IRDA (Distribution of Surplus) Regulations 2002, Insurance Regulatory and Development Authority of India (Actuarial Report and Abstract for Life Insurance Business) Regulations 2016 and Actuarial Practice Standard including APS-1, APS-2, APS-5, APS-7 (issued by Institute of Actuaries of India)

- s) In case of General Insurance business:

i) Premium Income

Premium including reinsurance accepted (net of goods and service tax), is recognized as income at the commencement of risk over the contract period or the period of risk, whichever is appropriate, on a gross basis and for installment cases, it is recognized on installment due dates. Reinstatement premium is recorded as and when such premiums are recovered. Any subsequent revisions to premium are recognized in the year in which they occur over the remaining period of risk or contract period, as applicable. Adjustments to premium income arising on cancellation of policies are recognized in the period in which they are cancelled. Premium received in advance represents premium received prior to the commencement of the risk.

ii) Commission income from reinsurance ceded

Commission on reinsurance ceded is recognized as income on ceding of reinsurance premium in the period of ceding of risk. Profit commission under reinsurance treaties, wherever applicable, is recognized as income in the year of final determination of profits as confirmed by reinsurers and combined with commission on reinsurance ceded.

Notes to the consolidated financial statements (Continued)

1 Significant accounting policies (Continued)

1.5 Revenue recognition (Continued)

iii) Income from Investment

Interest and rental income on investments are recognized on an accrual basis. Accretion of discount and amortization of premium relating to debt securities and non-convertible preference shares is recognized over the holding/maturity period on a constant yield to maturity basis. Dividend income is recognized when the right to receive dividend is established. Dividend income in respect of listed equity shares is recognized on ex-dividend date. The net realized gains or losses on the debt securities are the difference between the net sale consideration and the amortized cost, which is computed on a weighted average basis and recognized as on the date of sale. In case of listed equity shares and mutual fund units the profit or loss on sale of investments also includes the accumulated changes in the fair value previously recognized under "Fair value change account". The difference between the acquisition price and the maturity value of treasury bills is recognized as income in the revenue accounts or the profit and loss account, as the case may be, over the remaining term of these instruments on a yield to maturity basis. Sale consideration for the purpose of realized gain/loss is net of brokerage and taxes, if any, and excludes interest received on sale.

1.6 Loan origination costs

In case of housing loans and loans against property, origination costs directly attributable to disbursed loans are amortized over a pre-determined tenor arrived on an industry average or original contractual tenor, whichever is shorter. Where the loan is foreclosed or written off, the unamortized portion of such loan origination costs is recognised as a charge in the statement of profit and loss at the time of such foreclosure or write-off. The unamortized balance is disclosed as part of "Long-term Loans and advances" and "Short-term Loans and advances" based on amortizable tenor.

1.7 Borrowing Costs

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.

1.8 Benchmark linked debentures

The Group has issued certain non-convertible debentures, the return of which is linked to performance of specified indices over the period of the debentures. Such debentures have a component of an embedded derivative which is fair valued at period/year end. 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 amortized cost using yield to maturity basis.

Notes to the consolidated financial statements (Continued)

1 Significant accounting policies (Continued)

1.9 Securitisation/ Assignment

The Company enters into securitization/assignment transactions and assets are derecognized upon sale only if the Company surrenders control over the contractual rights that comprise in the financial assets.

ECL Finance Limited and Edelweiss Retail Finance Limited (NBFC's) have adopted the accounting policy for securitization/assignment transactions, as notified by RBI in its circular "Revisions to the Guidelines on Securitisation Transactions" issued on 21 August 2012.

In case of Edelweiss Housing Finance Limited, the Company has adopted the accounting policy for securitization/assignment transactions based on the Guidance Note on Accounting for Securitisation issued by the Institute of Chartered Accountants of India.

1.10 Fixed assets and depreciation / amortization

Property, Plant and Equipment and Capital work in progress

Property, Plant and Equipment are stated at cost of acquisition or construction, less accumulated depreciation and impairment losses, 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 their 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 up to 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 of the Act for calculating the depreciation.

The estimated useful lives of the fixed assets are as follows:

Nature of assets	Estimated useful life
Building (other than Factory Building)	60 years
Factory Building	20 years
Plant and Equipments	15 years
Furniture and fixtures	10 years
Vehicles	8 years
Vessel (Boat)	13 years
Office Equipment	5 years
Computers - Servers and networks	6 years
Computers - End user devices, such as desktops, laptops, etc.	3 years
Solar power plant	15 years

Leasehold improvements and premises are amortized on a straight-line basis over the estimated useful lives of the assets or the period of lease whichever is shorter.

Intangible fixed assets

Intangible fixed assets are recorded at consideration paid for the acquisition of such assets and are carried at cost less accumulated amortization and impairment, if any.

Notes to the consolidated financial statements (Continued)

1 Significant accounting policies (Continued)

1.10 Fixed assets and depreciation / amortization (Continued)

Intangibles such as software are amortized over a period of 3 years or its estimated useful life whichever is shorter. In case of Life Insurance business, system software is amortized on straight line basis over its estimated useful life which is upto 5 years.

Jewellery Designing costs are amortized on a straight-line basis over 5 years or its estimated useful life whichever is shorter.

MCX membership rights are amortized over a period of 3 years.

1.11 Cash and cash equivalents

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.

1.12 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 Group estimates the recoverable amount of the asset. The recoverable amount is the greater of the net selling price and the value in use of those assets. Value in use is arrived at by discounting the estimated future cash flows to their present value based on an appropriate discount factor. If such recoverable amount of the asset or the recoverable amount of cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the statement 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.

1.13 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, including those arising from error trades, held as stock-in-trade are valued at lower of weighted average cost or market value.
- c) In case of units of mutual funds held as stock-in-trade, net asset value is considered as fair value.
- d) Inventories in the form of commodities are valued at cost or net realisable value, whichever is lower.
- e) Debt instruments are valued at cost or realizable value whichever is lower. 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.
- f) Commercial papers, certificate of deposits and treasury bills are valued at carrying cost.
- g) Inventory in the form of land is valued at cost or net realisable value, whichever is lower.
- h) Purchase and sale of bullion is recorded at the price which is fixed between the buyer and the seller at the future date including the contracts where the price is fixed subsequent to the balance sheet date. In case of unfixed purchase/sale contracts as at the reporting date, the price is recorded at the forward rate for the residual maturity period of the contract.

Notes to the consolidated financial statements (Continued)

1 Significant accounting policies (Continued)

1.14 Investments

a) Investments of Life Insurance Business

Investments are made in accordance with the Insurance Act, 1938, the IRDA (Investment) Regulations, 2016 and various other circulars/notifications/ amendments issued by the IRDA in this context as amended from time to time.

Investments are recorded on trade date at cost, which includes brokerage and related taxes, if any and excludes pre-acquisition interest.

Broken period interest paid/receive is debited /credited to interest receivable account.

Any impairment loss is recognized as an expense in the Revenue/Profit and Loss Account to the extent of the difference between the re-measured fair value of the security/investment and its acquisition cost as reduced by any previous impairment loss recognized as an expense in the Revenue/Profit and Loss Account. Any reversal of impairment loss, earlier recognized in Revenue/ Profit and Loss Account, is recognized in the Revenue/Profit and Loss Account.

Bonus and Rights entitlements are recognised as investments on the 'ex-bonus date'/ 'ex-rights date' respectively.

Investments maturing within 12 months from the balance sheet date and investments made with the specific intention to dispose off within 12 months from the balance sheet date are classified as "short term" investments. Investments other than short term investments are classified as "long term" investments.

Debt securities

i) Non linked, non unit reserve investments and shareholders' investments

Debt securities, including government securities, are considered as "held to maturity". Debt securities are stated at amortized cost. Discount or premium on purchase of debt securities is amortized over the remaining period to maturity on straight line basis and is recognised in the revenue account or the profit and loss account, as applicable.

In case of security with call/put option, the first date of call/put is considered as maturity date.

ii) Linked business

All debt securities, including government securities under linked businesses are valued at market value, using CRISIL Bond Valuer/CRISIL Gilt Prices, as applicable. The discount or premium on money market instruments which is the difference between the purchase price and the redemption amount is amortized and recognized in the Revenue Account on a straight line basis over the remaining period to maturity of these securities. Unrealised gains or losses arising on such valuation are recognised in the Revenue Account.

Equity/ Preference shares

i) Non linked, non unit reserve investments and shareholders' investments

Listed equity shares and preference shares are stated at fair value, being the last quoted closing prices on National Stock Exchange (in case it is not traded on National Stock Exchange then last quoted closing price on the Bombay Stock Exchange is used) as at the balance sheet date. Unrealised gains/ losses arising due to change in fair value are recognised under the head 'Fair Value Change Account' in the balance sheet.

Notes to the consolidated financial statements (Continued)

1 Significant accounting policies (Continued)

1.14 Investments (Continued)

a) Investments of Life Insurance Business (Continued)

Unlisted equity / preference shares and other than actively traded equity / preference shares are stated at historical cost subject to provision for diminution, if any, in the value of such investment determined separately for each individual investment.

In case the equity exchange traded Funds (ETFs) are not traded either on the Primary or the Secondary Exchange on the Balance Sheet date, then the equity ETFs are valued at the latest available Net Asset Value (NAV).

ii) Linked business

Listed equity / preference shares are valued and stated at fair value, being the last quoted closing prices on National Stock Exchange (in case it is not traded on National Stock Exchange then last quoted closing price on the Bombay Stock Exchange is used) as at the balance sheet date. Unrealised gains or losses arising on such valuation are recognised in the Revenue Account.

Unlisted equity / preference shares and other than actively traded equity / preference shares are stated at historical cost subject to provision for diminution, if any, in the value of such Investment determined separately for each individual investment.

In case the equity exchange traded Funds (ETFs) are not traded either on the Primary or the Secondary Exchange on the Balance Sheet date, then the equity ETFs are valued at the latest available NAV.

Derivatives: Interest Rate Futures (IRF)

i) Non linked, non unit reserve investments and shareholders' investments

Interest Rate Futures (IRF) - Derivative contracts, as permitted by IRDA to hedge risks on forecasted transactions are recognized in the financial statement at fair value as on Balance Sheet date in pursuance of IRDAI guidelines on Interest Rate Derivatives. For IRF contracts the realised profit / loss is recognised as 'Profit / loss on sale of Investments' in the Revenue Account for policyholders fund or in the Profit & Loss Account for shareholders' funds. The unrealised gains / losses arising due to change in fair value of outstanding IRF contracts are recognised under the head 'Fair Value Change Account' in the Balance Sheet. Fair Value is determined using quoted closing market prices in an actively traded market.

Mutual Funds

i) Non linked, non unit reserve investments and shareholders' investments

Mutual Fund units as at balance sheet date are valued at previous day's net asset values. Unrealised gains/ losses arising due to changes in the fair value of mutual fund units are recognized under the head 'Fair Value Change Account' in the Balance Sheet.

ii) Linked business

Mutual Fund units are valued at previous day's net asset values and unrealised gains/ losses arising due to changes in the fair value of mutual fund units are recognised in Revenue Account.

Notes to the consolidated financial statements (Continued)

1 Significant accounting policies (Continued)

1.14 Investments (Continued)

a) Investments of Life Insurance Business (Continued)

AIFs

Investments in Alternate Investment Funds (AIFs) are valued at latest available NAV. Unrealised gains or losses arising due to change in the fair value of Alternate Investment Funds (AIFs) are recognised in the Balance Sheet under "Fair value change account".

Investment Property

Investment property is held to earn rental income or for capital appreciation.

Investment property is initially valued at cost including any directly attributable transaction costs. Investment property is revalued at least once in every three years. The change in carrying amount of investment property is taken to "Revaluation reserve" in the Balance Sheet.

Transfer of investments

i) Transfer from the shareholders' account to the policyholders' account

Transfers of investments made from shareholders' account to the policyholders' account, as and when made, are made at the book value or market price, whichever is lower.

ii) Transfer between policyholders' funds

No transfers of investments are made between different policyholders' funds.

iii) Purchase / Sale transactions between units linked funds

The sale/purchase of investments between Unit Linked Funds is done at prevailing market price during market hours. If the prevailing market price is not available, then it is carried out at previous day's closing market price.

b) Investments of General Insurance Business

Investments are made and accounted for in accordance with the Insurance Act, 1938, as amended by Insurance Laws (Amendment) Act, 2015, the Insurance Regulatory and Development Authority (Investment) Regulations, 2016 as amended and various other circulars / notifications issued by the IRDAI in this context.

Investments are recorded at cost on trade date and include brokerage, taxes, transfer charges etc. as applicable and exclude interest accrued up to the date of purchase.

Classification

Investments maturing within twelve months from balance sheet date and investments made with the specific intention to be disposed off within twelve months from balance sheet date are classified as 'short term investments'. Investments other than 'short term investments' are classified as 'long term investments'.

The investments funds are segregated into Policyholders' and Shareholders' fund on security level basis in compliance with IRDAI circular no. IRDA/F&A/CIR/CPM/056/03/2016 dated April 04, 2016 and circular no. IRDA/F&A/CIR/CPM/010/01/2017 dated January 12, 2017.

Notes to the consolidated financial statements (Continued)

1 Significant accounting policies (Continued)

1.14 Investments (Continued)

b) Investments of General Insurance Business (Continued)

Debt securities and Non-convertible preference shares

All debt securities including government securities, non-convertible preference shares and Additional Tier 1 perpetual bonds are considered as 'held to maturity' and accordingly stated at amortized cost determined after amortization of premium or accretion of discount on a constant yield basis in the revenue account and profit and loss account over the holding period/maturity.

The realized gain or loss is the difference between the sale consideration and the amortized cost in the books of the Company as on the date of sale determined on weighted average cost basis.

Equity shares and Convertible preference shares

Listed equities and convertible preference shares at the balance sheet date are stated at fair value, being the last quoted closing price on the National Stock Exchange and in case these are not listed on National Stock Exchange, then based on the last quoted closing price on the Bombay Stock Exchange.

The realized gain or loss on the listed and actively traded equities is the difference between the sale consideration and the carrying cost as on the date of sale, determined on a weighted average cost basis and includes the accumulated changes in the fair value previously taken to the fair value change account, in respect of the particular security; such gain or loss is transferred to revenue account and profit and loss account on the trade date.

Mutual funds (Other than venture capital fund)

Mutual fund investments are stated at fair value, being the closing net asset value at balance sheet date.

The realized gain or loss on the mutual fund units is the difference between the sale consideration and the carrying cost as on the date of sale, determined on a weighted average cost basis and includes the accumulated changes in the fair value previously taken to the fair value change account, in respect of the particular security; such gain or loss is transferred to revenue account and profit and loss account on the trade date.

Investment Properties – Real Estate

Investment Properties- Real Estate are stated at historical cost less accumulated depreciation.

Investments other than those mentioned above are valued at cost.

Fair Value Change Account

In accordance with the Regulations, unrealized gain/loss arising due to changes in fair value of listed equity shares, convertible preference shares and mutual fund investments are taken to the 'fair value change account'. This balance in the fair value change account is not available for distribution, pending realization.

Notes to the consolidated financial statements (Continued)

1 Significant accounting policies (Continued)

1.14 Investments (Continued)

b) Investments of General Insurance Business (Continued)

Impairment of Investments

The Company assesses at each Balance Sheet date whether any impairment has occurred in respect of investment in equity, units of mutual fund and investment properties. The impairment loss, if any, is recognized in the profit and loss account and the carrying value of such investment is reduced to its recoverable value. If on the assessment at balance sheet date a previously impaired loss no longer exists, then such loss is reversed to the profit & loss account and the asset is restated to that extent.

Equity/ Preference shares

c) Investments of Asset Reconstruction Business

Investments in Security Receipts (SR) are accounted in accordance with the guidelines issued by Reserve Bank of India ("RBI"). As per RBI guidelines, initial rating / grading would be assigned within six months of acquisition of assets post 5th August, 2014, and within one year of acquisition of assets, before said date.

- i. Investments in Security Receipts (SR) held by the company are treated as "available for sale" category.
- ii. Investment in Security Receipts (SR) is valued at cost till receipt of Initial Rating and at lower of cost or realizable value thereafter. Latest available Net Asset Value (NAV) as declared by the Trusts is considered to be the realizable value. Individual scrip-wise diminution or appreciation is aggregated to arrive at 'net diminution' or 'net appreciation'.
- iii. Net appreciation, if any, is not accounted for in statement of profit and loss, whereas net diminution is provided for in the statement of profit and loss.

d) Investments other than Insurance Business and Asset Reconstruction Business

Investments are classified into non-current investments and current investments. Investments that are readily realisable and intended to be held for not more than a year from the date of acquisition are classified as current investments. All other investments are classified as long-term investments. However, that part of long term investments which is expected to be realized within 12 months after the reporting date is also presented under 'current assets' as "current portion of long term investments" in consonance with the current and non-current classification as per Schedule III.

Non-current 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 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.

Notes to the consolidated financial statements (Continued)

1 Significant accounting policies (Continued)

1.15 Foreign currency transactions

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 period/year are recognised in the statement of profit and loss for the period.

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.

1.16 Employee benefits

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

Provident fund

The Group 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.

Gratuity

The Group's gratuity scheme is a defined benefit plan. The Group's net obligation in respect of the gratuity benefit 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. Such 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 and leave encashment

The eligible employees of certain companies of the Group are permitted to carry forward certain number of their annual leave entitlement to subsequent years, subject to a ceiling. The Group recognises the charge to the statement of profit and 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.

Two Subsidiaries of the Group provides for the encashment of leave subject to rules. The liability is provided based on the number of days of unutilised leave at each balance sheet date 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).

Notes to the consolidated financial statements (*Continued*)

1 Significant accounting policies (*Continued*)

1.17 Tax

Tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the Income Tax Act, 1961), deferred tax charge or benefit (reflecting the tax effect of timing differences between accounting income and taxable income for the period).

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 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 only to the extent there is reasonable certainty that the asset can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty with convincing evidence of realisation of these 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.

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 at each balance sheet date and written down or written up to reflect the amount that is reasonably certain to be realised.

1.18 Operating leases

Lease payments for assets 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.

1.19 Earnings per share

The Company reports basic and diluted earnings per share in accordance with Accounting Standard 20 – “Earnings Per Share”. Basic earnings per share is computed by dividing the net profit after tax attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

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 period. Diluted earnings per share is computed by dividing the net profit after tax attributable to the equity shareholders for the period by weighted average number of equity shares considered for deriving basic earnings per share and weighted average number of equity shares that could have been issued upon conversion of all potential equity shares.

Notes to the consolidated financial statements (*Continued*)

1 Significant accounting policies (*Continued*)

1.20 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.

1.21 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 and the level of provisioning required as per the prudential norms prescribed by RBI and National Housing Bank ("NHB").

Provision for standard assets is made on the basis of prudential norms laid down by RBI and NHB.

1.22 Mutual Fund expenses

Expenses incurred on behalf of schemes of the mutual fund are recognised to the statement of profit and loss unless considered recoverable from schemes of the fund in accordance with provisions of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.

1.23 Expenses incurred by the Asset Reconstruction Company on behalf of the trust

Expenses incurred at pre-acquisition stage are recognised as expenses for the period in which such costs are incurred. If such expenses are contracted to be recovered from the trusts the same shall be recognised on realisation.

The expenses incurred on behalf of trusts are shown as recoverable from Trust(s)' and grouped under advances recoverable in cash or in kind in the Balance Sheet. These expenses are reimbursed to the Company in terms of the provisions of relevant trust deed and offer document. Expenses are reversed on earlier of the following situations:

- a) If the expenses remains unrealised after the expiry of 180 days from the end of planning period, wherever applicable or from the date of recognition, in other cases.
- b) If Net Assets Value (NAV) of the Security Receipts falls below 50% of the face value of Security Receipts.

1.24 Employee stock option plans (ESOPs)

The Group follows the intrinsic value method to account for compensation cost of its stock based employee compensation plans as per the accounting treatment prescribed by Employee Stock Option Scheme and Employee Share-based Payments issued by Securities and Exchange Board of India (SEBI) and guidance note on Employee Share-based Payments issued by Institute of Chartered Accountants of India (ICAI). The compensation cost is amortized on a straight-line basis.

1.25 Presentation of financial assets and liabilities

Assets and liabilities are offset and the net amounts are presented in the Balance Sheet where the Company has a legal right to set off the recognised amounts. Such legal rights are by virtue of a binding legal contract or by an irrevocable undertaking executed by the Company. The aforesaid policy is generally applied to offset receivables from and payables to same counterparties; to offset fixed deposits specifically pledged with banks against the borrowings availed from them; and other such similar qualifying arrangements.

Notes to the consolidated financial statements (*Continued*)

(Currency: Indian rupees in millions)

	As at 31 March 2018	As at 31 March 2017
2.1 Share capital		
Authorised :		
1,230,000,000 (Previous year: 1,230,000,000) Equity shares of ₹ 1 each	1,230.00	1,230.00
4,000,000 (Previous year: 4,000,000) Preference shares of ₹ 5 each	20.00	20.00
	1,250.00	1,250.00
Issued, Subscribed and Paid up:		
915,498,927 (Previous year: 832,569,089) equity shares of ₹ 1 each	915.50	832.57
	915.50	832.57

Movement in share capital	31 March 2018		31 March 2017	
	Number of shares	Amount	Number of shares	Amount
Outstanding at the beginning of the year	832,569,089	832.57	814,036,630	814.04
Shares allotted on exercise of Employee Stock Option Plans (ESOPs) during the year	28,367,350	28.37	18,532,459	18.53
Shares allotted through Qualified Institutional Placement during the year	54,562,488	54.56	-	-
Outstanding at the end of the year	915,498,927	915.50	832,569,089	832.57

Note :

The Company has bought back 2,030,048 equity shares of ₹ 1 each pursuant to the buy back programme in the financial year 2014-15.

The Company through Qualified Institutional Placement (QIP) allotted 54,562,488 equity shares of ₹ 1 each at a price of ₹ 280 per equity share (inclusive of premium of ₹ 279 per share) aggregating to ₹ 15,277.50 million during the year. The issue was made in accordance with the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.

Rights of equity shareholders:

The Company has only one class of equity shares having a par value of ₹ 1 each. 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.

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

	As at 31 March 2018		As at 31 March 2017	
	Number of shares	Percentage shareholding	Number of shares	Percentage shareholding
Rashesh Shah	145,301,730	15.87%	145,301,730	17.45%
Venkatchalam Ramaswamy	58,026,560	6.34%	58,026,560	6.97%

Notes to the consolidated financial statements (Continued)

(Currency: Indian rupees in millions)

	As at 31 March 2018	As at 31 March 2017
2.2 Reserves and surplus		
Capital reserve		
Opening balance	6,777.59	5,763.05
Add : Additions during the year	437.58	1,014.54
	7,215.17	6,777.59
Less : Goodwill adjustment arising on consolidation	(1,543.85)	(1,521.71)
	5,671.32	5,255.88
Capital redemption reserve	166.74	166.74
Securities premium account		
Opening balance	13,460.15	13,127.06
Add: On issue of shares on exercise of Employee Stock Options Plans (ESOPs) during the year	1,002.63	663.28
Add: On issue of shares on Qualified Institutional Placement (QIP) during the year	15,222.94	-
Less : Utilisation on account of issue related expenses	(312.33)	(330.19)
	29,373.39	13,460.15
Foreign exchange translation reserve	(21.88)	157.52
Debenture redemption reserve		
Opening balance	4,536.45	2,696.38
Add / (Less): Effect of changes in Group's interest	-	286.17
Add : Additions during the year	2,002.60	1,553.90
	6,539.05	4,536.45
Statutory reserve u/s 45-IC of The Reserve Bank of India Act, 1934		
Opening balance	4,512.90	3,418.41
Add : Additions during the year	1,319.34	1,094.49
	5,832.24	4,512.90
Statutory reserve u/s 29C of The National Housing Bank Act, 1987		
Opening balance	272.17	136.03
Add : Additions during the year	144.58	136.14
	416.75	272.17
General reserve	916.82	916.82
Fair value change account	(46.10)	107.61

Notes to the consolidated financial statements (*Continued*)

(Currency: Indian rupees in millions)

	As at 31 March 2018	As at 31 March 2017
2.2 Reserves and surplus (<i>Continued</i>)		
Surplus in statement of Profit and loss (Refer note 2.53)		
Opening balance	13,034.78	11,179.08
Add: Profit for the year	8,901.30	6,093.06
Add / (Less): Effect of changes in Group's interest	(4.28)	(310.52)
Amount available for appropriation	21,931.80	16,961.62
Appropriations:		
Interim dividend	957.28	832.21
Final dividend for financial year 2016-17	255.92	-
Dividend distribution tax	224.04	227.22
Dividend on preference shares	85.40	82.88
Transfer to debenture redemption reserve	2,002.60	1,553.90
Transfer to Special Reserve under Section 29C of The National Housing Bank Act, 1987	144.58	136.14
Transfer to Special Reserve under Section 45-IC of The Reserve Bank of India Act, 1934	1,319.34	1,094.49
	16,942.64	13,034.78
	65,790.97	42,421.02
2.3 Minority Interest (Refer note 2.54)		
Opening balance	9,584.56	6,968.70
Add / (Less) : Share of profit / (loss)	(278.17)	(460.69)
Add : Movement during the year	1,586.39	3,076.55
	10,892.78	9,584.56
2.4 Long-term borrowings		
Secured		
Term loan (Refer note 2.45)		
from banks	94,522.25	54,564.49
from other parties	8,652.27	5,879.06
(Secured by pari passu first charge on current and future financing and other receivables of the Company)		
Non-convertible debentures (Refer note 2.46)	148,959.47	96,402.02
(Secured by way of fixed charge on immovable property and floating charge on trade receivables, stock-in-trade and loans and advances)		
Unsecured		
Non-convertible subordinated debt (Refer note 2.46)	16,766.78	11,810.00
Non-convertible debentures (Refer note 2.46)	4,159.73	1,218.50
	273,060.50	169,874.07

Notes to the consolidated financial statements (*Continued*)

(Currency: Indian rupees in millions)

	As at 31 March 2018	As at 31 March 2017
2.5 Other long-term liabilities		
Unamortised processing fees	380.39	209.26
Others		
Deposits from sub-brokers	84.92	61.08
Rental deposits	105.06	57.95
Interest accrued but not due on borrowings	7,601.69	2,644.03
Unrealised gain on loan transfer transactions	28.21	89.10
	8,200.27	3,061.42
2.6 Long-term provisions		
Provision for employee benefits and related costs		
Gratuity	141.20	90.47
Compensated absences	71.35	56.47
Deferred bonus	108.33	286.19
Others		
Provision for non-performing assets	1,306.14	1,073.65
Provision for standard assets	866.51	449.07
Provision for policyholders' liability	13,236.33	8,390.59
Others	31.02	71.04
	15,760.88	10,417.48
2.7 Short-term borrowings		
Secured		
Bank overdraft	24,844.77	7,296.38
(Secured by pledge of fixed deposits, property, trade receivables, stock-in-trade and charge on receivables of financing business)		
Collateralised borrowing and lending obligation and Clearcorp repo order matching system	32,697.84	17,976.83
(Secured by pledge of Government Securities and Treasury Bills)		
Working capital demand loan	4,370.00	4,100.00
(Secured by charge on receivables from financing business)		
Term loans		
(Secured against investments in debt securities and stock-in-trade and charge on receivables of financing business)		
from banks	223.27	680.03
from other parties	2,337.07	247.57
Letter of credit discounted	-	58.60
(Secured against fixed deposits)		
Unsecured		
Inter corporate deposits	3,344.34	491.40
Buyer's credit	-	316.92
Commercial papers	66,490.00	86,908.90
Less: Unamortised discount	(1,470.61)	(1,844.41)
	65,019.39	85,064.49
Bank overdraft	402.93	1,953.02
Other loans	6,009.02	208.90
Term loan from banks	10,000.00	-
	149,248.63	118,394.14

Notes to the consolidated financial statements (*Continued*)

(Currency: Indian rupees in millions)

	As at 31 March 2018	As at 31 March 2017
2.8 Trade payables		
Total outstanding dues of micro enterprises and small enterprises	-	1.50
Total outstanding dues of creditors other than micro enterprises and small enterprises (includes sundry creditors, provision for expenses and customer payables)	21,879.79	20,852.14
	21,879.79	20,853.64
2.9 Other current liabilities		
Current maturities of long-term debt - Secured		
Term loans from banks (Refer note 2.45)	27,888.91	16,228.51
Term loans from others (Refer note 2.45)	1,484.32	642.29
Non-convertible debentures (Refer note 2.46)	21,343.68	28,651.17
Current maturities of long-term debt - Unsecured		
Non-convertible debentures (Refer note 2.46)	207.26	-
Interest accrued but not due on borrowings	6,736.33	7,061.13
Interest accrued and due on borrowings / margin	134.16	35.65
Income received in advance	221.67	429.49
Unclaimed dividends (Refer note below)	4.86	5.38
Premium received on exchange traded options	2,050.99	1,640.92
Other payables		
Accrued salaries and benefits	3,564.36	2,895.73
Payable to exchange / clearing house (net)	11.33	907.40
Withholding taxes, service tax and other taxes payable	1,443.57	620.56
Payable to client (net)	9,471.09	3,488.31
Book overdraft	7,267.87	2,605.70
Unamortised processing fees	323.31	170.82
Mark to market on interest rate swap	35.06	56.17
Unrealised gain on loan transfer transactions	38.47	172.52
Others	1,347.67	2,555.34
(During the year, the Company has credited ₹ 0.66 million (previous year ₹ 0.45 million) to Investor Education and Protection Fund. There are no amounts due and outstanding to be credited as at year end.)		
	83,574.91	68,167.09

Notes to the consolidated financial statements (*Continued*)

(Currency: Indian rupees in millions)

	As at 31 March 2018	As at 31 March 2017
2.10 Short-term provisions		
Provision for employee benefits and related costs		
Gratuity	22.39	14.12
Compensated absences	28.01	25.19
Deferred bonus	481.72	695.57
Others		
Proposed dividend on preference shares	84.28	82.88
Dividend distribution tax	17.44	58.05
Provision for standard assets	459.55	436.00
Provision for policyholders' liability	937.26	803.66
Provision for tax (net of advance tax)	1,957.67	1,192.43
Provision for non-performing assets	1,792.02	1,276.68
Provision for capital expenditure	5.70	2.45
	5,786.04	4,587.03

Notes to the consolidated financial statements (Continued)

(Currency: Indian rupees in millions)

2.11 Fixed assets

Particulars	Gross Block		Depreciation and amortization		Net Block			
	As at 1 April 2017	Additions during the year	Deductions/ adjustments during the year	As at 31 March 2018	As at 1 April 2017	Charge for the year	Deductions/ adjustments during the year	As at 31 March 2018
a) Property, Plant and Equipment								
Land	236.79	-	-	236.79	-	-	-	236.79
Leasehold Land	20.91	-	-	20.91	9.73	0.70	-	10.43
Flat and Building	5,260.66	545.89	-	5,806.55	1,192.65	239.28	-	1,431.93
Leasehold Premises	262.60	101.87	4.68	359.79	161.23	43.10	3.72	200.61
Plant and Equipment	5.91	0.21	0.22	5.90	0.25	1.87	0.10	2.02
Furniture and Fixtures	257.07	124.45	2.13	379.39	148.20	42.95	1.51	189.64
Vehicles	368.96	40.14	143.36	265.74	209.55	51.40	96.87	164.08
Office equipment	578.92	105.90	62.02	622.80	429.91	92.69	59.13	463.47
Vessel (Boat)	6.96	-	-	6.96	5.89	0.22	-	6.11
Computers	1,205.05	345.14	167.16	1,383.03	850.06	258.81	170.45	938.42
Solar Power Equipment	62.20	-	-	62.20	0.15	11.37	-	11.52
Total (A)	8,266.03	1,263.60	379.57	9,150.06	3,007.62	742.39	331.78	3,418.23
b) Intangibles								
Software	1,225.54	712.11	133.07	1,804.58	784.62	231.45	70.69	945.38
MCX Membership	3.00	-	-	3.00	3.00	-	-	3.00
Trademark/ Design & Copyright	878.36	-	0.19	878.17	209.75	143.01	-	352.76
Total (B)	2,106.90	712.11	133.26	2,685.75	997.37	374.46	70.69	1,301.14
Total (A+B)	10,372.93	1,975.71	512.83	11,835.81	4,004.99	1,116.85	402.47	4,719.37

Note:

- 1) There is no revaluation of assets during the year.
- 2) There are no adjustments on account of borrowing costs.

Notes to the consolidated financial statements (*Continued*)

(Currency: Indian rupees in millions)

		As at 31 March 2018	As at 31 March 2017
2.12 Non-current investments			
(valued at cost, unless stated otherwise) (Refer note 2.50)			
Non-Traded			
I.	Others (quoted)		
(A)	Equity Shares	(a) 984.14	1,881.41
(B)	Debentures and bonds	(b) 937.99	2,891.30
II.	Others (unquoted)		
(A)	Equity shares		
i)	In subsidiary companies [Refer note 1.2(d)]	0.10	0.10
ii)	In others	1,879.60	1,216.98
		(c) 1,879.70	1,217.08
(B)	Preference shares		
i)	In associate companies	123.88	123.88
ii)	In others	47.37	534.11
		(d) 171.25	657.99
(C)	Government securities and security receipts	(e) 55,596.48	50,224.43
(D)	Debentures and bonds	(f) 5,426.16	731.78
(E)	Warrants	(g) 104.90	138.47
(F)	Units of alternate asset funds	(h) 1,385.28	842.35
(G)	Units of mutual funds	(i) 162.24	121.02
(H)	Investment in partnership firm - Capital Account	(j) 0.02	0.02
(I)	Property	(k) 646.35	2,168.88
(J)	Long-term investments in equity shares of associates		
i)	Opening balance of investment	201.63	1,016.86
ii)	Further investment / (disinvestments) in associates	(40.35)	-
iii)	Effect of Conversion of Associate into Subsidiary	-	(962.78)
iv)	Share in profit of associates	39.38	147.55
		(l) 200.66	201.63
	Total (a to l)	67,495.17	61,076.36
	Less : Provision for diminution in value of investments	(503.96)	(662.46)
	Total	66,991.21	60,413.90

Notes to the consolidated financial statements (*Continued*)

(Currency: Indian rupees in millions)

	As at 31 March 2018	As at 31 March 2017
2.13 Deferred tax		
Deferred tax assets		
Difference between book and tax depreciation	42.18	68.49
Provision for doubtful debts/advances	718.92	498.29
Disallowances under section 43B of the Income Tax Act, 1961	270.98	395.88
Provision for standard assets / non-performing assets	1,371.08	940.52
Amortised loan processing fees	250.21	137.48
Others	312.63	791.02
Total (A)	2,966.00	2,831.68
Deferred tax liabilities		
Difference between book and tax depreciation	792.60	177.46
Amortised loan origination costs	345.06	130.19
Others	87.97	414.94
Total (B)	1,225.63	722.59
Deferred Tax Assets - Net (A - B)	1,740.37	2,109.09
2.14 Long-term loans and advances		
(Considered good, unless stated otherwise)		
Secured		
Receivable from financing business		
Considered good	141,620.68	92,221.13
Considered non-performing	2,649.39	1,807.80
	144,270.07	94,028.93
Unsecured		
Receivable from financing business		
Considered good	14,099.56	5,310.09
Considered non-performing	81.36	56.24
	14,180.92	5,366.33
Capital advances	295.09	518.61
Security deposits placed	452.59	299.91
Other loans and advances		
Prepaid expenses	24.14	12.80
Unamortised loan origination costs	507.09	205.41
Advance income tax (net of provision for tax)	3,545.57	3,561.49
MAT credit entitlement	265.45	125.67
Loans and advances to others	17.15	552.93
Loans given to employees welfare trusts	1,395.00	1,455.53
	164,953.07	106,127.61

Notes to the consolidated financial statements (*Continued*)

(Currency: Indian rupees in millions)

	As at 31 March 2018	As at 31 March 2017
2.15 Other non-current assets		
(Unsecured considered good)		
Long-term deposits with banks (Refer note 2.51)	4,875.50	5,324.94
Accrued interest on fixed deposits	708.64	1,086.51
Future interest receivable on loan transfer transactions	28.21	89.10
Interest accrued but not due on loans given	2,281.77	1,843.85
Other assets	19.77	21.24
	7,913.89	8,365.64
2.16 Current investments		
(at lower of cost and fair value) (Refer note 2.50)		
Traded		
I. Quoted Investments		
(A) Equity shares	3,937.83	2,406.95
(B) Debentures and bonds	4,009.58	635.00
(C) Preference shares	66.69	-
II. Unquoted Investments		
(A) Government securities, security receipts / Collateralised borrowing and lending obligation	11,862.51	2,789.99
(B) Debentures and bonds	1,108.70	1,092.75
(C) Units of mutual funds	2,773.22	1,402.13
(D) Investment in partnership firm - Current Account	4.55	36.11
	23,763.08	8,362.93
2.17 Stock-in-Trade		
(at lower of cost and fair value)		
A) Securities		
I. Quoted		
(i) Equity shares	2,511.84	4,838.49
(ii) Preference shares	237.32	6.67
(iii) Debentures and bonds	57,067.33	40,433.37
(iv) Units of mutual funds	106.33	-
(v) Warrants	354.39	54.84
II. Unquoted		
(i) Equity shares @	19.03	0.00
(ii) Preference shares	3.03	-
(iii) Debentures and bonds	91,070.45	50,851.16
(iv) Units of mutual funds	9,121.51	7,652.01
B) Commodities	1,427.87	2,681.27
C) Consumables	0.60	6.23
	161,919.70	106,524.04
Aggregate amount of unquoted securities held in stock in trade		
- At carrying value	100,214.02	58,503.17
Aggregate amount of quoted securities held in stock in trade		
- At carrying value	60,277.21	45,333.37
- At market value	60,294.26	45,563.89
@ Amount is less than ₹ 0.01 million		

Notes to the consolidated financial statements (Continued)

(Currency: Indian rupees in millions)

	As at 31 March 2018	As at 31 March 2017
2.18 Trade receivables		
Outstanding for a period exceeding six months		
- Secured, considered good	483.78	168.54
- Unsecured, considered good	333.18	388.56
- Unsecured, considered doubtful	1,039.75	938.39
	1,856.71	1,495.49
Less : Provision for doubtful debts	(1,039.75)	(938.39)
	816.96	557.10
Other debts		
- Secured, considered good	1,309.97	3,133.85
- Unsecured, considered good	24,125.47	7,291.43
- Unsecured, considered doubtful	32.52	43.69
	25,467.96	10,468.97
Less : Provision for doubtful debts	(32.52)	(43.69)
	25,435.44	10,425.28
	26,252.40	10,982.38
2.19 Cash and bank balances		
Cash and cash equivalents (Refer note 2.49)		
Cash in hand	43.47	43.02
Cheques in hand	1,723.83	179.22
Balances with banks		
- in Current accounts	21,959.34	9,940.90
- in fixed deposits with original maturity less than 3 months	285.50	340.48
	24,012.14	10,503.62
Other bank balances		
Fixed deposits (Refer note 2.51) (held as margin money or security against borrowings, guarantees)	1,761.76	3,180.77
Short term fixed deposits with banks with original maturity more than 3 months but less than 12 months	13,480.06	12,492.14
In unpaid dividend accounts	4.86	5.38
	39,258.82	26,181.91

Notes to the consolidated financial statements (*Continued*)

(Currency: Indian rupees in millions)

	As at 31 March 2018	As at 31 March 2017
2.20 Short-term loans and advances		
(Considered good, unless stated otherwise)		
Secured		
Receivable from financing business		
Considered good	51,771.95	39,132.36
Considered non-performing	2,157.63	1,268.31
	53,929.58	40,400.67
Unsecured		
Receivable from financing business		
Considered good [Receivable from related parties : ₹ 6.00 million; Previous year : ₹ 44.66 million] (Refer note 2.31)	22,748.22	37,397.20
Considered non-performing	47.89	491.93
	22,796.11	37,889.13
Loans and advances to related parties (Refer note 2.31)	1,386.92	2,416.55
Loans and advances to others	20,989.82	10,154.75
Other loans and advances		
Deposits placed with exchange / depositories	270.00	273.96
Vendor and other advances	685.34	510.72
Other deposits	352.02	136.89
Unamortised loan origination costs / prepaid expenses	812.61	395.68
Loans and advances to employees	79.38	57.95
Intercompany deposits placed (Refer note 2.31)	3,839.10	604.60
Input tax credit	1,016.69	528.89
Advance income tax (net of provision for tax)	1,355.93	519.29
MAT credit entitlement	449.79	396.77
Others advances	591.76	581.94
	108,555.05	94,867.79
2.21 Other current assets		
(Unsecured considered good)		
Accrued interest on fixed deposits and inter-corporate deposits	597.76	558.57
Accrued interest on debt instruments	5,810.33	4,172.49
Accrued interest on loans given	5,067.94	3,365.70
Receivable from exchange / clearing house (net)	4,244.73	3,384.19
Mark to market on derivatives	40.35	94.92
Premium paid on options	7,832.22	917.42
Margin placed with broker	2,577.03	4,168.34
Dividend receivable	30.60	84.49
Future interest receivable on loan transfer transactions	48.71	175.05
	26,249.67	16,921.17

Notes to the consolidated financial statements (*Continued*)

(Currency: Indian rupees in millions)

	For the year ended 31 March 2018	For the year ended 31 March 2017
2.22 Fee and commission income		
Income from broking	3,682.28	3,011.72
Advisory and other fees	17,658.32	9,469.10
	21,340.60	12,480.82
2.23 Income from treasury		
Profit on trading of securities (net)	782.73	3,817.01
Profit / (loss) on trading in derivative instruments (net)	(673.92)	(397.53)
Gain / (loss) on foreign exchange movement on trade	432.91	163.30
Profit / (Loss) on sale of commodities (net) (Refer note 2.52)	(111.25)	1,782.07
Yield on real estate advances	493.39	168.35
Profit on sale of investments (net)	2,374.88	1,085.19
Dividend on stock-in-trade and investments	2,470.92	267.91
Share of profit in partnership firms	10.62	7.47
	5,780.28	6,893.77
2.24 Interest Income		
On loans (including credit substitute instruments)	39,110.69	31,741.61
On inter-corporate deposits	2,038.04	309.14
On fixed deposits	1,382.99	2,799.24
On debt instruments	7,575.62	5,394.59
On others	633.52	770.86
	50,740.86	41,015.44
2.25 Other operating revenue		
Delayed payment charges	608.34	433.66
Income from training centre	33.87	35.46
Agri value chain warehousing income	1,022.81	696.96
Rental income	94.22	105.90
	1,759.24	1,271.98
2.26 Other income		
Profit on sale of current investment	-	100.61
Interest income	44.88	21.55
Miscellaneous income	331.30	145.33
	376.18	267.49
2.27 Employee benefits expense		
Salaries, wages and bonus	12,583.25	10,355.94
Contribution to provident and other funds (Refer note 2.33)	497.21	325.76
Staff welfare expenses	468.65	339.84
	13,549.11	11,021.54

Notes to the consolidated financial statements (*Continued*)

(Currency: Indian rupees in millions)

	For the year ended 31 March 2018	For the year ended 31 March 2017
2.28 Finance costs		
Interest on debentures	12,339.32	8,886.08
Interest on term loan / working capital demand loan	8,905.72	5,496.05
Interest on bank overdraft	415.35	730.29
Interest on margin and deposits	97.41	44.98
Interest - other loans	1,215.49	1,025.74
Discount on commercial paper	8,389.16	8,789.44
Financial and bank charges	1,216.70	776.15
Interest on collateralised borrowing and lending obligations	2,518.70	2,190.09
Other finance costs	197.37	158.17
	35,295.22	28,096.99
2.29 Other expenses		
Advertisement and business promotion	1,200.71	872.89
Auditors' remuneration (Refer below)	60.43	60.32
Bad debts and advances written off	4,269.99	2,447.90
Commission and brokerage	1,062.67	635.04
Communication	396.75	291.58
Computer software and other expenses	454.65	329.35
Commission to non-executive directors	6.80	10.10
Contribution towards corporate social responsibility	184.13	115.68
Dematerialisation charges and stock exchange expenses	100.63	105.56
Diminution in value of investments	(82.10)	248.00
Directors' sitting fees	12.66	10.27
Insurance	62.10	45.45
Legal and professional fees	1,107.79	1,044.72
Membership and subscription	141.81	139.47
Mutual fund expenses	212.06	82.77
Office expenses	511.76	489.19
Printing and stationery	111.33	87.42
Provision for credit loss on securitisation	(38.88)	32.03
Provision for standard assets	440.36	267.58
Provision for non-performing assets	748.45	513.58
Provision for doubtful debts	776.89	296.22
Rates and taxes	408.71	386.46
Rent and electricity charges	1,296.46	1,043.18
Repairs and maintenance - others	99.30	71.69
Securities and commodity transaction tax	351.07	298.34
Seminar and conference expenses	103.92	35.29
Stamp duty	183.78	125.91
Travelling and conveyance	766.57	580.59
Warehousing charges	159.54	43.90
Selling and Distribution expenses	972.55	936.42
Miscellaneous expenses	984.07	663.21
	17,066.96	12,310.11
Auditor's remuneration:		
As Auditors	56.48	57.14
Towards reimbursement of expenses	3.95	3.18
	60.43	60.32

Notes to the consolidated financial statements (*Continued*)

(Currency: Indian rupees in millions)

2.30 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
Agency business	Broking, advisory, product distribution and other fee based services
Capital based business	Income from treasury, investment income and financing
Insurance Business	Represents results of Edelweiss Tokio Life Insurance Company Limited and Edelweiss General Insurance Company Limited

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 Group are primarily concentrated in India, the Group is considered to operate only in the domestic segment.

The following table gives information as required under the Accounting Standard -17 on Segment Reporting:

Particulars	31 March 2018	31 March 2017
I Segment Revenue		
a) Agency business	14,101.10	10,210.32
b) Capital based business	64,228.70	50,316.88
c) Insurance business	7,858.50	5,768.36
d) Unallocated	37.16	40.41
Total Income	86,225.46	66,335.97
II Segment Results		
a) Agency business	4,623.35	1,834.17
b) Capital based business	12,460.40	10,103.64
c) Insurance business	(2,599.90)	(2,158.31)
d) Unallocated	(262.20)	(199.85)
Profit before taxation	14,221.65	9,579.65
Less : Provision for taxation	5,598.52	3,947.28
Profit after taxation before minority interest	8,623.13	5,632.37

Notes to the consolidated financial statements (*Continued*)

(Currency: Indian rupees in millions)

2.30 Segment reporting (*Continued*)

Particulars	31 March 2018	31 March 2017
III Segment Assets		
a) Agency business	44,758.80	34,072.60
b) Capital based business	554,291.90	390,443.51
c) Insurance business	29,508.50	17,912.76
d) Unallocated	6,576.15	5,805.09
Total	635,135.35	448,233.96
IV Segment Liabilities		
a) Agency business	41,201.60	31,779.63
b) Capital based business	498,305.20	351,429.37
c) Insurance business	16,550.60	10,578.68
d) Unallocated	1,453.62	1,567.19
Total	557,511.02	395,354.87
V Capital Expenditure (Including Capital Work-In-Progress and Intangible assets under development)		
a) Agency business	464.48	323.93
b) Capital based business	451.79	1,416.41
c) Insurance business	471.53	564.06
d) Unallocated	-	-
Total	1,387.80	2,304.40
VI Depreciation and Amortization		
a) Agency business	222.99	183.89
b) Capital based business	734.12	787.32
c) Insurance business	159.74	93.15
d) Unallocated	-	-
Total	1,116.85	1,064.36
VII Significant Non-Cash Expenses Other than Depreciation and Amortization		
a) Agency business	129.91	89.72
b) Capital based business	5,980.76	3,714.42
c) Insurance business	4,979.71	4,264.49
d) Unallocated	-	-
Total	11,090.38	8,068.63

Notes to the consolidated financial statements (*Continued*)

(Currency: Indian rupees in millions)

2.31 Related parties

Disclosure as required by Accounting Standard 18 – “Related Party Disclosure”:

(A) **Individuals owning, directly or indirectly, an interest in the voting power of the reporting enterprise that gives them control or significant influence over the enterprise**

Mr. Rashesh Shah

Mr. Venkatchalam Ramaswamy

Ms. Vidya Shah

Ms. Aparna T.C.

(B) **Key Management Personnel**

Mr. Rashesh Shah - Chairman, Managing Director & CEO

Mr. Venkatchalam Ramaswamy - Executive Director

Mr. Himanshu Kaji - Executive Director

Mr. Rujan Panjwani - Executive Director

(C) **Relatives of individuals exercising significant influence and relatives of KMP, with whom transactions have taken place**

Ms. Kaavya Venkat

Ms. Shilpa Mody

Ms. Sejal Premal Parekh

Mr. A V Ramaswamy

Ms. Sneha Sripad Desai

Mr. Nalin Kaji

Ms. Shabnam Panjwani

(D) **Subsidiary Company**

Edelgive Foundation [Refer note 1.2(d)]

(E) **Enterprises which exercise significant influence over subsidiary - Edelweiss Tokio Life Insurance Company Limited**

Tokio Marine & Nichido Fire Insurance Co., Limited (Subsidiary of Tokio Marine Holdings Inc.)

(F) **Enterprises where significant influence is exercised**

Edelweiss Fund Advisors Private Limited

Dahlia Commodities Services Private Limited

Magnolia Commodities Services Private Limited

Allium Finance Private Limited

Aeon Credit Services India Private Limited (upto August 22, 2017)

(G) **Enterprises over which Promoter / KMPs / Relatives exercise significant influence, with whom transactions have taken place**

Spire Investment Advisors LLP

Mabella Investment Adviser LLP

Shah Family Discretionary Trust

Notes to the consolidated financial statements (*Continued*)

(Currency: Indian rupees in millions)

2.31 Related parties (*Continued*)

(H) Transactions and balances with Related Parties:

Sr. No.	Nature of Transaction	Related Party Name	31 March 2018	31 March 2017
Transactions with related parties				
1	Equity share capital issued by subsidiary (including securities premium)	Tokio Marine & Nichido Fire Insurance Co. Limited	4,349.97	-
2	Long term loans repaid by	Edelweiss Asset Reconstruction Company Limited	-	2,000.00
3	Short term loans taken from	Dahlia Commodities Services Private Limited	-	4,000.00
		Magnolia Commodities Services Private Limited	-	3,000.00
4	Short term loans taken repaid to	Magnolia Commodities Services Private Limited	-	3,000.00
		Dahlia Commodities Services Private Limited	1,600.00	2,400.00
5	Short term loans given to	Magnolia Commodities Services Private Limited	12,095.86	10,184.45
		Dahlia Commodities Services Private Limited	4,545.22	9,302.39
		Mr. Nalin Kaji	500.00	500.00
		Mabella Investment Adviser LLP	-	246.98
		Edelweiss Asset Reconstruction Company Limited	-	46.47
		Ms. Aparna T. C.	-	27.31
		Ms. Vidya Shah	-	0.17
		Mr. Rujan Panjwani	6.00	-
6	Short term loans given repaid by	Magnolia Commodities Services Private Limited	12,116.13	8,863.61
		Dahlia Commodities Services Private Limited	5,842.08	7,941.41
		Edelweiss Asset Reconstruction Company Limited	-	6,616.12
		Mr. Nalin Kaji	500.00	500.00
		Mabella Investment Adviser LLP	-	300.00
		Ms. Aparna T. C.	44.66	14.66
		Ms. Vidya Shah	-	0.17
7	Margin received from	Magnolia Commodities Services Private Limited	1,055.93	3,801.89
		Dahlia Commodities Services Private Limited	228.48	295.36
8	Margin repaid to	Magnolia Commodities Services Private Limited	65.22	3,773.77
		Dahlia Commodities Services Private Limited	270.61	247.64
9	Reimbursement recovered from	Magnolia Commodities Services Private Limited	16.76	9.32
		Dahlia Commodities Services Private Limited	16.00	3.15
		Allium Finance Private Limited	3.41	-
		Edelweiss Fund Advisors Private Limited	0.11	-

Notes to the consolidated financial statements (Continued)

(Currency: Indian rupees in millions)

2.31 Related parties (Continued)

Sr. No.	Nature of Transaction	Related Party Name	31 March 2018	31 March 2017
10	Dividend paid	Mr. Rashesh Shah	196.16	145.30
		Mr. Venkatchalam Ramaswamy	78.34	58.03
		Ms. Vidya Shah	47.29	35.03
		Shah Family Discretionary Trust	52.31	-
		Spire Investment Advisors LLP	4.32	41.95
		Ms. Aparna T. C.	16.42	12.00
		Ms. Kaavya Venkat	15.92	12.00
		Mr. Rujan Panjwani	17.03	12.32
		Mr. Himanshu Kaji	4.10	1.99
		Ms. Sneha Sripad Desai	1.38	1.03
		Ms. Shilpa Mody	1.35	1.00
		Ms. Sejal Premal Parekh	1.35	1.00
		Ms. Shabnam Panjwani	0.53	0.22
		Mr. A V Ramaswamy	0.07	0.05
11	Rating fee earned from	Edelweiss Asset Reconstruction Company Limited	-	0.77
12	Rental income from	Edelweiss Asset Reconstruction Company Limited	-	12.10
		Allium Finance Private Limited	-	0.42
13	Interest income on loan from	Edelweiss Asset Reconstruction Company Limited	-	708.52
		Magnolia Commodities Services Private Limited	386.86	280.06
		Dahlia Commodities Services Private Limited	141.59	166.39
		Mr. Nalin Kaji	2.86	6.61
		Ms. Aparna T. C.	-	3.93
		Mabella Investment Adviser LLP	-	2.04
		Ms. Vidya Shah @	-	0.00
Mr. Rujan Panjwani	0.01	-		
14	Interest income on debentures	Edelweiss Asset Reconstruction Company Limited	-	132.21
15	Interest expenses on loan from	Dahlia Commodities Services Private Limited	92.37	10.59
		Magnolia Commodities Services Private Limited	-	7.56
16	Interest expense on margin placed by	Magnolia Commodities Services Private Limited	9.34	5.38
		Dahlia Commodities Services Private Limited	4.91	0.98
17	Purchase of securities from	Magnolia Commodities Services Private Limited	570.62	-
		Dahlia Commodities Services Private Limited	392.60	-
18	Sale of securities to	Mabella Investment Adviser LLP	-	602.60
		Magnolia Commodities Services Private Limited	782.57	-
		Dahlia Commodities Services Private Limited	392.47	-
19	Redemption of Securities	Mabella Investment Adviser LLP	-	20.12

Notes to the consolidated financial statements (*Continued*)

(Currency: Indian rupees in millions)

2.31 Related parties (*Continued*)

Sr. No.	Nature of Transaction	Related Party Name	31 March 2018	31 March 2017
20	Brokerage earned from	Magnolia Commodities Services Private Limited	71.07	33.93
		Mabella Investment Adviser LLP	7.96	5.54
		Dahlia Commodities Services Private Limited	0.98	1.11
		Spire Investment Advisors LLP	-	0.39
		Shah Family Discretionary Trust	-	0.37
		Ms. Aparna T. C.	0.17	0.09
		Mr. Nalin Kaji	-	0.09
		Ms. Vidya Shah	-	0.07
		Mr. Rujan Panjwani	-	0.02
		Mr. Rashesh Shah	-	0.01
		Ms. Shabnam Panjwani	-	0.01
		Mr. Himanshu Kaji @	-	0.00
		Mr. A V Ramaswamy	0.01	-
		Ms. Kavya Venkat	0.03	-
21	Clearing income from	Dahlia Commodities Services Private Limited	0.29	0.22
		Magnolia Commodities Services Private Limited	0.33	0.21
22	Processing fees earned from	Edelweiss Asset Reconstruction Company Limited	-	0.04
23	Remuneration to	Mr. Rashesh Shah	131.73	105.66
		Mr. Rujan Panjwani	73.69	60.83
		Mr. Himanshu Kaji	71.43	58.49
		Mr. Venkatchalam Ramaswamy	60.08	49.82
		Ms. Shabnam Panjwani	17.36	39.47
		Ms. Vidya Shah	7.25	5.02
24	Contribution towards corporate social responsibility	Edelgive Foundation	177.85	113.90
25	Cost reimbursements recovered from	Edelweiss Asset Reconstruction Company Limited	-	1.95
		Dahlia Commodities Services Private Limited	7.29	0.50
		Magnolia Commodities Services Private Limited	7.25	0.50
		Edelweiss Fund Advisors Private Limited	0.40	-
		Allium Finance Private Limited	2.40	0.07

Notes to the consolidated financial statements (*Continued*)

(Currency: Indian rupees in millions)

2.31 Related parties (*Continued*)

Sr. No.	Nature of Transaction	Related Party Name	31 March 2018	31 March 2017
Balances with related parties				
26	Investments in equity shares of	Aeon Credit Service India Private Limited	-	227.50
		Allium Finance Private Limited	21.18	21.18
		Dahlia Commodities Services Private Limited	1.00	1.00
		Magnolia Commodities Services Private Limited	1.00	1.00
		Edelweiss Fund Advisors Private Limited	0.50	0.50
		Edelgive Foundation	0.10	0.10
27	Investments in preference shares of	Allium Finance Private Limited	123.88	123.88
28	Short term loans taken from	Dahlia Commodities Services Private Limited	-	1,600.00
29	Short term loans given to	Magnolia Commodities Services Private Limited	2,209.63	2,229.90
		Dahlia Commodities Services Private Limited	489.79	1,786.65
		Ms. Aparna T. C.	-	44.66
		Mr. Rujan Panjwani	6.00	-
30	Debentures held by	Mr. Rujan Panjwani	10.00	10.00
31	Preference shares held by	Mr. Rujan Panjwani	2.30	2.30
		Ms. Shabnam Panjwani	1.00	1.00
32	Trade receivables from	Magnolia Commodities Services Private Limited	3.87	-
		Dahlia Commodities Services Private Limited	3.87	-
		Edelweiss Fund Advisors Private Limited	0.09	-
		Allium Finance Private Limited	1.11	-
33	Accrued interest income on loans given to	Dahlia Commodities Services Private Limited	0.25	17.49
		Magnolia Commodities Services Private Limited	5.79	-
		Mr. Rujan Panjwani	0.01	-
34	Accrued interest expense on loans taken from	Dahlia Commodities Services Private Limited	-	9.53
		Magnolia Commodities Services Private Limited	-	6.81
35	Accrued interest expense on margin received from	Magnolia Commodities Services Private Limited	1.02	0.35
		Dahlia Commodities Services Private Limited	0.14	0.04

Notes to the consolidated financial statements (*Continued*)

(Currency: Indian rupees in millions)

2.31 Related parties (*Continued*)

Sr. No.	Nature of Transaction	Related Party Name	31 March 2018	31 March 2017
36	Margin payable to clients	Dahlia Commodities Services Private Limited	85.23	127.36
		Magnolia Commodities Services Private Limited	1,102.17	111.46
37	Trade payables to	Dahlia Commodities Services Private Limited	1.47	0.36
		Magnolia Commodities Services Private Limited	0.87	0.33
		Allium Finance Private Limited	0.01	-

@ ₹ 0.00 refers to amount less than ₹ 0.01 million

Notes:

- 1) The Intra group company loans are generally in the nature of revolving demand loans unless otherwise stated. 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.
- 2) 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.

2.32 Earnings per share

In accordance with Accounting Standard 20 - Earnings Per Share, the computation of earnings per share is set out below:

	2018	2017
a) Shareholders earnings (as per statement of profit and loss)	8,901.30	6,093.06
Less: Preference dividend declared by the Company (including dividend distribution tax)	99.75	99.75
Net Profit available to equity shareholders for the purpose of calculating basic and diluted earnings per share	8,801.55	5,993.31
b) Calculation of weighted average number of equity shares of ₹ 1 each:		
- Number of shares at the beginning of the year	832,569,089	814,036,630
- Number of shares issued during the year	82,929,838	18,532,459
Total number of equity shares outstanding at the end of the year	915,498,927	832,569,089
Weighted average number of equity shares outstanding during the year (based on the date of issue of shares)	870,326,846	826,052,403
c) Number of dilutive potential equity shares	27,921,341	40,055,553
d) Basic earnings per share (in ₹) {a/b}	10.11	7.26
e) Diluted earnings per share (in ₹) {a/(b+c)}	9.80	6.92

Notes to the consolidated financial statements (*Continued*)

(Currency: Indian rupees in millions)

2.33 Disclosure pursuant to Accounting Standard 15 (Revised) - Employee Benefits

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

Amount of ₹ 363.67 million (Previous year: ₹ 280.46 million) is recognised as expenses and included in "Employee benefit expense" – Note 2.27 in the statement of Profit and loss.

B) Defined benefit plan (Gratuity):

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

Statement of profit and loss

Expenses recognised in the Statement of Profit and Loss:

	2018	2017
Current service cost	85.10	64.47
Interest on defined benefit obligation	25.86	23.81
Expected return on plan assets	(18.70)	(17.99)
Past service cost	56.52	-
Exchange rate adjustment	0.04	(0.24)
Effect of limiting net assets to asset ceiling	4.57	0.44
Actuarial (gain) / losses	(28.95)	(16.93)
Total included in 'Employee benefits expense'	124.44	53.56

Balance sheet

Reconciliation of defined benefit obligation (DBO) :

	2018	2017
Present value of DBO at the beginning of the year	380.66	320.23
Acquisition/ (Divestiture)	-	11.60
Transfer (out)/in	4.49	(2.65)
Interest cost	25.86	23.81
Current service cost	85.10	64.47
Benefits paid	(41.15)	(36.14)
Past service cost	56.52	-
Actuarial (gain)/loss	(24.33)	(0.42)
Exchange Rate Adjustment	0.04	(0.24)
Present value of DBO at the end of the year	487.19	380.66

Reconciliation of fair value of plan assets:

	2018	2017
Fair value of plan assets at the beginning of the year	290.19	257.36
Acquisition / (Divestiture)	-	1.26
Contributions by Employer	76.06	33.22
Benefits paid	(41.15)	(36.14)
Actuarial gain/(loss)	4.62	16.50
Fair value of plan assets at the end of the year	329.72	272.20
Expected return on plan asset	18.70	17.99

Notes to the consolidated financial statements (*Continued*)

(Currency: Indian rupees in millions)

2.33 Disclosure pursuant to Accounting Standard 15 (Revised) - Employee Benefits (*Continued*)

Net asset / (liability) recognised in the balance sheet:

	2018	2017	2016	2015	2014
Present value of DBO	487.19	380.66	320.23	236.95	169.25
Fair value of plan assets at the end of the year	348.42	290.19	257.36	189.82	133.68
Net Liability	(138.77)	(90.47)	(62.87)	(47.13)	(35.57)
Less: Effect of limiting net assets to asset ceiling	(5.97)	(1.40)	-	-	-
Liability recognized in the balance sheet	(144.74)	91.87	(62.87)	(47.13)	(35.57)

Experience adjustments:

	2018	2017	2016	2015	2014
On plan liabilities: loss / (gain)	(13.02)	(11.37)	28.52	5.15	5.90
On plan assets: gain / (loss)	2.78	15.53	(4.92)	21.61	5.45
Estimated contribution for next year	19.50	1.00	1.50	-	20.00

Principal actuarial assumptions at the balance sheet date:

	2018	2017
Discount rate	7.00%-7.30%	6.60%-6.80%
Salary escalation	7.00%	7.00%
Employees attrition rate	13% - 60%	13% - 60%
Expected return on Plan Assets	6.80% p.a.	7.40% p.a.
Mortality Rate	IALM 2006-08 (Utl)	IALM 2006-08 (Utl)
Expected average remaining working lives of employees	4 Years	5 Years

2.34 Operating leases

Lessee

The Group has taken various premises on operating lease. Gross rental expenses for the year ended 31 March 2018 aggregated to ₹ 1,118.92 million (Previous year: ₹ 872.72 million) which has been included under the head Other Expenses – Rent and electricity charges in the statement of profit and loss.

Details of future minimum lease payments for non-cancellable operating leases are as follows:

	2018	2017
Minimum lease payments for non-cancellable lease		
- not later than one year	203.10	174.82
- later than one year and not later than five years	128.45	376.61
- later than five years	-	92.56
Total	331.55	643.99

Notes to the consolidated financial statements (*Continued*)

(Currency: Indian rupees in millions)

2.34 Operating leases (*Continued*)

Lessor

The Company has given certain portion of owned building on cancellable and non cancellable operating lease for periods ranging from 12 months to 60 months.

Lease payments received and recognized in the statement of profit and loss during the year ended 31 March 2018 is ₹ 94.22 million (Previous year: ₹ 105.90 million).

Details of future minimum lease payments receivable for non cancellable operating leases are as follows:

	2018	2017
Minimum lease payments receivable for non-cancellable lease		
- not later than one year	-	3.16
- later than one year and not later than five years	-	-
- later than five years	-	-
Total	-	3.16

2.35 Derivatives Transactions

A) Open interest in Index futures as at 31 March 2018:

Index Name	Maturity grouping	Long Position		Short Position	
		No. of Contracts	No. of Units	No. of Contracts	No. of Units
NIFTY	<1 month	5	10	5,453	404,167
	1-2 months	-	-	2	150
BANK NIFTY	<1 month	14,548	342,800	-	-
	1-2 months	-	-	2	80
FOREIGN INDEX	<1 month	-	-	1,571	164,150
	2-3 months	-	-	258	5,769,800

Open interest in Index futures as at 31 March 2017:

Index Name	Maturity grouping	Long Position		Short Position	
		No. of Contracts	No. of Units	No. of Contracts	No. of Units
NIFTY	<1 month	5,235	385,425	-	-
	1-2 months	1,491	111,825	-	-
	2-3 months	1,057	79,275	-	-
BANK NIFTY	<1 month	19,949	767,800	-	-
FOREIGN INDEX	<1 month	-	-	3,917	3,917
	1-2 months	50	50	14	14
	2-3 months	32	32	84	84

Notes to the consolidated financial statements (*Continued*)

(Currency: Indian rupees in millions)

2.35 Derivatives Transactions (*Continued*)

B) Open interest in Equity Futures as at 31 March 2018:

Maturity grouping	Long position		Short position	
	No. of Contracts	No. of Units	No. of Contracts	No. of Units
<1 month	10,115	14,093,069	3936	7,205,312
2-3 months	13	650	-	-

Open interest in Equity Futures as at 31 March 2017:

Maturity grouping	Long position		Short position	
	No. of Contracts	No. of Units	No. of Contracts	No. of Units
<1 month	1,821	4,939,998	27,648	46,370,470

C) Open interest in Commodity Futures as at 31 March 2018:

Name of Future	Maturity grouping	Long Position		Short Position	
		No. of Contracts	No. of Units	No. of Contracts	No. of Units
GOLD	<1 month	109	109,000	-	-
	2-3 months	-	-	163	163,000
GOLD MINI	<1 month	42	4,200	-	-
NATURAL GAS	<1 month	99	123,750	-	-
SILVER MINI	<1 month	-	-	9	45
SILVER	1-2 months	-	-	731	21,930

Open interest in Commodity Futures as at 31 March 2017:

Name of Future	Maturity grouping	Long Position		Short Position	
		No. of Contracts	No. of Units	No. of Contracts	No. of Units
COFFEE	1-2 months	1	375	-	-
GOLD	2-3 months	-	-	161	16,100
	3-6 months	-	-	160	16,000
GOLD MINI	2-3 months	10	322	-	-
LEAD	2-3 months	-	-	3	75
SILVER	1-2 months	2	10,000	-	-
ZINC	2-3 months	2	50	-	-

Notes to the consolidated financial statements (*Continued*)

(Currency: Indian rupees in millions)

2.35 Derivatives Transactions (Continued)

D) Commodity Forwards as at 31 March 2018:

Name of Forwards	Maturity grouping	Long Position		Short Position	
		No. of Contracts	No. of Units	No. of Contracts	No. of Units
GOLD-USD	<1 month	-	-	-	-

Commodity Forwards as at 31 March 2017:

Name of Forwards	Maturity grouping	Long Position		Short Position	
		No. of Contracts	No. of Units	No. of Contracts	No. of Units
GOLD-USD	<1 month	22,579	22,579	-	-
SILVER-USD	<1 month	1,310,747	1,310,747	-	-
PALLADIUM-USD	<1 month	-	-	281	281
GOLD-USD	2-3 months	17	17	-	-

E) Open interest in Currency Futures as at 31 March 2018:

Name of Future	Maturity grouping	Long Position		Short Position	
		No. of Contracts	No. of Units	No. of Contracts	No. of Units
USD	<1 month	-	-	25,044	25,044,000
GBP	<1 month	-	-	300	300,000
	2-3 months	-	-	1	62,500
EURO	2-3 months	-	-	13	1,625,000

Open interest in Currency Futures as at 31 March 2017:

Name of Future	Maturity grouping	Long Position		Short Position	
		No. of Contracts	No. of Units	No. of Contracts	No. of Units
USD	<1 month	-	-	224,313	224,313,000
	2-3 months	864	864,000	-	-
GBP	<1 month	-	-	300	300,000
	2-3 months	-	-	4	250,000
EURO	2-3 months	-	-	1	125,000
DINR	<1 month	129,000	129,000	-	-
KRW	2-3 months	7	1,750,000	-	-
RUB	2-3 months	-	-	325	325

Notes to the consolidated financial statements (*Continued*)

(Currency: Indian rupees in millions)

2.35 Derivatives Transactions (Continued)

F) Currency Forwards as at 31 March 2018:

Name of Forwards	Maturity grouping	Long Position		Short Position	
		No. of Contracts	No. of Units	No. of Contracts	No. of Units
USDCNH	<1 month	-	-	213,555	213,555
	1-2 months	-	-	1,693,708	1,693,708
USDCAD	2-3 months	60,000	60,000	-	-
USDEUR	<1 month	1,846,728	1,846,728	1,083,335	1,083,335
	2-3 months	37,223	37,223	-	-
USDHKD	<1 month	1,000,000	1,000,000	3,825	3,825
	6-12 months	9,231	9,231	-	-
USDIDR	< 1 month	135,915,000	135,915,000	132,116,000	132,116,000
	1-2 months	126,520,000	126,520,000	88,303,000	88,303,000
	2-3 months	15,000,000	15,000,000	15,413,000	15,413,000
	3-6 months	183,605,000	183,605,000	188,655,000	188,655,000
	6-12 months	50,000,000	50,000,000	75,000,000	75,000,000
USDINR	< 1 month	27,800,098	27,800,098	-	-
	1-2 months	14,045,651	14,045,651	-	-
	2-3 months	4,967,136	4,967,136	-	-
	3-6 months	-	-	48,951,205	48,951,205
USDJPY	< 1 month	9,473,809	9,473,809	11,214,110	11,214,110
	1-2 months	2,344,750	2,344,750	1,046,025	1,046,025
	2-3 months	1,700,000	1,700,000	917,955	917,955
	3-6 months	14,640	14,640	3,079,150	3,079,150
	6-12 months	1,500,923	1,500,923	1,501,304	1,501,304
USDKRW	< 1 month	807,750,000	807,750,000	721,500,000	721,500,000
	1-2 months	285,900,000	285,900,000	403,000,000	403,000,000
	2-3 months	400,000,000	400,000,000	689,000,000	689,000,000
	3-6 months	1,478,200,000	1,478,200,000	1,260,500,000	1,260,500,000
	6-12 months	1,213,500,000	1,213,500,000	1,219,000,000	1,219,000,000
	> 12 months	75,000,000	75,000,000	-	-
USDSGD	< 1 month	1,819	1,819	-	-
	3-6 months	89,316	89,316	3,674,097	3,674,097
USDTWD	< 1 month	372,140,000	372,140,000	382,007,000	382,007,000
	1-2 months	210,900,000	210,900,000	125,000,000	125,000,000
	2-3 months	51,010,000	51,010,000	128,296,000	128,296,000
	3-6 months	131,850,000	131,850,000	162,457,000	162,457,000
	6-12 months	30,000,000	30,000,000	60,000,000	60,000,000

Notes to the consolidated financial statements (Continued)

(Currency: Indian rupees in millions)

2.35 Derivatives Transactions (Continued)

F) Currency Forwards as at 31 March 2017:

Name of Forwards	Maturity grouping	Long Position		Short Position	
		No. of Contracts	No. of Units	No. of Contracts	No. of Units
AEDUSD	< 1 month	5,000,000	5,000,000	-	-
AUDUSD	< 1 month	-	-	209,000	209,000
CNYUSD	< 1 month	-	-	181,426	181,426
EURUSD	< 1 month	2,790,000	2,790,000	6,125,000	6,125,000
	1-2 months	25,000	25,000	-	-
GBPUSD	< 1 month	167,000	167,000	-	-
USDBRL	< 1 month	-	-	250,000	250,000
USDCAD	< 1 month	441	441	54,119	54,119
	2-3 months	50,235	50,235	-	-
USDCHF	< 1 month	-	-	38,059	38,059
USDCNH	< 1 month	2,918,550	2,918,550	-	-
USDCNY	< 1 month	15,000,000	15,000,000	15,257,224	15,257,224
	3-6 months	10,000,000	10,000,000	9,974,822	9,974,822
USDHKD	< 1 month	17,001,835	17,001,835	18,320,811	18,320,811
	1-2 months	86,630,716	86,630,716	-	-
	6-12 months	5,000,000	5,000,000	-	-
USDIDR	< 1 month	10,000,000	10,000,000	30,700,000	30,700,000
	1-2 months	30,000,000	30,000,000	20,000,000	20,000,000
	2-3 months	20,000,000	20,000,000	3,750,000	3,750,000
	3-6 months	20,000,000	20,000,000	15,075,050	15,075,050
	6-12 months	-	-	20,000,000	20,000,000
USDINR	< 1 month	1,002,308,600	1,002,308,600	979,250,000	979,250,000
	1-2 months	191,800,000	191,800,000	190,000,000	190,000,000
	2-3 months	90,000,000	90,000,000	90,000,000	90,000,000
	3-6 months	90,000,000	90,000,000	125,264,085	125,264,085
	6-12 months	1,700,000	1,700,000	-	-
USDJPY	< 1 month	1,034,680	1,034,680	2,231,366	2,231,366
USDKRW	< 1 month	332,100,000	332,100,000	353,850,000	353,850,000
	1-2 months	423,050,000	423,050,000	491,920,000	491,920,000
	2-3 months	188,000,000	188,000,000	366,560,000	366,560,000
	3-6 months	81,000,000	81,000,000	80,000,000	80,000,000
	6-12 months	636,000,000	636,000,000	342,000,000	342,000,000
USDMYR	< 1 month	43,000,000	43,000,000	41,570,000	41,570,000
USDRUB	< 1 month	480,000	480,000	-	-
USDSGD	< 1 month	67,636,760	67,636,760	29,626,507	29,626,507
	2-3 months	7,105,098	7,105,098	-	-
	6-12 months	4,211	4,211	4,213	4,213
USDTHB	< 1 month	-	-	112,000	112,000
USDTRY	< 1 month	-	-	250,000	250,000

Notes to the consolidated financial statements (Continued)

(Currency: Indian rupees in millions)

2.35 Derivatives Transactions (Continued)

F) Currency Forwards as at 31 March 2017 (Continued):

Name of Forwards	Maturity grouping	Long Position		Short Position	
		No. of Contracts	No. of Units	No. of Contracts	No. of Units
USDTWD	< 1 month	101,049,683	101,049,683	56,900,000	56,900,000
	1-2 months	25,000,000	25,000,000	46,300,000	46,300,000
	2-3 months	50,500,000	50,500,000	56,639,500	56,639,500
	3-6 months	109,250,000	109,250,000	114,012,000	114,012,000
USDZAR	< 1 month	350,000	350,000	-	-
SGDINR	3-6 months	-	-	12,500,000	12,500,000

G) Open interest in Interest Rate Futures as at 31 March 2018:

Maturity grouping	Long position		Short position	
	No. of Contracts	No. of Units	No. of Contracts	No. of Units
<1 month	-	-	7078	14,299,022
2-3 months	100	369,195	128	198,000
3-6 months	96	168,334	19	79,173
6-12 months	259	657,502	301	580,836
>12 months	501	932,500	543	1,147,500

Open interest in Interest Rate Futures as at 31 March 2017:

Maturity grouping	Long position		Short position	
	No. of Contracts	No. of Units	No. of Contracts	No. of Units
<1 month	130	541,710	15,928	24,260,000
1-2 months	20	83,340	130	541,710
2-3 months	22	37,000	76	193,840
3-6 months	198	487,500	10	25,000
6-12 months	374	739,590	314	782,500
>12 months	625	1,330,000	841	1,663,750

H) Open interest in interest rate derivatives other than exchanges as at 31 March 2018:

Benchmark	Notional Principal (₹ In millions)	Terms
MIBOR	41,750.00	Pay fixed vs. receive floating
MIBOR	18,648.90	Pay floating vs. receive fixed
LIBOR	61.89	Pay fixed vs. receive floating
LIBOR	2,835.50	Pay floating vs. receive fixed

Open interest in interest rate derivatives other than exchanges as at 31 March 2017:

Benchmark	Notional Principal (₹ In millions)	Terms
MIBOR	8,696.99	Pay fixed vs. receive floating
MIBOR	24,611.10	Pay floating vs. receive fixed
LIBOR	4,500.00	Pay fixed vs. receive floating
LIBOR	3,500.00	Pay floating vs. receive fixed

Notes to the consolidated financial statements (*Continued*)

(Currency: Indian rupees in millions)

2.35 Derivatives Transactions (*Continued*)

I) Equity Swap as at 31 March 2018:

Maturity grouping	Long position		Short position	
	No. of Contracts	No. of Units	No. of Contracts	No. of Units
>1 month	536	536	-	-
2-3 months	648,612	648,612	485,603	485,603
3-6 months	23,692,168	23,692,168	1,416,404	1,416,404
6-12 months	8,046,514	8,046,514	9,500	9,500
>12 months	692,450	692,450	45,781	45,781

Equity Swap as at 31 March 2017:

Maturity grouping	Long position		Short position	
	No. of Contracts	No. of Units	No. of Contracts	No. of Units
3-6 months	5,012,382	5,012,382	-	-
6-12 months	48,489,001	48,489,001	960,409	960,409
>12 months	22,701,871	22,701,871	2,475	2,475

J) Credit default Swaps as at 31 March 2018:

Benchmark	Notional Principal (₹ In millions)
ITRX Asia Ex Japan S27	650.40
Housing Development Finance Corporation Limited	1,626.00
Tata Capital Limited	1,626.00
Power Finance Corporation Limited	1,626.00

Credit default Swaps as at 31 March 2017:

Benchmark	Notional Principal (₹ In millions)
ITRX Asia Ex Japan S27	194.52

K) Other Swaps as at 31 March 2018:

Benchmark	Notional Principal (₹ In millions)
Total Return Swaps	
CDBL Funding 1	63.29
ICBIL Finance Co. Limited	65.14
Variance Swaps	
S&P 500 Index	9.08
Hang Seng Index	3.02
Kospi 200 Index	5.85

Other Swaps as at 31 March 2017:

Benchmark	Notional Principal (₹ In millions)
Total Return Swaps	Nil
Variance Swaps	Nil

Notes to the consolidated financial statements (*Continued*)

(Currency: Indian rupees in millions)

2.36 Option contracts outstanding as at 31 March 2018:

Option Type	Premium Paid (Net of provision made)	Premium Received (Net of provision made)
Currency options	167.90	567.20
Equity Options	7742.88	1633.52
Index Options	63.98	22.49

Option contracts outstanding as at 31 March 2017:

Option Type	Premium Paid (Net of provision made)	Premium Received (Net of provision made)
Currency options	61.74	1,002.53
Equity Options	6.06	38.44
Index Options	850.02	601.09

2.37 Employee stock option plans

The Company has currently two Employee Stock Option Plans ('Plans') in force. The Plans provide that the Company's employees and those of its subsidiaries and associates are granted an option to acquire equity shares of the Company that vest in a graded manner. The options may be exercised within a specified period. The plans also provide that if the ESOP Committee so notifies, the participant may have an option to receive cash in lieu of exercising the vested options in the manner provided in the ESOP Scheme in this regards.

The Company follows the intrinsic value method to account for its stock based compensation plans. Compensation cost is measured as the excess, if any, of the fair market value of the underlying share on the date of grant over the exercise price.

During the year, the Company granted stock options to employees under the ESOP 2011 Plan where the exercise price was linked to either closing market price of the shares on the date of the grant or book value of the shares as per the last audited balance sheet of the Company as on the date of the grant, whichever is higher.

The schedule of stock options vesting period for ESOP 2011 Plan are as follows:-

Sr. No.	Vesting Date	% of options that shall vest
1	12 months from the date of grant	25 (Twenty five)% of grant
2	24 months from the date of grant	25 (Twenty five)% of grant
3	36 months from the date of grant	25 (Twenty five)% of grant
4	48 months from the date of grant	25 (Twenty five)% of grant
Total		100 (One hundred)% of grant

The options can be exercised within two years from the date of vesting.

During the years ended 31 March 2012, 31 March 2013, 31 March 2014, 31 March 2016, 31 March 2017 and 31 March 2018, the Company had granted stock options to the employees under the ESOP 2011 Plan (formulated in F.Y. 2011-12) where the exercise price was linked to either closing market price of the shares on the date of the grant or book value of the shares as per the last audited balance sheet of the Company as on the date of the grant, whichever is higher.

During the year ended 31 March 2011, the Company had formulated ESOP 2010 Plan wherein stock options were granted to employees where the exercise price was linked to either closing market price of the shares on the date of the grant or book value of the shares as per the last audited balance sheet of the Company as on the date of the grant, whichever is higher.

Notes to the consolidated financial statements (Continued)

(Currency: Indian rupees in millions)

2.37 Employee stock option plans (Continued)

The schedule of stock options vesting period for ESOP 2010 Plan are as follows:-

Sr. No.	Vesting Date	% of options that shall vest
1	12 months from the date of grant	25 (Twenty five)% of grant
2	24 months from the date of grant	25 (Twenty five)% of grant
3	36 months from the date of grant	25 (Twenty five)% of grant
4	48 months from the date of grant	25 (Twenty five)% of grant
Total		100 (One hundred)% of grant

The options can be exercised within four years from the date of vesting.

During the year ended 31 March 2010, the Company had formulated ESOP 2009 Plan wherein stock options were granted to employees where the exercise price was linked to either closing market price of the shares on the date of the grant or book value of the shares as per the last audited balance sheet as on the date of the grant, whichever is higher.

The schedule of stock options vesting period for ESOP 2009 Plan is as follows:-

Sr. No.	Vesting Date	% of options that shall vest
1	36 months from the date of grant	30 (Thirty)% of grant
2	48 months from the date of grant	30 (Thirty)% of grant
3	60 months from the date of grant	40 (Forty)% of grant
Total		100 (One hundred)% of grant

The options can be exercised within two years from the date of vesting.

For determination of compensation cost, the Company has assumed the exercise price to be the specified amount.

Since the exercise price in all the above Plans is linked to closing market price of the shares on the date of the grant date, there is no compensation cost based on intrinsic value of options.

With respect to stock options granted upto 31 March 2008, the fair market value of the underlying shares has been determined based on an independent valuer's report as these stock options were granted by the Company to its employees when it was not listed on the stock exchanges. The fair value of such stock options is arrived as stipulated in the Guidance Note on Accounting for Employee Share Based Payments issued by The Institute of Chartered Accountants of India. Based on intrinsic value method compensation cost written back in the statement of profit and loss for the year is ₹ Nil (Previous year: ₹ Nil).

Notes to the consolidated financial statements (Continued)

(Currency: Indian rupees in millions)

2.37 Employee stock option plans (Continued)

Details of various schemes are stated below:

Activity in the options outstanding under the employees stock option plans as at 31 March 2018:

Exercise Price (₹)	Range of	
	Exercise price(**)	Exercise price(**)
ESOP Plan	ESOP 2010	ESOP 2011
Total Options approved by the members	30,000,000	100,000,000
Grants as at 1 April 2017	4,259,750	56,658,402
Add - Options granted during the year	-	3,387,000
Less - Options lapsed/ cancelled during the Year	(17,000)	(1,544,838)
Less - Options exercised during the year	(2,769,750)	(25,048,690)
Grants as at 31 March 2018	1,473,000	33,451,874
Options exercisable as at 31 March 2018	1,473,000	15,190,574

Activity in the options outstanding under the employees stock option plans as at 31 March 2017:

Exercise Price (₹)	Range of		Range of	
	Exercise price	Exercise price(**)	Exercise price(**)	Exercise price(**)
ESOP Plan	ESOP 2009	ESOP 2010	ESOP 2010	ESOP 2011
Total Options approved by the members	50,000,000	30,000,000	30,000,000	100,000,000
Grants as at 1 April 2016	4,062,900	8,626,375	8,626,375	69,616,939
Add - Options granted during the year	-	-	-	5,115,000
Less - Options lapsed/ cancelled during the Year	(1,900,400)	(1,225,625)	(1,225,625)	(4,346,103)
Less - Options exercised during the year	(2,162,500)	(3,141,000)	(3,141,000)	(13,727,434)
Grants as at 31 March 2017	-	4,259,750	4,259,750	56,658,402
Options exercisable as at 31 March 2017	-	4,259,750	4,259,750	25,373,099

Following summarises the information about stock options outstanding:

Plan	As at 31 March 2018		As at 31 March 2017	
	ESOP Scheme 2010	ESOP Scheme 2011	ESOP Scheme 2010	ESOP Scheme 2011
- Range of exercise price **	₹ 41.40	₹ 24.60	₹ 41.40	₹ 24.60
	to	to	to	to
	₹ 61.00	₹ 301.45	₹ 61.00	₹ 118.00
- Number of shares arising out of options	1,473,000	33,451,874	4,259,750	56,658,402
- Weighted average life of Outstanding options (in years)	0.81	4.49	1.31	4.32
Weighted average exercise prices of stock Options (in ₹)				
- outstanding at the beginning of the year	49.19	39.89	48.95	36.28
- granted during the year	N.A.	207.55	N.A.	68.34
- forfeited/cancelled during the year	48.55	51.13	49.95	35.56
- exercised during the year	49.08	35.10	48.24	33.57
- outstanding at the end of the year	49.40	59.93	49.19	39.89
- exercisable at the end of the year	49.40	37.94	49.19	34.06

The average market share price for stock options exercised during the year is ₹ 245.72 (Previous year: ₹ 98.68).

Notes to the consolidated financial statements (*Continued*)

(Currency: Indian rupees in millions)

2.37 Employee stock option plans (*Continued*)

Fair value methodology

The fair value of options used to compute pro-forma net income and earnings per share have been estimated on the dates of each grant, on or after the date the 'Guidance Note on Accounting for Employee Share-based Payments', issued by the Institute of Chartered Accountants of India, became applicable, i.e. 1 April 2005, using the Black-Scholes option pricing model. The Company has estimated the volatility based on historical market volatility. The various assumptions considered in the pricing model for the aforementioned ESOP's granted are:

	For the year ended 31 March 2018	For the year ended 31 March 2017
Dividend yield	0.43% - 0.66%	1.06% - 2.12%
Expected volatility	44.61% - 45.68%	41.57% - 44.16%
Risk free interest rate	8.00%	8.00%
Expected life of the option	1 - 4 years	1 - 4 years

The weighted average fair value of options granted during the year ended 31st March 2018 is ₹ 69.73 (Previous year: ₹ 28.51)

Impact of fair value method on net profit and earnings per share

Had compensation cost for the Company's stock option plans outstanding been determined based on the fair value approach, the Company's net profit and earnings per share would have reduced to the pro-forma amounts as indicated below:

	For the year ended 31 March 2018	For the year ended 31 March 2017
Net Profit (as reported)	8,901.30	6,093.06
Less: Preference dividend declared by the Company (including dividend distribution tax)	(99.75)	(99.75)
Less: Impact of incremental cost under fair value approach	(158.67)	(213.17)
Net Profit: (pro-forma)	8,642.88	5,780.14
Basic earnings per share (as reported) (in ₹)	10.11	7.26
Basic earnings per share (pro-forma) (in ₹)	9.93	7.00
Diluted earnings per share (as reported) (in ₹)	9.80	6.92
Diluted earnings per share (pro-forma) (in ₹)	9.62	6.67

2.38 Share Application money pending allotment

The Company has received ₹ 25.08 million (Previous year: ₹ 40.94 million) towards share application on exercise of ESOPs which will result in an issue of 584,190 shares (Previous year: 1,133,100 shares). Of the total receipts ₹ 24.50 million (Previous year: ₹ 39.81 million) have been received towards share premium. These shares have since been allotted.

2.39 Capital commitment

- Uncalled liabilities on non-current investments ₹ Nil as at balance sheet date (Previous year: ₹ 21.67 million).
- Undrawn committed credit lines subject to meeting of conditions, ₹ 50,877.36 million as at balance sheet date (Previous year: ₹ 26,403.42 million).
- Estimated amount of contracts remaining to be executed on capital account and not provided for ₹ 817.11 million (Previous year: ₹ 780.79 million).

Notes to the consolidated financial statements (*Continued*)

(Currency: Indian rupees in millions)

2.40 Contingent liabilities

- a. Taxation matters in respect of which appeal is pending ₹ 1,081.91 million (Previous year: ₹ 1,021.46 million).
- b. Litigation pending against company amounts to ₹ 119.60 million (Previous year: ₹ 17.37 million).
- c. Claims not acknowledged as debt ₹ 60.48 million (Previous year: ₹ 48.36 million).

Note - The Company's pending litigations mainly comprise of claims against the Company pertaining to proceedings pending with Income Tax, Excise, Custom, Sales/VAT 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.

- 2.41 a) Brokerage income is disclosed net of (i) service tax, (ii) related sub brokerage expenses and (iii) transaction charges collected thereon
- b) Securities received from clients as collateral for margins are held by broking companies in the Group in their own names in fiduciary capacity

2.42 Disclosure relating to Specified Bank notes (SBN's) held and transacted during the period from November 8, 2016 to December 30, 2016 pursuant to Notification No. G.S.R. 308 (E) dated March 30, 2017:

Particulars	SBNs	Other	Total
		Denomination Notes	
Closing cash in hand as on 08.11.2016	9.78	0.10	9.88
Add: Permitted receipts	-	6.20	6.20
Less: Permitted payments	-	0.59	0.59
Less: Amount deposited in Banks	9.78	5.14	14.92
Closing cash in hand as on 30.12.2016	-	0.57	0.57

Note: 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 8 November, 2016.

2.43 Actuarial Liability

Liabilities for life insurance policies are determined by the Appointed Actuary in accordance with the IRDAI regulations and relevant actuarial practice standards & guidance notes issued by the Institute of Actuaries of India.

For Linked business (UL), separate unit and non-unit reserve is maintained. The unit reserve is the current value of the assets underlying the unit funds and the non-unit reserve is kept to meet the liabilities due to the cost of insurance, expenses, commissions etc in excess of future charges. For lapsed policies under UL products the fund is transferred to a separate discontinuance fund as per IRDAI regulations and reserves have been kept for benefits payable post lock-in period. The discontinuance charges collected are kept as non-unit reserves till the lock-in period and the non-unit reserves for the discontinuance policies are also kept assuming the policy will continue to be in the discontinuance fund till the lock-in period of five years.

Notes to the consolidated financial statements (*Continued*)

(Currency: Indian rupees in millions)

2.43 Actuarial Liability (*Continued*)

Non-linked business is reserved using a prospective gross premium method of valuation. The reserves are established having regard to the assumptions as to future experience, including the interest rate that will be earned on premiums not yet received and future bonus rates for participating business. Assumptions as to the future bonus rates are set to be consistent with the interest rate assumptions. For participating policies the valuation interest rate used is 6.00% (no change from last year). For non-par policies, the valuation interest rate ranges between 5.58% - 6.75% (no change from last year) for the first 5 years and 4.00% - 6.00% (no change from last year) thereafter (for annuity, 2% assumed for year greater than 50 years).

The lapse assumptions are based on various factors namely the actual experience, credibility of the experience, pricing assumptions, trend from actual experience and consistency from past year's assumptions.

For lapsed policies, revival reserves are maintained (till the policies are within the revival period) assuming 10.00% (previous year 10.00%) of them will get revived.

Mortality assumptions are set with reference to the published IALM (2006-2008) Ultimate Mortality Table. The mortality assumptions are based on various factors namely the actual experience, credibility of the experience, pricing assumptions, trend from actual experience and consistency from past year's assumptions. For annuity product, mortality rates are set with reference to the Modified Mortality for Annuitants - LIC (a) (1996-98) Ultimate Rates. Assumptions for morbidity and incidence of accidental death are based on terms available from reinsurers and the standard morbidity rate table CIBT 93 (Critical Illness Base Table for year 93).

Assumptions for future expenses are considered as per the file & use assumptions (which are derived from long term business plan of the Company) and these expenses escalated each year by 5.00% p.a. (previous year 5.00%) to allow for inflation. An additional reserve has been included to allow for the contingency of closure to new business and to cover maintenance expense overrun.

Commission has been allowed for at the rates specified in the products file and use.

Further it has been ensured that for each policy the reserve is sufficient to pay the surrender value.

For participating products, terminal bonuses are provisioned such that the reserves are at least equal to asset share at product level.

The provisions have been made for incurred but not reported death claims (IBNR), free look reserve, unearned premium reserve of the extra premium collected, data inadequacy reserve, guarantee reserve, catastrophic reserve, claims in payment reserve, reinstatement of reduced paid-up reserve, in-force policies getting converted to reduced paid up reserve, provision for options, claims expense reserve, claims in payment expense reserve, reserve for bulk surrender payout for Group variable insurance plan, unearned premium reserve for mortality charge for linked and group VIP plan, cashflow mismatch reserve, reserve for 'Non-negative residual additions to meet RIY' and reinsurance default risk reserve.

For riders, both unearned premium and gross premium reserves are calculated and the higher of these two is held as reserve. For OYRGTL plan (one year renewable group term life), the Unearned Premium Reserve is calculated as premium for the unexpired duration. In addition, the premium deficiency reserve and IBNR is also kept for OYRGTL.

Notes to the consolidated financial statements (*Continued*)

(Currency: Indian rupees in millions)

2.44 Policy Liabilities

(Forming part of the Policyholders' Funds)

Particulars	As at 31 March 2018				As at 31 March 2017			
	Par	Non Par	Unit Linked	Total	Par	Non Par	Unit Linked	Total
Policyholders Liabilities at end of the year *	2,671.02	7,500.91	4,001.66	14,173.59	1,947.41	5,044.07	2,217.22	9,208.70
Assets held to cover Policyholders Liabilities								
Investments - Schedule 8A	2,722.72	7,764.07	136.25	10,623.04	1,874.67	4,717.36	0.67	6,592.70
Investments - Schedule 8B	-	-	3,864.91	3,864.91	-	-	2,143.16	2,143.16
Net Investments	2,722.72	7,764.07	4,001.16	14,487.95	1,874.67	4,717.36	2,143.83	8,735.86
Loans	8.46	10.61	0.50	19.57	3.54	1.91	0.55	6.00
Fixed Assets	156.20	435.04	-	591.24	51.14	196.42	-	247.56
Net Current Assets	(216.36)	(708.81)	-	(925.17)	18.06	128.38	72.84	219.28
Total Assets	2,671.02	7,500.91	4,001.66	14,173.59	1,947.41	5,044.07	2,217.22	9,208.70

* Includes fair value change account

2.45 Long term borrowing (including current maturities of long term debt) secured by charge on loan receivables

Following is the repayment terms of term loans:

Term Loans – Secured as at 31 March 2018

Maturities	> 3 years	1-3 years	<1 year	Total
Rate of interest				
6.00 - 6.99%	105.43	57.88	28.94	192.25
8.00 - 8.99%	9,098.10	67,120.39	22,039.69	98,258.18
9.00 - 9.99%	7,627.41	17,102.81	7,054.60	31,784.82
10.00 - 10.99%	-	2,000.00	-	2,000.00
11.00 - 11.99%	-	62.50	250.00	312.50
Total	16,830.94	86,343.58	29,373.23	132,547.75

Term Loans – Secured as at 31 March 2017

Maturities	> 3 years	1-3 years	<1 year	Total
Rate of interest				
6.00 - 6.99%	34.15	11.60	5.80	51.55
8.00 - 8.99%	4,218.06	7,708.84	3,599.42	15,526.32
9.00 - 9.99%	15,898.67	19,957.95	7,589.60	43,446.22
10.00 - 10.99%	1,518.56	10,613.22	5,318.48	17,450.26
12.00 - 12.99%	-	482.50	357.50	840.00
Total	21,669.44	38,774.11	16,870.80	77,314.35

Notes to the consolidated financial statements (*Continued*)

(Currency: Indian rupees in millions)

2.46 Details of Non-convertible Debentures

Non-convertible Debentures – Secured as at 31 March 2018

Maturities	> 3 years	1-3 years	<1 year	Total
Rate of interest				
8.00 - 8.99%	17,716.83	45,042.53	-	62,759.36
9.00 - 9.99%	19,850.65	22,049.91	2,175.00	44,075.56
10.00 - 10.99%	4,373.14	13,603.99	3,964.50	21,941.63
11.00 - 11.99%	-	820.00	1,640.79	2,460.79
Zero Coupon Debentures	484.66	591.85	-	1,076.51
Various (benchmark linked)	13,411.67	11,014.24	13,563.39	37,989.30
Total	55,836.95	93,122.52	21,343.68	170,303.15

Non-convertible Debentures – Secured as at 31 March 2017

Maturities	> 3 years	1-3 years	<1 year	Total
Rate of interest				
8.00 - 8.99%	6,563.95	9,919.12	1,775.77	18,258.84
9.00 - 9.99%	16,966.43	16,741.17	4,000.00	37,707.60
10.00 - 10.99%	7,963.13	15,804.29	11,114.29	34,881.71
11.00 - 11.99%	1,261.04	3,841.82	150.00	5,252.86
Zero Coupon Debentures	180.00	347.77	500.00	1,027.77
Various (benchmark linked)	4,381.67	12,431.63	11,111.11	27,924.41
Total	37,316.22	59,085.80	28,651.17	125,053.19

Non-convertible Debentures – Unsecured as at 31 March 2018

Maturities	> 3 years	1-3 years	<1 year	Total
Rate of interest				
9.00 - 9.99%	2,760.00	-	-	2,760.00
10.00 - 10.99%	5,950.00	-	-	5,950.00
11.00 - 11.99%	4,000.00	4,700.00	-	8,700.00
Various (benchmark linked)	2,614.15	902.36	207.26	3,723.77
Total	15,324.15	5,602.36	207.26	21,133.77

Non-convertible Debentures – Unsecured as at 31 March 2017

Maturities	> 3 years	1-3 years	<1 year	Total
Rate of interest				
9.00 - 9.99%	120.00	-	-	120.00
10.00 - 10.99%	3,200.00	-	-	3,200.00
11.00 - 11.99%	4,290.00	-	-	4,290.00
12.00 - 12.99%	4,200.00	-	-	4,200.00
Various (benchmark linked)	568.50	650.00	-	1,218.50
Total	12,378.50	650.00	-	13,028.50

2.47 Certain companies in the Group have 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 Group has filed appeals and is defending its position. Due to the lack of clarity on the legal position relating to the application of Rule 8D, the outcome and quantification of the eventual tax liability on the Group, if any, at this stage cannot be estimated. The Group has been advised by its tax counsel that it has a good chance in sustaining its position.

Notes to the consolidated financial statements (*Continued*)

(Currency: Indian rupees in millions)

2.48 Micro, Small and Medium Enterprises Development Act, 2006

The Company has requested its creditors to confirm the applicability to them under the Micro Small and Medium Enterprises Development Act, 2006. Based on the responses received by the Company, the details of dues to macro enterprises and small enterprises:

Particulars	2018	2017
i) The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of accounting year.	-	1.50
ii) The amount of interest paid by the buyer in terms of section 16 of the Micro Small and Medium Enterprise Development Act, 2006, along with the amounts of the payment made to the supplier beyond the appointed day during accounting year.	-	-
iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	-	-
iv) The amount of interest accrued and remaining unpaid at the end of accounting year.	-	-
v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006.	-	-

2.49 Details of Cash and Cash Equivalents

Particulars	As at 31 March 2018	As at 31 March 2017
Cash in hand	43.47	43.02
Cheques in hand	1,723.83	179.22
Balances with banks	21,959.34	9,940.90
Short term deposits with bank	285.50	340.48
Total	24,012.14	10,503.62

2.50 Details of Investments

Particulars	As at 31 March 2018	As at 31 March 2017
Book value of quoted current investments	8,014.10	3,041.95
Market value of quoted current investments	8,014.83	3,041.95
Book value of un-quoted current investments	15,748.98	5,320.98
Book value of quoted non-current investments	1,922.13	4,768.07
Market value of quoted non-current investments	2,335.01	5,260.36
Book value of un-quoted non-current investments	65,069.08	55,645.83

Notes to the consolidated financial statements (*Continued*)

(Currency: Indian rupees in millions)

2.51 Encumbrance on fixed deposits

- Pledged fixed deposits aggregating to ₹ 2,773.83 million (Previous year: ₹ 14,041.95 million) with Banks for securing credit facilities, obtaining bank guarantees, securitisation contracts and meeting margin requirement for trading in cross currency swap and forward margin.
- Pledged fixed deposits aggregating to ₹ 1,035.95 million (Previous year: ₹ 8,382.07 million) with Exchanges for meeting Margin requirements.
- Pledged fixed deposits aggregating to ₹ 20.51 million (Previous year: ₹ 10.46 million) with VAT, CST & Excise authorities for meeting deposit requirements.
- Pledged fixed deposits aggregating to ₹ 23.38 million (Previous year: ₹ 19.88 million) with Exchanges towards arbitration.
- Pledged fixed deposits aggregating to ₹ 30.99 million (Previous year: ₹ 27.39 million) with Agriculture Produce Market Committee for obtaining Mandi License.

2.52 Details of Profit /(Loss) on sale of Commodities

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Profit /(Loss) on sale of Commodities:		
Sale of Manufactured Goods	-	120.44
Sale of Traded Goods	19,269.57	70,952.81
	19,269.57	71,073.25
Less: Cost of Goods Sold		
Cost of Material Consumed & Overheads	-	570.75
Purchase of Stock in Trade	18,124.07	54,700.89
Change in Inventory of Finished Goods and Trading Goods	1,256.75	14,019.54
Cost of Goods Sold	19,380.82	69,291.18
(Loss) / Profit on sale of Commodities	(111.25)	1,782.07

2.53 The Board of Directors at their meeting held on 03 May 2018, have recommended a final dividend of ₹ 0.30 per equity share (on face value of ₹ 1 per equity share), subject to the approval of the members at the ensuing Annual General Meeting. In terms of revised Accounting Standard (AS) 4 'Contingencies and Events occurring after the Balance sheet date' as notified by the Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016, dated 30 March 2016, the Company has not appropriated for the recommended final dividend (including tax) from the Statement of Profit and Loss for the year ended 31 March 2018.

2.54 The Edelweiss Asset Reconstruction Company Limited ("EARC"), a subsidiary of the Company, offered, issued and allotted 44,00,000 (Previous year: 2,00,00,000) 0.001% Non – Cumulative, Participating, Compulsorily Convertible Preference Shares (CCPS) of ₹ 10 each at a premium of ₹ 136.06 each (Previous year: ₹ 143.17) to CDPQ Private Equity Asia Pte Ltd. In addition, subject to applicable Law, each CCPS holder would be entitled to participate pari-passu in any dividends paid to shareholders of EARC on a pro rata, as-if-converted basis. The CCPS holders are entitled to have the proceeds of dissolution or winding up applied to pay off their CCPS investment in the EARC, prior and in preference to any other payments by EARC to the equity share holders. CCPS are convertible into equity shares of the EARC no later than the fourth anniversary from the date of issue of the CCPS. These CCPS have a dilutive impact whereby the effective holding of the Company in the EARC stands at 59.84% and accordingly the share of minority interest has been worked out and represented in the consolidated financial statements.

Notes to the consolidated financial statements (*Continued*)

(Currency: Indian rupees in millions)

2.55 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 or Loss	
		As % of consolidated net assets	Amount (₹ in Million)	As % of consolidated profit or loss	Amount (₹ in Million)
Parent					
	Edelweiss Financial Services Limited	43.28	33,597.07	16.02	1,426.60
Subsidiaries					
Indian					
1	EC Commodity Limited	0.53	409.91	0.15	13.51
2	Ecap Equities Limited	2.50	1,942.33	3.92	348.74
3	ECL Finance Limited	37.87	29,393.79	51.91	4,620.48
4	Edel Commodities Limited	(0.86)	(671.38)	0.43	38.42
5	Edel Finance Company Limited	1.61	1,249.96	(0.05)	(4.83)
6	Edel Investments Limited	0.51	397.00	3.23	287.76
7	Edel Land Limited	0.21	160.60	0.10	8.56
8	Edelcap Securities Limited	4.59	3,560.24	6.53	581.42
9	Edelweiss Alternative Asset Advisors Limited	(0.61)	(473.43)	(1.37)	(122.35)
10	Edelweiss Asset Management Limited	1.44	1,120.01	(2.12)	(188.67)
11	Edelweiss Broking Limited	1.87	1,448.10	0.08	6.74
12	Edelweiss Capital Markets Limited	0.38	291.95	2.30	204.43
13	Edelweiss Commodities Services Limited	7.41	5,754.30	5.80	516.06
14	Edelweiss Comtrade Limited	0.08	64.09	(0.64)	(56.90)
15	Edelweiss Custodial Services Limited	1.29	999.56	5.55	493.59
16	Edelweiss Finance & Investments Limited	2.97	2,308.39	2.38	212.26
17	Edelweiss Global Wealth Management Limited	0.03	24.94	3.04	270.74
18	Edelweiss Housing Finance Limited	6.57	5,098.81	7.90	702.86
19	Edelweiss Insurance Brokers Limited	0.40	308.98	0.74	65.61
20	Edelweiss Agri Value Chain Limited	2.09	1,623.38	1.01	90.02
21	Edelweiss Investment Adviser Limited	(1.23)	(952.40)	(6.10)	(542.79)
22	Edelweiss Retail Finance Limited	5.60	4,346.74	3.56	316.86
23	Edelweiss Securities Limited	5.84	4,529.99	4.10	365.05
24	Edelweiss Tokio Life Insurance Company Limited	14.89	11,555.48	(26.14)	(2,326.96)
25	Edelweiss Trustee Services Limited	0.02	14.74	0.02	1.47
26	Edelweiss Trusteeship Company Limited	0.00	3.39	-	-
27	Edelweiss Business Services Limited	0.09	68.69	1.71	151.78
28	EFSL Trading Limited	(0.03)	(19.54)	0.16	14.57
29	EFSL Comtrade Limited	(0.09)	(71.06)	0.63	55.82
30	Edelweiss Multi Strategy Fund Advisors LLP	0.01	6.15	0.07	6.04
31	Edelweiss Multi Strategy Funds Management Private Limited	0.11	84.93	0.45	39.71
32	Edelweiss Wealth Advisors LLP	-	1.66	0.49	43.85
33	EW Clover Scheme-1	0.83	646.63	1.52	135.35

Notes to the consolidated financial statements (*Continued*)

(Currency: Indian rupees in millions)

2.55 Additional Information, as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as Subsidiary or Associates (*Continued*)

Sr. No.	Name of the Entity	Net Assets i.e. Total assets minus Total Liabilities		Share in Profit or Loss	
		As % of consolidated net assets	Amount (₹ in Million)	As % of consolidated profit or loss	Amount (₹ in Million)
34	Edelweiss Holdings Limited	0.21	161.74	0.07	6.34
35	Edelweiss Finvest Private Limited	10.80	8,384.33	14.97	1,332.20
36	Edelweiss General Insurance Company Limited	1.81	1,402.40	(3.07)	(272.93)
37	Edelweiss Asset Reconstruction Company Limited	13.88	10,774.85	20.03	1,783.27
38	Edelweiss Private Equity Tech Fund	0.32	252.10	(0.01)	(1.06)
39	Edelweiss Securities (IFSC) Limited	0.17	134.36	(0.09)	(8.45)
40	Edelweiss Value and Growth Fund	0.91	707.29	(0.04)	(3.56)
41	Alternative Investment Market Advisors Private Limited	0.02	19.05	(0.01)	(0.95)
Foreign					
1	Aster Commodities DMCC	2.00	1,551.57	(3.91)	(347.69)
2	EAAA LLC	0.24	188.45	1.32	117.49
3	EC Global Limited	3.48	2,698.68	1.54	137.47
4	EC International Limited	(3.07)	(2,383.86)	1.34	119.41
5	Edelweiss Alternative Asset Advisors Pte. Limited	0.09	67.64	(2.00)	(177.99)
6	Edelweiss Capital (Singapore) Pte. Limited	0.15	112.80	0.10	8.65
7	Cross Border Synergy Pte. Limited (formerly known as Edelweiss Commodities Pte. Limited)	-	-	0.02	2.21
8	Edelweiss Financial Services Inc.	0.09	70.15	0.19	17.01
9	Edelweiss International (Singapore) Pte. Limited	2.24	1,735.48	(4.22)	(375.98)
10	Edelweiss Investment Advisors Private Limited	0.12	89.60	0.07	6.38
11	Edelweiss Securities (Hong Kong) Private Limited	0.02	18.09	(0.12)	(10.59)
12	EW India Special Assets Advisors LLC	0.01	5.01	-	0.15
13	EW SBI Crossover Advisors LLC	-	-	-	-
14	EW Special Opportunities Advisors LLC	0.01	7.58	-	0.09
15	Edelweiss India Capital Management	0.02	18.78	0.04	3.30
16	EFSL International Limited	(0.43)	(334.12)	(1.82)	(162.20)
17	Edelweiss Tarim Urunleri Anonim Sirketi	-	-	(0.02)	(1.46)
18	Edelweiss Financial Services (UK) Limited	0.03	23.82	0.01	0.57
Minority Interests in all subsidiaries		14.03	10,892.78	(3.13)	(278.17)
Associates (Investments as per the equity method)					
Indian					
1	Aeon Credit Services India Private Limited	-	-	(0.14)	(12.07)
2	Allium Finance Private Limited	0.38	293.32	-	0.16
3	Dahlia Commodities Services Private Limited	0.24	182.98	0.59	52.45
4	Edelweiss Fund Advisors Private Limited	-	1.02	(0.01)	(1.16)
5	Magnolia Commodities Services Private Limited	-	(0.09)	-	-

Notes to the consolidated financial statements (*Continued*)

(Currency: Indian rupees in millions)

2.56 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.

2.57 Previous year figures have been regrouped and rearranged wherever necessary confirm to current year's presentation/ classification.

Signature to Notes forming part of the Consolidated Financial Statements

For Price Waterhouse Chartered Accountants LLP

Chartered Accountants

Firm's Registration No.: 012754N / N500016

Russell I Parera

Partner

Membership No.: 42190

Mumbai

3 May 2018

For and on behalf of the Board of Directors

Rashesh Shah

Himanshu Kaji

S Ranganathan

B Renganathan

Mumbai

3 May 2018

Chairman, Managing Director & CEO DIN: 00008322

Executive Director DIN: 00009438

Chief Financial Officer

EVP & Company Secretary



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Edelweiss Financial Services Limited

Standalone Financial Statements for the year ended 31 March 2018

Independent Auditors' Report

TO THE MEMBERS OF EDELWEISS FINANCIAL SERVICES LIMITED

Report on the Standalone Financial Statements

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

Management's Responsibility for the Standalone Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements to give a true and fair view of the financial position, financial performance and cash flows of the Company 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. 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 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.
4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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 state of affairs of the Company as at March 31, 2018, and its profit and its cash flows for the year ended on that date.

Independent Auditors' Report (*Continued*)

Other Matter

9. The standalone financial statements of the Company for the year ended March 31, 2017, were audited by another firm of chartered accountants under the Companies Act, 2013 who, vide their report dated May 17, 2017, expressed an unmodified opinion on those financial statements.

Our opinion is not qualified in respect of these matters.

Report on Other Legal and Regulatory Requirements

10. As required by 'the Companies (Auditor's Report) Order, 2016', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order.
11. 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, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d) In our opinion, the aforesaid standalone 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 the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 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 with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A;
 - g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
 - i. The Company has disclosed the impact, if any, of pending litigations as at March 31, 2018 on its financial position in its standalone financial statements – Refer Note 2.36;
 - ii. The Company has made provision as at March 31, 2018, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 2.5, 2.9 and 2.46;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended March 31, 2018; and
 - iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2018.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016
Chartered Accountants

Russell I Parera
Partner

Membership Number : 042190

Mumbai
May 03, 2018

Annexure A to Independent Auditors' Report

Referred to in paragraph 11 (f) of the Independent Auditors' Report of even date to the members of Edelweiss Financial Services Limited on the standalone financial statements for the year ended March 31, 2018

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

1. We have audited the internal financial controls over financial reporting of Edelweiss Financial Services Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the 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.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

6. 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 the standalone 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 standalone financial statements.

Annexure A to Independent Auditors' Report (*Continued*)

Inherent Limitations of Internal Financial Controls Over Financial Reporting

7. 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

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, 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 **Price Waterhouse Chartered Accountants LLP**

Firm Registration Number: 012754N/N500016

Chartered Accountants

Russell I Parera

Partner

Membership Number : 042190

Mumbai

May 03, 2018

Annexure B to Independent Auditors' Report

Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of Edelweiss Financial Services Limited on the standalone financial statements as of and for the year ended March 31, 2018

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
- (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of 3 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification;
- (c) The title deeds of immovable properties, as disclosed in Note 2.10 on fixed assets to the financial statements, are held in the name of the Company.
- ii. The Company is in the business of rendering services, and consequently, does not hold any inventory. Therefore, the provisions of Clause 3(ii) of the said Order are not applicable to the Company.
- iii. 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 Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.
- iv. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of the loans and investments made, and guarantees and security provided by it.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, employees' stock option scheme, income tax, service tax, duty of customs, duty of excise, value added tax, cess, goods and service tax with effect from July 1, 2017 and other material statutory dues, as applicable, with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of duty of customs, duty of excise, value added tax or goods and service tax which have not been deposited on account of any dispute. The particulars of dues of income tax and service tax as at March 31, 2018 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹ mn)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act , 1961	Income Tax	0.28	AY 2009-10	Income Tax Appellate Tribunal (ITAT)
Income Tax Act , 1961	Income Tax	1.26	AY 2012-13	Commissioner of Income Tax (Appeals)
Income Tax Act , 1961	Income Tax	0.88	AY 2014-15	Commissioner of Income Tax (Appeals)
Service Tax	Service tax and penalty	414.60	2008-2009 to 2011-2012	CESTAT, Mumbai

Annexure B to Independent Auditors' Report (*Continued*)

- viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government or dues to debenture holders as at the balance sheet date.
- ix. In our opinion, and according to the information and explanations given to us, the moneys raised by way of further public offer (Qualified Institutional Placement) have been applied for the purposes for which they were obtained. The Company has not raised any money by way of initial public offer of equity or further public offer of debt instruments or term loan during the year.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of related party transactions have been disclosed in the financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv. The Company has not entered into any non -cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016
Chartered Accountants

Russell I Parera
Partner

Mumbai
May 03, 2018

Membership Number : 042190

Balance Sheet as at 31 March 2018

(Currency: Indian rupees in millions)	Note	As at 31 March 2018	As at 31 March 2017
EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	2.1	915.50	832.57
(b) Reserves and surplus	2.2	32,656.49	16,321.63
		33,571.99	17,154.20
Share application money pending allotment	2.33	25.08	40.94
Non-current liabilities			
(a) Long-term borrowings	2.3	-	212.00
(b) Other long term liabilities	2.4	-	38.99
(c) Long-term provisions	2.5	27.29	63.09
		27.29	314.08
Current liabilities			
(a) Short-term borrowings	2.6	-	7,150.33
(b) Trade payables	2.7	-	-
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		264.27	143.81
(c) Other current liabilities	2.8	683.61	1,462.90
(d) Short-term provisions	2.9	351.73	411.19
		1,299.61	9,168.23
TOTAL		34,923.97	26,677.45
ASSETS			
Non-current assets			
(a) Fixed assets			
(i) Property, Plant and Equipment	2.10	18.06	22.61
(ii) Intangible assets	2.10	48.48	43.23
(iii) Intangible assets under development		11.91	37.77
(b) Non-current investments	2.11	26,652.73	16,633.38
(c) Deferred tax assets (net)	2.12	236.70	277.57
(d) Long-term loans and advances	2.13	2,120.07	2,146.36
(e) Other non-current assets	2.14	1.07	0.39
		29,089.02	19,161.31
Current assets			
(a) Trade receivables	2.15	634.01	522.03
(b) Cash and bank balances	2.16	151.14	315.82
(c) Short-term loans and advances	2.17	4,893.90	6,333.12
(d) Other current assets	2.18	155.90	345.17
		5,834.95	7,516.14
TOTAL		34,923.97	26,677.45
The accompanying notes are an integral part of these financial statements	1 & 2		

This is the Balance Sheet referred to in our report of even date

For Price Waterhouse Chartered Accountants LLP
Chartered Accountants
Firm's Registration No.: 012754N / N500016

For and on behalf of the Board of Directors

Russell I Parera
Partner
Membership No.: 42190

Rashesh Shah
Himanshu Kaji

Chairman, Managing Director & CEO DIN: 00008322
Executive Director DIN: 00009438

S Ranganathan
B Ranganathan

Chief Financial Officer
EVP & Company Secretary

Mumbai
3 May 2018

Mumbai
3 May 2018

Statement of Profit and Loss for the year ended 31 March 2018

(Currency: Indian rupees in millions)	Note	For the year ended 31 March 2018	For the year ended 31 March 2017
Revenue from operations			
Fee and commission income	2.19	2,478.90	2,207.46
Income from investments and dividend	2.20	851.75	1,019.45
Interest income	2.21	872.03	1,008.35
Other operating revenue	2.22	192.47	269.04
Other income	2.23	3.13	0.35
Total revenue		4,398.28	4,504.65
Expenses			
Employee benefits expense	2.24	903.42	856.52
Finance costs	2.25	749.57	1,405.20
Depreciation and amortization expenses	2.10	40.60	28.31
Other expenses	2.26	918.67	778.73
Total expenses		2,612.26	3,068.76
Profit before tax		1,786.02	1,435.89
Tax expense:			
(1) Current tax {includes short provision for earlier years ₹ 23.98 million, (previous year excess provision written back ₹ 4.15 million)}		318.54	178.12
(2) Deferred tax		40.88	(32.29)
Profit for year		1,426.60	1,290.06
Earnings per equity share (₹) (Face value of ₹ 1 each):			
(1) Basic	2.29	1.64	1.56
(2) Diluted		1.59	1.49
The accompanying notes are an integral part of these financial statements	1 & 2		

This is the Statement of Profit and Loss referred to in our report of even date

For Price Waterhouse Chartered Accountants LLP
Chartered Accountants
Firm's Registration No.: 012754N / N500016

Russell I Parera
Partner
Membership No.: 42190

Mumbai
3 May 2018

For and on behalf of the Board of Directors

Rashesh Shah
Himanshu Kaji

S Ranganathan
B Ranganathan

Mumbai
3 May 2018

Chairman, Managing Director & CEO DIN: 00008322
Executive Director DIN: 00009438

Chief Financial Officer
EVP & Company Secretary

Cash Flow Statement for the year ended 31 March 2018

(Currency: Indian rupees in millions)	For the year ended 31 March 2018	For the year ended 31 March 2017
A Cash flow from operating activities		
Profit before tax	1,786.02	1,435.89
Adjustments for :		
Depreciation and amortisation expenses	40.60	28.31
Profit on sale of long-term investments	(0.91)	(1.67)
Bad debts written-off	49.08	-
Provision for doubtful debts	0.09	90.86
Dividend on long term investments	(850.84)	(1,010.15)
Profit on sale of fixed assets (net)	(0.16)	0.40
Provision for compensated absences	0.13	1.50
Profit on sale of current investments	-	(1.13)
Finance costs	749.57	1,405.20
Operating cash flow before working capital changes	1,773.58	1,949.21
Adjustments for :		
(Increase) / decrease in trade receivables	(161.15)	320.26
Decrease in loans and advances	1,436.26	64.77
(Increase) / decrease in other assets	(43.33)	43.37
Increase in liabilities and provisions	54.24	5.61
Cash generated from operations	3,059.60	2,383.22
Income taxes paid	(288.48)	(182.43)
Net cash generated from operating activities - A	2,771.12	2,200.79
B Cash flow from investing activities		
Purchase of fixed assets (including intangible asset under development)	(17.18)	(65.68)
Sale of fixed assets	1.90	2.68
Purchase of current investments	-	(2,000.00)
Sale of current investments	-	2,001.13
Purchase of long term investments	(10,046.35)	(1,066.68)
Redemption / sale of long term investments	27.91	1.67
Dividend on long term investments	1,050.33	811.92
Net cash used in investing activities - B	(8,983.39)	(314.96)

Cash Flow Statement for the year ended 31 March 2018 *(Continued)*

(Currency: Indian rupees in millions)	For the year ended 31 March 2018	For the year ended 31 March 2017
C Cash flow from financing activities		
Proceeds from issue of equity shares including securities premium and share application money (net of share issue expenses)	16,221.84	702.17
Repayment of Non convertible debentures	(850.00)	(1,700.00)
Repayment of long term borrowings	-	(0.75)
Proceeds from/repayment of short term borrowing (Refer note 1 below)	(7,150.33)	1,503.58
Dividend paid	(1,213.20)	(832.21)
Dividend distribution tax paid	(33.31)	(25.29)
Finance costs	(976.89)	(1,432.84)
Net cash generated from / (used in) financing activities - C	5,998.11	(1,785.34)
Net (decrease) / increase in cash and cash equivalents (A+B+C)	(214.16)	100.49
Cash and cash equivalents as at the beginning of the year	310.84	210.35
Cash and cash equivalents as at the end of the year (Refer note 2.16)	96.68	310.84

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.

The accompanying notes are an integral part of these financial statements

This is the Cash Flow Statement referred to in our report of even date

For Price Waterhouse Chartered Accountants LLP
Chartered Accountants
Firm's Registration No.: 012754N / N500016

For and on behalf of the Board of Directors

Russell I Parera
Partner
Membership No.: 42190

Rashesh Shah
Himanshu Kaji

Chairman, Managing Director & CEO DIN: 00008322
Executive Director DIN: 00009438

S Ranganathan
B Ranganathan

Chief Financial Officer
EVP & Company Secretary

Mumbai
3 May 2018

Mumbai
3 May 2018

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

1. Significant accounting policies

1.1 Background

Edelweiss Financial Services Limited ('the Company') is registered with the Securities & Exchange Board of India (SEBI) as a Category I – Merchant Banker and Portfolio Management Advisor. The Company was incorporated on 21 November 1995 and is the ultimate holding company of Edelweiss group of companies.

The Company is principally engaged in providing investment banking services and holding company activities comprising of development, managerial and financial support to the businesses of Edelweiss group entities.

1.2 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), the provisions of the Companies Act, 1956 (to the extent applicable)(hereinafter referred to as 'the Act') and the Schedule III to the Act. The financial statements are presented in Indian Rupees in millions.

1.3 Use of estimates

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

1.4 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:

- 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;

Notes to the financial statements (*Continued*)

1. Significant accounting policies (*Continued*)

1.4 Current / non-current classification (*Continued*)

- c. It is due to be settled within 12 months after the reporting date; or
- d. The company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities.

All other liabilities are classified as non-current

1.5 Revenue recognition

- a. Investment banking fee and other advisory fee income is recognised on an accrual basis in accordance with the terms and contracts entered into between the Company and the counterparty. Guarantee commission and other fees for services rendered to group companies is recognised on an accrual basis.
- b. Interest income is recognised on accrual basis.
- c. Dividend income is recognised when the right to receive payment is established.
- d. Profit 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.
- e. The rating support fee for the borrowing programme of the subsidiaries is accrued on straight line basis over the rating period and as per the contractual terms agreed with the subsidiaries.
- f. Royalty income, which is generally earned based upon a percentage of sales or a fixed amount, is recognized on an accrual basis.

1.6 Fixed assets and depreciation / amortization

Property, Plant and Equipment

Property, Plant and Equipment acquired by the Company are reported at acquisition cost, with deductions for accumulated depreciation and impairment losses, if any. 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 for its intended use or the date it is 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 of the Act for calculating the depreciation.

Notes to the financial statements (*Continued*)

1. Significant accounting policies (*Continued*)

1.6 Fixed assets and depreciation / amortization (*Continued*)

The estimated useful lives of the fixed assets are as follows:

Class of asset	Estimated useful life
Building (other than Factory Building)	60 years
Furniture and Fixtures	10 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

Leasehold improvements & premises are amortized on a straight-line basis over the estimated useful lives of the assets or the period of lease, whichever is shorter.

Intangible fixed assets

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 is amortized over a period of 3 years or its estimated useful life whichever is shorter.

1.7 Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired based on internal/external factors. If any such indication exists, the Company estimates the recoverable amount of the asset. The recoverable amount is the greater of the net selling price and the value in use of those assets. Value in use is arrived at by discounting the estimated future cash flows to their present value based on an appropriate discount factor. If such recoverable amount of the asset or the recoverable amount of cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised 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.

1.8 Investments

Investments are classified into non-current investments and current investments. Investments that are readily realisable and intended to be held for not more than a year from the date of acquisition are classified as current investments. All other investments are classified as long-term investments. However, that part of long term investments which is expected to be realized within 12 months after the reporting date is also presented under 'current assets' as "current portion of long term investments" in consonance with the current and non-current classification as per Schedule III.

Non-current 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 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.

1.9 Foreign currency transactions and currency derivatives

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 for the year.

Notes to the financial statements (*Continued*)

1. Significant accounting policies (*Continued*)

1.9 Foreign currency transactions and currency derivatives (*Continued*)

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.

The Company enters into currency derivative transactions to economically hedge its foreign exchange exposure. These derivative transactions 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.

In respect of currency forward contracts entered with banks, the premium or discount arising at the inception of the contract is amortised over the life of the contract in the statement of profit and loss. The difference in the opening and closing exchange rates (mark to market) is recognised in the statement of profit and loss. Any profit or loss arising on cancellation or renewal of such contracts is recognised in the statement of profit and loss.

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

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).

Notes to the financial statements (*Continued*)

1. Significant accounting policies (*Continued*)

1.11 Current and Deferred Tax

Tax expense comprises of current tax (i.e. amount of tax for the year determined in accordance with the Income Tax Act, 1961), deferred tax charge or benefit (reflecting the tax effect of timing differences between accounting income and taxable income for the year) and minimum alternate tax.

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 benefit and the corresponding deferred tax liabilities and assets are recognised using the tax rates that have been enacted or substantially enacted as 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 if there is a virtual certainty with convincing evidence 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 reasonably/virtually certain, as the case may be, to be realised.

Minimum Alternate Tax (MAT)

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

1.12 Operating leases

Lease payments for assets 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.

1.13 Earnings per share

The Company reports basic and diluted earnings per share in accordance with Accounting Standard 20 – “Earnings Per Share”. Basic earnings per share is computed by dividing the net profit after tax attributable to equity shareholders 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.

1.14 Employee stock option plans ('ESOPs')

The Company follows the intrinsic value method to account for compensation cost of its stock based employee compensation plans as per the accounting treatment prescribed by Employee Stock Option Scheme and Employee Share-based Payments issued by Securities and Exchange Board of India (SEBI) and guidance note on Employee Share-based Payments issued by Institute of Chartered Accountants of India (ICAI). The compensation cost is amortised on a straight-line basis.

1.15 Cash and cash equivalents

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.

Notes to the financial statements (*Continued*)

1. Significant accounting policies (*Continued*)

1.16 Borrowing Costs

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 Provisions and contingencies

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

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

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

Notes to the financial statements (Continued)

(Currency: Indian rupees in millions)

	As at 31 March 2018		As at 31 March 2017	
2.1 Share capital				
Authorised:				
1,230,000,000 (previous year: 1,230,000,000) equity shares of ₹ 1 each		1,230.00		1,230.00
4,000,000 (previous year: 4,000,000) preference shares of ₹ 5 each		20.00		20.00
		1,250.00		1,250.00
Issued, Subscribed and Paid up:				
915,498,927 (previous year: 832,569,089) equity shares of ₹ 1 each		915.50		832.57
		915.50		832.57
Movement in share capital	31 March 2018		31 March 2017	
	Number of shares	Amount	Number of shares	Amount
Outstanding at the beginning of the year	832,569,089	832.57	814,036,630	814.04
Shares issued during the year:				
-Under Employee Stock Options Plans (ESOPs)	28,367,350	28.37	18,532,459	18.53
-Under Qualified institutional placement (QIP) (Refer note 2.34)	54,562,488	54.56	-	-
Outstanding at the end of the year	915,498,927	915.50	832,569,089	832.57

Note:

The Company has bought back 2,030,048 equity shares of ₹ 1 each pursuant to the buy back programme in the financial year 2014-15.

Rights of equity shareholders:

The Company has only one class of equity shares having a par value of ₹ 1 each. 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.

Details of shareholders holding more than 5% shares in the Company:

	31 March 2018		31 March 2017	
	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding
Rashesh Shah	145,301,730	15.87%	145,301,730	17.45%
Venkatchalam Ramaswamy	58,026,560	6.34%	58,026,560	6.97%

Notes to the financial statements (Continued)

(Currency: Indian rupees in millions)

	As at 31 March 2018	As at 31 March 2017
2.2 Reserves and surplus		
Capital Redemption Reserve	2.03	2.03
Securities premium account		
Opening balance	14,374.63	13,711.35
Add : On issue of shares on exercise of Employee Stock Options Plans (ESOPs)	1,002.63	663.28
Add : On issue of shares under Qualified institutional placement	15,222.94	-
Less: Issue expenses on shares issued under Qualified institutional placement	(70.80)	-
	30,529.40	14,374.63
General reserve	508.64	508.64
Surplus in statement of profit and loss (Refer note 2.45)		
Opening balance	1,436.33	982.61
Add: Profit for the year	1,426.60	1,290.06
Amount available for appropriation	2,862.93	2,272.67
Appropriations:		
Interim dividend during the year	957.28	832.21
Final dividend for financial year 2016-17	255.92	-
Dividend distribution tax	33.31	4.13
	1,616.42	1,436.33
	-	-
	32,656.49	16,321.63

Notes to the financial statements (Continued)

(Currency: Indian rupees in millions)

	As at 31 March 2018	As at 31 March 2017
2.3 Long-term borrowings		
Secured		
Non-convertible debentures (Refer note 2.40) (Secured by fixed charge on immovable property and floating charge on receivables)	-	212.00
	-	212.00
2.4 Other long term liabilities		
Interest accrued but not due on borrowings	-	38.99
	-	38.99
2.5 Long-term provisions		
Provision for employee benefits		
Compensated absences	6.09	6.00
Deferred bonus	21.20	57.09
	27.29	63.09
2.6 Short-term borrowings		
Unsecured		
Loans and advances from related parties (Refer note 2.28) (Repayable on demand and carry interest at 11% p.a.)	-	7,150.33
	-	7,150.33

Notes to the financial statements (Continued)

(Currency: Indian rupees in millions)

	As at 31 March 2018	As at 31 March 2017
2.7 Trade payables		
Payable to:		
- To related parties (Refer note 2.28)	85.69	10.85
- To others (includes sundry creditors and provision for expenses)	178.58	132.96
	264.27	143.81
2.8 Other current liabilities		
Current maturities of long term debt		
Non-convertible debentures (Refer note 2.40)	212.00	850.00
Interest accrued but not due on borrowings	64.52	234.73
Interest accrued and due on borrowings	-	39.54
Unclaimed dividends (Refer note below)	4.46	4.98
Other payables		
Accrued salaries and benefits	359.09	290.37
Withholding taxes, Goods and Service tax and other taxes payable	39.63	28.57
Others	3.91	14.71
(During the year, the Company has credited ₹ 0.66 million (previous year ₹ 0.45 million) to Investor Education and Protection Fund. There are no amounts due and outstanding to be credited as at year end)		
	683.61	1,462.90
2.9 Short-term provisions		
Provision for employee benefits		
Compensated absences	1.39	1.35
Deferred bonus	78.91	139.22
Others		
Provision for taxation (net of advance income tax ₹ 273.89 million; previous year: ₹ 93.93 million)	271.43	270.62
	351.73	411.19

Notes to the financial statements (Continued)

(Currency: Indian rupees in millions)

2.10 Fixed assets

Description of assets	Gross Block		Depreciation / Amortization		Net Block	
	As at 1 April 2017	Additions during the year	Deductions during the year	As at 31 March 2018		As at 31 March 2018
Property, Plant and Equipment						
Freehold Building*	2.78	-	-	1.04	1.13	1.65
Leasehold Improvements	1.77	-	-	1.13	1.44	0.33
Furniture and Fixtures	0.34	0.09	-	0.28	0.30	0.13
Vehicles	37.76	0.53	10.84	27.25	21.15	6.30
Office Equipment	10.65	0.85	4.94	9.37	5.40	1.16
Computers	25.16	6.61	3.19	16.78	20.09	8.49
Total: A	78.46	8.08	18.97	55.85	49.51	18.06
Intangible assets						
Computer software	113.39	34.96	2.44	70.16	97.43	48.48
Total: B	113.39	34.96	2.44	70.16	97.43	48.48
Grand total [A+B]	191.85	43.04	21.41	126.01	146.94	66.54

* Mortgaged for Non Convertible Debentures
Note: There are no adjustments on account of borrowing costs.

Notes to the financial statements (Continued)

(Currency: Indian rupees in millions)

2.10 Fixed assets (Previous year)

Description of assets	Gross Block		Depreciation / Amortization		Net Block As at 31 March 2017
	As at 1 April 2016	Additions during the year	Deductions during the year	As at 31 March 2017	
Property, Plant and Equipment					
Freehold Building*	2.78	-	-	0.95	1.74
Leasehold Improvements	1.77	-	-	0.82	0.64
Furniture and Fixtures	0.56	-	0.22	0.45	0.06
Vehicles	39.55	5.11	6.90	26.60	10.51
Office Equipment	11.14	0.35	0.84	9.22	1.28
Computers	28.49	7.04	10.37	21.52	8.38
Total: A	84.29	12.50	18.33	59.56	22.61
Intangible assets					
Computer software	73.21	40.18	-	53.39	43.23
Total: B	73.21	40.18	-	53.39	43.23
Grand total [A+B]	157.50	52.68	18.33	112.95	65.84

* Mortgaged for Non Convertible Debentures

Note: There are no adjustments on account of borrowing costs.

Notes to the financial statements (Continued)

(Currency: Indian rupees in millions)

2.11 Non-current investments

(valued at cost, unless stated otherwise)

	As at 31 March 2018			As at 31 March 2017		
	Face Value	Quantity	Amount	Face Value	Quantity	Amount
I. Others (quoted)						
Investments in equity instruments (fully paid up)						
Kotak Mahindra Bank Limited*	5	5	0.00	5	5	0.00
Healthcare Global Enterprises Limited*	10	10,710	0.00	10	10,710	0.00
			0.00			0.00
II. Others (unquoted)						
(A) Investments in equity instruments of subsidiary companies (fully paid up)						
ECL Finance Limited	1	1,499,959,129	5,190.56	1	1,499,959,129	5,190.56
Edelweiss Tokio Life Insurance Company Limited	10	159,436,650	5,992.24	10	133,412,010	3,642.21
Edelweiss Finance & Investments Limited	10	3,435,332	1,692.23	10	2,655,020	2,618.12
Edelweiss Commodities Services Limited	10	29,775,368	1,108.00	10	29,775,368	1,108.00
Edelweiss Asset Management Limited	10	65,939,250	1,225.14	10	63,937,500	1,065.00
EC Commodity Limited	10	30,000,000	501.43	10	30,000,000	501.43
Edelweiss Asset Reconstruction Company Limited	10	20,817,286	434.89	10	20,817,286	434.89
Edelweiss Retail Finance Limited	10	9,691,667	908.18	10	4,691,667	408.18
Edelweiss Broking Limited	10	113,300,000	2,089.29	10	4,881,000	305.80
Edelweiss Capital (Singapore) Pte. Limited	SGD1	6,813,800	319.74	SGD1	6,813,800	319.74
Edelweiss Multy Strategy Funds Management Pvt. Ltd.	10	13,214,644	180.05	10	13,214,644	180.05
Edelweiss Housing Finance Limited	10	16,050,000	655.50	10	11,050,000	155.50
Edelweiss Holdings Limited	10	15,000,000	150.00	10	15,000,000	150.00
Edelweiss Alternative Asset Advisors Limited	10	2,256,000	110.80	10	2,256,000	110.80
Edelweiss Securities (IFSC) Limited	10	14,734,144	147.54	10	10,846,144	108.66
Edelweiss Securities Limited	10	26,213,676	92.00	10	26,213,676	92.00
Edelweiss General Insurance Company Limited	10	170,000,000	1,700.00	10	5,000,000	50.00
Edelweiss Global Wealth Management Limited	10	16,000,000	195.63	10	1,000,000	45.63
Edel Investments Limited	10	3,370,000	46.00	10	3,370,000	46.00
Edelweiss Insurance Brokers Limited	10	2,500,000	25.00	10	2,500,000	25.00
Ecap Equities Limited	10	740,000	1,260.00	10	240,000	10.00
EC International Limited	USD1	125,000	6.20	USD 1	125,000	6.20
Edel Land Limited	10	285,000	147.61	10	135,000	1.35
Edelweiss Trusteeship Company Limited	10	100,000	1.00	10	100,000	1.00
Edelweiss Trustee Services Limited	10	50,000	0.50	10	50,000	0.50
Edelweiss Investment Adviser Limited	10	550,000	5.50	10	50,000	0.50
EdelGive Foundation	10	10,000	0.10	10	10,000	0.10
Edelweiss Finvest Private Limited	10	8,279,275	1,180.64	-	-	-
Edel Finance Company Limited	100	7,398,823	1,257.80	-	-	-
			26,623.57			16,577.22

Notes to the financial statements (Continued)

(Currency: Indian rupees in millions)

2.11 Non-current investments (Continued)

(valued at cost, unless stated otherwise)

	As at 31 March 2018			As at 31 March 2017		
	Face Value	Quantity	Amount	Face Value	Quantity	Amount
(B) Investments in equity instruments of associate companies (fully paid up)						
Edelweiss Fund Advisors Private Limited	10	50,000	0.50	10	50,000	0.50
			0.50			0.50
(C) Investments in equity instruments of other companies (fully paid up)						
Percept Limited	10	67,843	200.00	10	67,843	200.00
Highmark Credit Information Services Pvt. Ltd.	10	1,926,531	23.61	10	1,926,531	23.61
JSM Corporation Private Limited	10	16,230	2.70	10	16,230	2.70
Enter Technologies Private Limited	10	250,000	2.50	10	250,000	2.50
EMR Technology Ventures Private Limited	10	120,000	2.40	10	120,000	2.40
Starcom Software Private Limited	1	20,000	2.00	1	20,000	2.00
UTV (TSN) Private Limited	10	13,500	1.35	10	13,500	1.35
Zycus Infotech Private Limited	2.50	67,600	1.34	2.50	67,600	1.34
IDS Next Business Solutions Pvt. Ltd	10	1,500	0.37	10	1,500	0.37
Choksi Technologies Private Limited	10	30,000	0.30	10	30,000	0.30
July Systems, Inc.	-	83,695	0.33	-	83,695	0.33
Mecklai Financial Services Pvt. Ltd.	10	10,000	0.10	10	10,000	0.10
Octon Technologies Limited	10	4,165	0.04	10	4,165	0.04
Enmail.com Private Limited	10	1,250	0.01	10	1,250	0.01
Caltiger.com Limited	10	112,211	0.02	10	112,211	0.02
N-Logue Communication Private Limited*	10	358	0.00	10	358	0.00
ACL India Private Limited *	-	500	0.00	-	500	0.00
Cadbury India Limited*	10	1	0.00	10	1	0.00
Travelanza Private Limited*	10	19	0.00	10	19	0.00
Orion Tele-Equipment Private Limited*	10	857	0.00	10	857	0.00
Rooms Tonite eBookings Private Limited*	10	5	0.00	10	5	0.00
			237.07			237.07
Less : Diminution in value			(208.41)			(208.41)
			28.66			28.66
(D) Investments in preference shares of subsidiary companies (fully paid up)						
ECap Equities Limited	-	-	-	10	1,800,000	18.00
Edel Investments Limited	-	-	-	10	450,000	9.00
Edelweiss Securities Limited *	-	-	-	10	9,575	0.00
			-			27.00

Notes to the financial statements (Continued)

(Currency: Indian rupees in millions)

2.11 Non-current investments (Continued)

(valued at cost, unless stated otherwise)

	As at 31 March 2018			As at 31 March 2017		
	Face Value	Quantity	Amount	Face Value	Quantity	Amount
(E) Investments in preference shares of other companies (fully paid up)						
July Systems, Inc.		27,898	1.37		27,898	1.37
			1.37			1.37
Less : Diminution in value			(1.37)			(1.37)
			-			-
(F) Investments in other instruments						
MIC Electronics Limited - Warrants	2	1,500,000	36.60	2	1,500,000	36.60
Synergies Casting Limited - Warrants*	1	190,832	0.00	1	190,832	0.00
			36.60			36.60
Less : Diminution in value			(36.60)			(36.60)
			0.00			0.00
(G) Investments in units of venture capital funds						
Edelweiss Property Fund I	10,000	19,085	96.56	10,000	19,085	96.56
			96.56			96.56
Less : Diminution in value			(96.56)			(96.56)
			-			-
Total			26,652.73			16,633.38
Aggregate amount of unquoted investment						
- At carrying value			26,652.73			16,633.38
Aggregate amount of quoted investment						
- At carrying value *			0.00			0.00
- At market value			3.10			2.44
Aggregate amount of provision for diminution			342.94			342.94

*₹ 0.00 refers to amount less than ₹ 0.01 million

Notes to the financial statements (Continued)

(Currency: Indian rupees in millions)

	As at 31 March 2018	As at 31 March 2017
2.12 Deferred tax		
Deferred tax assets		
Difference between book and tax depreciation	9.29	9.19
Provision for doubtful debts/advances / diminution in value of investments	202.55	200.61
Disallowances under section 43B of the Income Tax Act, 1961	37.59	70.49
Total (A)	249.43	280.29
Deferred tax liabilities		
Unrealised gain on currency derivatives	12.73	2.72
Total (B)	12.73	2.72
Deferred tax assets - Net (A-B)	236.70	277.57
2.13 Long-term loans and advances		
Unsecured, considered good		
Other loans and advances		
Advance income tax (net of provision for tax ₹ 1,181.18 million; previous year: ₹ 1,068.01 million)	725.07	690.83
Loans given to employees welfare trusts	1,395.00	1,455.53
	2,120.07	2,146.36
2.14 Other non-current assets		
Contribution to gratuity fund (net) (Refer note 2.30)	1.07	0.39
	1.07	0.39
2.15 Trade receivables		
Outstanding for a period exceeding six months		
Unsecured, considered doubtful	236.78	236.69
Less: Provision for doubtful debts	236.78	236.69
	-	-
Other debts		
Unsecured, considered good	634.01	522.03
	634.01	522.03

Notes to the financial statements (Continued)

(Currency: Indian rupees in millions)

	As at 31 March 2018	As at 31 March 2017
2.16 Cash and bank balances		
Cash and cash equivalents		
Cash in hand	0.04	0.08
Balances with banks		
- in Current accounts	96.64	310.76
	96.68	310.84
Other bank balances		
-in unpaid dividend accounts	4.46	4.98
Short term deposits with bank (Refer note 2.41)	50.00	-
	151.14	315.82
2.17 Short-term loans and advances		
Unsecured, considered good		
Loans and advances to related parties (Refer note 2.28 and note 2.38)		
To associates companies	0.05	0.05
To subsidiary companies	4,540.44	6,156.58
Other loans and advances		
Advances to others	0.94	0.92
Deposits	22.18	19.74
Advances recoverable in cash or in kind or for value to be received	317.69	83.49
Loans and advances to employees	7.18	3.43
Advance income tax (net of provision for taxation ₹ 178.80 million; previous year: ₹ 453.26 million)	5.42	68.91
	4,893.90	6,333.12
2.18 Other current assets		
Unsecured, considered good		
Accrued interest on fixed deposits	0.31	-
Accrued interest on loans given	148.13	130.56
Dividend receivable from related parties (Refer note 2.28)	-	199.49
Margin placed with broker	7.46	15.12
	155.90	345.17

Notes to the financial statements (*Continued*)

(Currency: Indian rupees in millions)

	For the year ended 31 March 2018	For the year ended 31 March 2017
2.19 Fee and commission income		
Advisory, rating support and other fees	2,478.90	2,207.46
	2,478.90	2,207.46
2.20 Income from investments and dividend		
Dividend on long-term investments (Refer note 2.28)	850.84	1,010.15
Yield on real estate advances	-	6.50
Profit on sale of current investments	-	1.13
Profit on sale of long-term investments	0.91	1.67
	851.75	1,019.45
2.21 Interest Income		
On loans to subsidiary companies (Refer note 2.28)	870.06	1,007.83
On fixed deposits	1.43	-
On Margin with brokers	0.47	0.32
On others	0.07	0.20
	872.03	1,008.35
2.22 Other operating revenue		
Foreign exchange gain (net)	192.47	269.04
	192.47	269.04
2.23 Other income		
Miscellaneous income	3.13	0.35
	3.13	0.35
2.24 Employee benefits expense		
Salaries and wages	805.05	799.17
Contribution to provident and other funds	28.91	17.12
Staff welfare expenses	69.46	40.23
	903.42	856.52

Notes to the financial statements (Continued)

(Currency: Indian rupees in millions)

	For the year ended 31 March 2018	For the year ended 31 March 2017
2.25 Finance costs		
Interest on debentures	76.23	198.31
Interest on bank overdraft	0.04	0.35
Interest on loan from subsidiaries (Refer note 2.28)	213.26	442.18
Interest - others	0.21	0.17
Discount on commercial papers	428.16	720.11
Financial and bank charges	31.67	44.08
	749.57	1,405.20
2.26 Other expenses		
Advertisement and business promotion	214.36	207.94
Auditors' remuneration (Refer note below)	7.05	7.56
Bad debts and advances written off	49.08	-
Commission to non-executive directors	6.80	10.10
Commission and brokerage	25.73	16.28
Communication	6.12	4.99
Computer software expenses	72.97	43.36
Clearing and custodian charges	1.20	0.68
Contribution towards corporate social responsibility (Refer note 2.28 and 2.42)	38.00	26.84
Donation	1.05	0.72
Directors' sitting fees	2.00	1.70
Electricity charges	9.59	11.13
Insurance	23.58	18.77
Legal and professional fees	250.22	175.42
Loss / (profit) on sale/ write-off of fixed assets (net)	(0.16)	0.40
Membership and subscription	21.05	15.80
Office expenses	7.11	5.78
Postage and courier	1.41	1.18
Printing and stationery	8.97	7.69
Provision for doubtful debts	0.09	90.86
Rates and taxes	10.59	10.20
Rent	81.06	72.64
Repairs and maintenance - others	1.45	1.52
Seminar and conference	7.20	3.74
Travelling and conveyance	72.15	43.43
	918.67	778.73
Auditors' remuneration:		
As Auditor	6.78	7.07
Towards reimbursement of expenses	0.27	0.49
	7.05	7.56

Notes to the financial statements (*Continued*)

(Currency: Indian rupees in millions)

2.27 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
Agency business	Advisory and transactional services
Holding company activities	Development, managerial and financial support to the businesses of Edelweiss group entities

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 March 2018	For the year ended 31 March 2017
I Segment Revenue		
a) Agency business	2,101.10	1,652.08
b) Holding company activities	2,297.18	2,852.57
c) Unallocated	-	-
Total Income	4,398.28	4,504.65
II Segment Results		
a) Agency business	1,067.31	659.08
b) Holding company activities	718.71	776.81
c) Unallocated	-	-
Profit before taxation	1,786.02	1,435.89
Less : Provision for taxation	359.42	145.83
Profit after taxation	1,426.60	1,290.06

Notes to the financial statements (Continued)

(Currency: Indian rupees in millions)

2.27 Segment reporting (Continued)

Particulars	31 March 2018	31 March 2017
III Segment Assets		
a) Agency business	725.98	427.40
b) Holding company activities	33,467.50	25,490.31
c) Unallocated	730.49	759.74
Total	34,923.97	26,677.45
IV Segment Liabilities		
a) Agency business	278.88	357.64
b) Holding company activities	732.51	8,820.51
c) Unallocated	315.51	304.16
Total	1,326.90	9,482.31
V Capital Expenditure (Including intangible assets under development)		
a) Agency business	35.19	42.69
b) Holding company activities	7.85	9.99
c) Unallocated	-	-
Total	43.04	52.68
VI Depreciation and Amortization		
a) Agency business	33.20	22.94
b) Holding company activities	7.40	5.37
c) Unallocated	-	-
Total	40.60	28.31
VII Significant Non-Cash Expenses Other than Depreciation and Amortization		
a) Agency business	49.04	91.18
b) Holding company activities	(0.03)	0.08
c) Unallocated	-	-
Total	49.01	91.26

Notes to the financial statements (*Continued*)

(Currency: Indian rupees in millions)

2.28 Disclosure as required by Accounting Standard 18 - "Related Party Disclosure":

(A) Subsidiaries which are controlled by the Company:

Edelweiss Securities Limited

Edelweiss Finance & Investments Limited

ECL Finance Limited

Edelweiss Global Wealth Management Limited

EC Global Limited, Mauritius (through EC International Limited, Mauritius)

Edelweiss Insurance Brokers Limited

Edelweiss Trustee Services Limited

Edelweiss Business Services Limited

Edelcap Securities Limited (through ECap Equities Limited)

Edelweiss Asset Management Limited

ECap Equities Limited

Edelweiss Broking Limited

Edelweiss Trusteeship Company Limited

Edelweiss Alternative Asset Advisors Limited

Edelweiss Housing Finance Limited (through Edelweiss Commodities Services Limited)

Edelweiss Investment Adviser Limited

EC Commodity Limited

Edel Commodities Limited (through Edelweiss Commodities Services Limited)

Edel Land Limited

Edelweiss Custodial Services Limited (through Edelweiss Securities Limited)

EC International Limited, Mauritius

Edelweiss Capital (Singapore) Pte. Limited

Edelweiss Alternative Asset Advisors Pte. Limited (through Edelweiss Capital (Singapore) Pte. Limited)

Edelweiss International (Singapore) Pte. Limited (through Edelweiss Capital (Singapore) Pte. Limited)

Aster Commodities DMCC, United Arab Emirates (through EC International Limited, Mauritius)

EAAA LLC, Mauritius (through EC International Limited)

EW Special Opportunities Advisors LLC, Mauritius (through EAAA LLC)

EW India Special Assets Advisors LLC, Mauritius (through EAAA LLC)

Edel Investments Limited

Edelweiss Tokio Life Insurance Company Limited

Edelweiss Investment Advisors Private Limited, Singapore (through Edelweiss Capital (Singapore) Pte. Limited)

Notes to the financial statements *(Continued)*

(Currency: Indian rupees in millions)

2.28 Disclosure as required by Accounting Standard 18 - "Related Party Disclosure" *(Continued)*

(A) Subsidiaries which are controlled by the Company: *(Continued)*

Edelweiss Commodities Services Limited

Edelweiss Comtrade Limited (through Edelweiss Securities Limited)

Edel Finance Company Limited

Edelweiss Capital Markets Limited (through Edelweiss Commodities Services Limited)

EW SBI Crossover Advisors LLC, Mauritius (through EAAA LLC) (Upto 29 July 2017)

EFSL Trading Limited (through Edel Commodities Limited)

EFSL Comtrade Limited (through Edelweiss Commodities Services Limited)

Edelweiss Retail Finance Limited (through Edelcap Securities Limited)

Edelweiss Securities (Hong Kong) Private Limited (through Edelweiss Securities Limited)

Edelweiss Financial Services Inc, United States of America (through Edelweiss Securities Limited)

Cross Border Synergy Pte. Limited (formerly known as Edelweiss Commodities Pte. Limited) (through EFSL Comtrade Limited) (Upto 6 December 2017)

Edelweiss Agri Value Chain Limited (through Edelweiss Commodities Services Limited)

EdelGive Foundation

Edelweiss Multi Strategy Funds Management Private Limited

Edelweiss Wealth Advisors LLP (through Edelweiss Commodities Services Limited)

Edelweiss India Capital Management, Mauritius (through Edelweiss Multi Strategy Funds Management Private Limited)

Edelweiss Multi Strategy Fund Advisors LLP (through Edelweiss Multi Strategy Funds Management Private Limited)

EFSL International Limited, Mauritius (through EC International Limited)

Edelweiss Financial Services (UK) Limited, United Kingdom (through Edelweiss Securities Limited)

Edelweiss Holdings Limited

Edelweiss Tarim Urunleri Anonim Sirketi, Turkey (through EFSL Comtrade Limited) (Upto 27 February 2018)

Edelweiss AIF Fund I - EW Clover Scheme -1 (through Edelcap Securities Limited)

Edelweiss General Insurance Company Limited

Edelweiss Finvest Private Limited (through Ecap Equities Limited)

Edelweiss Asset Reconstruction Company Limited (through Edelweiss Custodial Services Limited)

Edelweiss Private Equity Tech Fund (through Ecap Equities Limited)

Edelweiss Securities (IFSC) Limited

Edelweiss Value and Growth Fund (through Ecap Equities Limited)

Alternative Investment Market Advisors Private Limited

Notes to the financial statements (*Continued*)

(Currency: Indian rupees in millions)

2.28 Disclosure as required by Accounting Standard 18 - "Related Party Disclosure" (*Continued*)

(B) Associates:

Allium Finance Private Limited (through Edelweiss Commodities Services Limited)

Edelweiss Fund Advisors Private Limited

Dahlia Commodities Services Private Limited (through Edelweiss Securities Limited)

Magnolia Commodities Services Private Limited (through Edelweiss Securities Limited)

Aeon Credit Service India Private Limited (through ECL Finance Limited) (Upto 22 August 2017)

(C) Individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them control or significant influence over the Company:

Mr. Rashesh Shah

Mr. Venkatchalam Ramaswamy

Ms. Vidya Shah

Ms. Aparna T. C.

(D) Key managerial personnel :

Mr. Rashesh Shah - Chairman, Managing Director & CEO

Mr. Venkatchalam Ramaswamy - Executive Director

Mr. Himanshu Kaji - Executive Director

Mr. Rujan Panjwani - Executive Director

(E) Relatives of individuals exercising significant influence and relatives of KMP, with whom transaction have taken place:

Ms. Kaavya Venkat

Ms. Shilpa Mody

Ms. Sejal Premal Parekh

Mr. A V Ramaswamy

Ms. Sneha Sripad Desai

Ms. Shabnam Panjwani

(F) Enterprises over which KMPs / Relatives exercise significant influence, with whom transactions have taken place:

Spire Investment Advisors LLP

Shah Family Discretionary Trust

Notes to the financial statements *(Continued)*

(Currency: Indian rupees in millions)

2.28 Disclosure as required by Accounting Standard 18 - "Related Party Disclosure" *(Continued)*

(G) Transactions and balances with related parties

Sr. No.	Nature of Transaction	Related Party Name	31 March 2018	31 March 2017
Capital Account Transactions				
1	Investments in Equity shares of	Edelweiss Tokio Life Insurance Company Limited	2,350.03	-
		Edelweiss Broking Limited	1,783.49	-
		Edelweiss General Insurance Company Limited	1,650.00	-
		Edel Finance Company Limited	1,257.80	-
		Ecap Equities Limited	1,250.00	-
		Edelweiss Finvest Private Limited	1,180.64	-
		Edelweiss Asset Reconstruction Company Limited	-	434.89
		Edelweiss Asset Management Limited	-	315.00
		Edelweiss Securities (IFSC) Limited	-	108.66
		Edelweiss Capital (Singapore) Pte. Limited	-	70.08
		Edelweiss Multi Strategy Funds Management Pvt. Ltd.	-	70.00
		Others – Subsidiaries	1,899.79	68.05
2	Reduction in investments on account of demerger of (Refer Note 4)	Edelweiss Finance and Investments Limited	1,325.40	-
3	Redemption of preference shares of	Ecap Equities Limited	18.00	-
		Edel Investments Limited	9.00	-
		Others - Subsidiaries *	0.00	-
Current Account Transactions				
4	Commercial paper subscribed by	Edelweiss Commodities Services Limited	-	1,986.94
		Ecap Equities Limited	-	3,732.67
5	Commercial paper redeemed to	Edelweiss Commodities Services Limited	-	10,823.88
6	Short term loans given to (Refer note 1)	Edelweiss Commodities Services Limited	23,205.31	39,093.19
		ECL Finance Limited	7,000.00	-
		Ecap Equities Limited	-	84.00
		Edelweiss Securities Limited	-	968.18
		Edelweiss Retail Finance Limited	-	333.02
		Edelweiss Capital (Singapore) Pte. Limited	2,985.74	3,258.65
		EC International Limited	419.76	6,511.80
		Others – Subsidiaries	-	2,639.91

Notes to the financial statements (Continued)

(Currency: Indian rupees in millions)

2.28 Disclosure as required by Accounting Standard 18 - "Related Party Disclosure" (Continued)

(G) Transactions and balances with related parties (Continued)

Sr. No.	Nature of Transaction	Related Party Name	31 March 2018	31 March 2017
Current Account Transactions (Continued)				
7	Short term loans repaid by (Refer note 1)	Edelweiss Commodities Services Limited	22,375.91	39,393.77
		ECL Finance Limited	7,000.00	-
		Ecap Equities Limited	-	279.27
		EC International Limited	412.14	5,926.90
		Edelweiss Capital (Singapore) Pte. Limited	907.21	1,506.87
		Edelweiss Securities Limited	42.65	1,249.43
		Edelweiss Finance & Investments Limited	-	123.41
		Edelweiss Retail Finance Limited	-	429.13
		Edelweiss Finvest Private Limited	-	13.40
		Others – Subsidiaries	2,738.27	3,653.35
8	Short term loans taken from (Refer note 1)	Edelweiss Commodities Services Limited	2,968.60	10,397.01
9	Short term loans repaid to (Refer note 1)	Edelweiss Commodities Services Limited	10,118.93	3,246.68
10	Margin placed with Broker (Refer note 1)	Edelweiss Securities Limited	0.30	3.81
		Edelweiss Custodial Services Limited	6.51	21.43
11	Margin withdrawn from Broker (Refer note 1)	Edelweiss Securities Limited	0.01	58.50
		Edelweiss Custodial Services Limited	12.18	5.49
12	Reimbursements recovered from	ECL Finance Limited	-	114.63
		Edelweiss Commodities Services Limited	0.14	267.41
		Edelweiss Finance & Investments Limited	-	31.28
		Ecap Equities Limited	-	122.51
		Edelweiss Alternative Asset Advisors Limited	0.26	-
		Edelweiss Asset Reconstruction Company Limited	0.50	-
		Others – Subsidiaries	0.07	510.00
		Others – Associates	-	196.95
13	Reimbursements paid to	Edelweiss Business Services Limited	11.45	613.51
		Ecap Equities Limited	96.00	-
		Others – Subsidiaries	4.37	3.94

Notes to the financial statements *(Continued)*

(Currency: Indian rupees in millions)

2.28 Disclosure as required by Accounting Standard 18 - "Related Party Disclosure" *(Continued)*

(G) Transactions and balances with related parties *(Continued)*

Sr. No.	Nature of Transaction	Related Party Name	31 March 2018	31 March 2017
Current Account Transactions				
<i>(Continued)</i>				
14	Dividend paid to	Mr. Rashesh Shah	196.16	145.30
		Mr. Venkatchalam Ramaswamy	78.34	58.03
		Ms. Vidya Shah	47.29	35.03
		Shah Family Discretionary Trust	52.31	-
		Spire Investment Advisors LLP	4.32	41.95
		Others - Individuals exercising significant influence	16.42	12.00
		Others - Key managerial personnel	21.13	14.30
		Others - Relatives of individuals exercising significant influence	20.60	15.30
15	Remuneration to	Mr. Rashesh Shah	64.23	61.16
		Mr. Venkatchalam Ramaswamy	1.20	2.70
		Mr. Himanshu Kaji	51.43	58.49
		Mr. Rujan Panjwani	31.34	1.33
16	Dividend Income from	Edelweiss Securities Limited	301.46	-
		Edelweiss Finance & Investments Limited	-	557.55
		Edelweiss Commodities Services Limited	248.62	452.59
		Ecap Equities Limited	300.00	-
17	Rating support fee earned from	ECL Finance Limited	1.74	155.70
		Edelweiss Commodities Services Limited	0.92	103.30
		Edelweiss Securities Limited	0.15	11.60
		Others – Subsidiaries	1.50	70.50
18	Fee / commission earned from	Aster Commodities DMCC	24.69	99.50
		EC Global Limited	10.12	27.43
		Edelweiss Tokio Life Insurance Company Limited	20.00	50.00
		Edelweiss International (Singapore) Pte. Ltd.	2.54	13.80
		Edelweiss Commodities Pte Limited	-	23.56
		Edelweiss Commodities Services Limited	142.78	-
		Edelweiss Finvest Private Limited	79.78	-
		Others – Subsidiaries	93.58	-
19	Interest Income on short term loan from	Edelweiss Commodities Services Limited	513.64	558.69
		Edelweiss Securities Limited	1.85	6.79
		ECL Finance Limited	81.36	-
		Ecap Equities Limited	-	1.46
		EC International Limited	45.14	179.89
		Edelweiss Capital (Singapore) Pte. Limited	197.98	172.91
		Others – Subsidiaries	30.09	88.10

Notes to the financial statements (*Continued*)

(Currency: Indian rupees in millions)

2.28 Disclosure as required by Accounting Standard 18 - "Related Party Disclosure" (*Continued*)

(G) Transactions and balances with related parties (*Continued*)

Sr. No.	Nature of Transaction	Related Party Name	31 March 2018	31 March 2017
Current Account Transactions				
(Continued)				
20	Interest income on margin from	Edelweiss Securities Limited	0.01	0.30
		Edelweiss Custodial Services Limited	0.46	0.02
21	Interest expense on short term loan to	Edelweiss Commodities Services Limited	213.26	442.18
22	Interest expense on debentures	Edelweiss Commodities Services Limited	-	1.60
		Edelweiss Finance & Investments Limited	-	3.98
23	Interest expense on commercial papers	Edelweiss Commodities Services Limited	-	26.75
		Others – Subsidiaries	-	0.34
24	Commission & Sub-brokerage paid to	Edelweiss Securities Limited	0.12	0.01
		Others – Subsidiaries	0.06	-
25	Rent expense to	Edelweiss Commodities Services Limited	60.35	68.74
		Others – Subsidiaries	10.81	0.51
26	Other expenses to	Edelweiss Securities Limited	0.07	0.07
		Edelweiss Business Services Limited	29.07	0.05
		Edelweiss Tokio Life Insurance Company Limited	-	19.09
27	Cost reimbursements paid to	Edelweiss Commodities Services Limited	36.96	10.79
		Others – Subsidiaries	1.80	0.08
28	Cost reimbursements recovered from	Edelweiss Securities Limited	1.72	7.56
		Edelweiss Commodities Services Limited	0.24	1.54
		ECL Finance Limited	1.83	8.89
		Edelweiss Tokio Life Insurance Company Limited	2.68	2.48
		Edelweiss Broking Limited	1.82	13.31
		Others – Subsidiaries	7.54	25.80
		Others – Associates*	0.00	0.07
29	Transfer of gratuity liability on account of employee transfer to	Edelweiss Alternative Asset Advisors Limited	1.00	-
		Edelweiss Asset Reconstruction Company Limited	0.70	-
		Others – Subsidiaries	0.35	-

Notes to the financial statements (Continued)

(Currency: Indian rupees in millions)

2.28 Disclosure as required by Accounting Standard 18 - "Related Party Disclosure" (Continued)

(G) Transactions and balances with related parties (Continued)

Sr. No.	Nature of Transaction	Related Party Name	31 March 2018	31 March 2017
Current Account Transactions (Continued)				
30	Transfer of gratuity liability on account of employee transfer from	ECL Finance Limited* ECap Equities Limited	0.00 0.66	1.00 0.64
31	Directors nomination deposits placed with	Edelweiss General Insurance Company Limited Edelweiss Tokio Life Insurance Company Limited EC Commodity Limited Edelweiss Holdings Limited Edelweiss Multi Strategy Funds Management Pvt. Ltd. Edelweiss Securities (IFSC) Limited Edelweiss Global Wealth Management Limited Edelweiss Broking Limited ECap Equities Limited Edelweiss Securities Limited Others – Subsidiaries	0.30 0.30 0.20 0.30 - 0.30 0.40 - - 0.30 0.90	- - 0.30 - 0.10 - - 0.30 0.20 - -
32	Directors nomination deposits repaid by	Edelweiss Global Wealth Management Limited Edelweiss Tokio Life Insurance Company Limited Edelweiss General Insurance Company Limited Edelweiss Securities Limited Edelweiss Asset Management Limited Edelweiss Holdings Limited Edelweiss Securities (IFSC) Limited Edelweiss Commodities Services Limited Edelweiss Broking Limited ECL Finance Limited EC Commodity Limited ECap Equities Limited Others – Subsidiaries	0.40 0.30 0.30 0.30 0.10 0.30 0.30 - - - 0.20 0.20 0.50	- - - - - - - 0.10 0.30 0.20 0.40 0.20 0.20
33	Contribution towards corporate social responsibility	Edelgive Foundation	38.00	26.84
Balances with related parties				
34	Investments in Equity shares in	ECL Finance Limited Edelweiss Tokio Life Insurance Company Limited Edelweiss Finance & Investments Limited Others – Subsidiaries Others – Associates	5,190.56 5,992.24 1,692.23 13,748.54 0.50	5,190.56 3,642.21 2,618.12 5,126.33 0.50

Notes to the financial statements (*Continued*)

(Currency: Indian rupees in millions)

2.28 Disclosure as required by Accounting Standard 18 - "Related Party Disclosure" (*Continued*)

(G) Transactions and balances with related parties (*Continued*)

Sr. No.	Nature of Transaction	Related Party Name	31 March 2018	31 March 2017
Balances with related parties				
35	Investments in Preference shares in	Ecap Equities Limited	-	18.00
		Edel Investments Limited	-	9.00
		Edelweiss Securities Limited	-	0.00
36	Dividend receivable from	Edelweiss Commodities Services Limited	-	199.49
37	Short term loans given to (Refer note 1)	Edelweiss Commodities Services Limited	829.39	-
		EC International Limited	711.82	698.63
		Edelweiss Broking Limited	-	2,573.55
		Edelweiss Capital (Singapore) Pte. Limited	2,958.87	2,632.12
		Others – Subsidiaries	6.53	213.85
38	Short term loans taken from (Refer note 1)	Edelweiss Commodities Services Limited	-	7,150.33
39	Accrued interest on loans given to	Edelweiss Commodities Services Limited	29.15	23.09
		Edelweiss Securities Limited	-	0.41
		EC International Limited	23.37	8.82
		Edelweiss Capital (Singapore) Pte. Limited	95.15	88.36
		Others – Subsidiaries	0.46	9.88
40	Interest expense accrued and due on borrowings from	Edelweiss Commodities Services Limited	-	39.54
41	Advances with	Edelweiss Securities Limited	0.01	0.60
		Edelweiss Tokio Life Insurance Company Limited	29.66	32.51
		ECL Finance Limited	-	1.06
		Edelweiss Commodities Services Limited	-	0.64
		Others – Subsidiaries	3.49	3.62
		Others – Associates	0.05	0.05
42	Trade payables to	Edelweiss Securities Limited	16.63	2.13
		Edelweiss Commodities Services Limited	21.53	1.09
		Edelweiss Finance & Investments Limited	1.05	1.05
		ECL Finance Limited*	0.00	0.05
		Ecap Equities Limited	1.99	1.14
		Edelweiss Broking Limited	1.90	1.04
		Aster Commodities DMCC	24.53	-
		Edelweiss Business Services Limited	14.31	-
		Others – Subsidiaries	3.75	4.36

Notes to the financial statements (Continued)

(Currency: Indian rupees in millions)

2.28 Disclosure as required by Accounting Standard 18 - "Related Party Disclosure" (Continued)

(G) Transactions and balances with related parties (Continued)

Sr. No.	Nature of Transaction	Related Party Name	31 March 2018	31 March 2017
Balances with related parties (Continued)				
43	Trade receivables from	Aster Commodities DMCC	-	99.50
		EC Global Limited	10.12	27.43
		Edelweiss International (Singapore) Pte. Ltd.	2.54	13.80
		Edelweiss Commodities Services Limited	162.33	-
		Edelweiss Finvest Private Limited	90.39	-
		Edelweiss Tokio Life Insurance Company Limited	-	52.50
		Edelweiss Commodities Pte Limited	-	23.56
		Others – Subsidiaries	109.89	-
44	Margin placed with broker (Refer note 1)	Edelweiss Securities Limited	0.48	0.20
		Edelweiss Custodial Services Limited	10.27	15.94
45	Directors nomination deposits placed with	Edelweiss Securities Limited	0.20	0.20
		Edelweiss Finance & Investments Limited	0.50	0.40
		ECap Equities Limited	0.10	0.10
		Edelweiss Alternative Asset Advisors Limited	0.10	0.10
		Edel Land Limited	0.10	0.10
		Edelweiss Multi Strategy Funds Management Pvt. Ltd.	0.10	0.10
		Others – Subsidiaries	0.20	-
46	Corporate guarantee given to	Edelweiss Commodities Services Limited	17,719.76	20,937.50
		Edelweiss Custodial Services Limited	16,750.00	10,900.00
		Ecap Equities Limited	9,162.50	-
		Edelweiss Asset Reconstruction Company Limited	9,970.90	9,000.00
		Edelweiss Finvest Private Limited	8,480.00	-
		Edelweiss Finance & Investments Limited	1,243.54	6,921.20
		Edelweiss Housing Finance Limited	323.40	3,447.90
		Edelweiss International (Singapore) Pte. Ltd.	520.35	550.16
		ECL Finance Limited	54.00	5,027.00
		Aster Commodities DMCC	-	648.39
		EC Global Limited	-	648.39
		Others – Subsidiaries	3,172.29	12,423.00

* ₹ 0.00 refers to amount less than ₹ 0.01 million

- The Intra group company loans are generally in the nature of revolving demand loans unless otherwise stated. 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.
- 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.
- Loan given to subsidiaries and associates are for the general corporate business.
- Reduction in equity shares are on account of demerger of finance division and training centre division of it's subsidiary company, Edelweiss Finance & Investments Limited, in to Edelweiss Finvest Private Limited and Edel Land Limited respectively.

Notes to the financial statements (*Continued*)

(Currency: Indian rupees in millions)

2.29 Earnings per share

In accordance with Accounting Standard 20 – “Earnings Per Share” prescribed by Companies (Accounts) Rules, 2014, the computation of earnings per share is set out below:

Particulars	2018	2017
a. Shareholders earnings (as per statement of profit and loss)	1,426.60	1,290.06
b. Calculation of weighted average number of equity shares of ₹ 1 each:		
- Number of shares outstanding at the beginning of the year	832,569,089	814,036,630
- Number of shares issued during the year	82,929,838	18,532,459
Total number of equity shares outstanding at the end of the year	91,54,98,927	832,569,089
Weighted average number of equity shares outstanding during the year (based on the date of issue of shares)	87,03,26,846	826,052,403
c. Number of dilutive potential equity shares	2,79,21,341	40,055,553
d. Basic earnings per share (in ₹) {a/b}	1.64	1.56
e. Diluted earnings per share (in ₹) {a/(b+c)}	1.59	1.49

2.30 Disclosure pursuant to Accounting Standard 15 (Revised) - Employee Benefits

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

Amount of ₹ 19.20 million (Previous year: ₹ 14.50 million) is recognised as expense and included in “Employee benefit expense” – Note 2.24 in the statement of profit and loss.

B) Defined benefit plan (Gratuity):

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

Expenses recognised in the Statement of Profit and Loss

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Current service cost	5.80	3.46
Interest on defined benefit obligation	2.08	2.09
Expected return on plan assets	(2.12)	(1.98)
Past Service Cost	10.06	-
Actuarial (gain)/loss	(6.12)	(2.16)
Total included in ‘Employee benefit expense’	9.70	1.41

Balance sheet

Reconciliation of defined benefit obligation (DBO)

Particulars	As at 31 March 2018	As at 31 March 2017
Present value of DBO at the beginning of the year	32.03	26.62
Interest cost	2.08	2.09
Current service cost	5.80	3.46
Past Service Cost	10.06	-
Benefits paid	(2.44)	(1.45)
Actuarial (gain)/loss on obligations	(5.62)	(0.33)
Transfer In /(Out)	(1.39)	1.64
Present value of DBO at the end of the year	40.52	32.03

Notes to the financial statements (Continued)

(Currency: Indian rupees in millions)

2.30 Disclosure pursuant to Accounting Standard 15 (Revised) - Employee Benefits (Continued)

Reconciliation of fair value of plan assets

Particulars	As at 31 March 2018	As at 31 March 2017
Fair value at the beginning of the year	32.42	27.55
Expected return on plan assets	2.12	1.98
Contributions by employer	9.00	2.50
Benefits paid	(2.44)	(1.45)
Actuarial gain / (loss)	0.49	1.84
Fair value of plan assets at the end of the year	41.59	32.42
Actual return on plan assets	2.61	3.82

Net asset / (liability) recognised in the balance sheet:

Particulars	As at 31 March 2018	As at 31 March 2017
Present value of DBO	40.52	32.03
Fair value of plan assets at end of the year	41.59	32.42
Asset / (liability) recognized in balance sheet	1.07	0.39

Experience adjustments:

Particulars	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014
Defined Benefit Obligation	40.52	32.03	26.62	26.82	21.80
Fair Value of Plan Assets	41.59	32.42	27.55	28.78	25.94
Surplus / (Deficit)	1.07	0.39	0.94	1.96	4.14
On plan liabilities: (gain)/loss	(4.57)	(0.89)	0.50	(0.27)	(1.35)
On plan assets: gain/(loss)	0.31	1.73	(0.70)	4.00	1.34
Estimated contribution for next year	Nil	Nil	Nil	Nil	Nil

Percentage Break-down of Total Plan Assets:

Particulars	2018	2017
Insurer Managed Funds (Unit-linked)	100%	97%
Cash and Bank	0%	3%.

Actuarial assumptions as at the balance sheet date:

Particulars	2018	2017
Discount rate	7.30% p.a.	6.80% p.a.
Salary escalation	7.00% p.a.	7.00% p.a.
Employee attrition rate	13%-25% p.a.	13%-25% p.a.
Expected return on plan assets	6.80% p.a.	7.4% p.a.
Mortality rate	IALM 2006-08 (Ult.)	IALM 2006-08 (Ult.)
Expected average remaining working lives of employees	6 years	5 years

Notes to the financial statements (*Continued*)

(Currency: Indian rupees in millions)

2.31 Foreign currency transactions

The Company has undertaken the following transactions in foreign currency:

Expenditure incurred in foreign currency (on accrual basis)	For the year ended 31 March 2018	For the year ended 31 March 2017
Membership and subscription	5.41	7.74
Legal and professional fees	14.17	6.82
Travelling and conveyance	2.09	2.93
Computer software expenses	2.39	1.45
Travel Reimbursements	2.41	1.02
Rent	0.69	0.93
Seminar & Conference	4.41	0.22
Salaries & Bonus - Stipend	-	0.07
Staff welfare expenses	3.92	-
Miscellaneous expenses	0.09	0.02
Total	35.58	21.20
Income earned in foreign currency (on accrual basis)		
Fee and commission income	187.78	321.60
Reimbursement	1.96	0.42
Total	189.74	322.02

Amount remitted in foreign currency during the year ended 31 March 2018 on account of equity dividend:

	Final Dividend	Interim dividend
Number of equity shareholders	5	4
Number of equity shares	15,845,005	15,519,505
Dividend relates to year ended	31 March 2017	31 March 2018
Amount remitted (Indian rupees in millions)	4.75	16.30

Amount remitted in foreign currency during the year ended 31 March 2017 on account of equity dividend:

	Final Dividend	Interim dividend
Number of equity shareholders	-	5
Number of equity shares	-	16,252,530
Dividend relates to year ended	-	31 March 2017
Amount remitted (Indian rupees in millions)	-	16.25

2.32 Employee stock option plans

The Company has currently two Employee Stock Option Plans ('Plans') in force. The Plans provide that the Company's employees and those of its subsidiaries and associates are granted an option to acquire equity shares of the Company that vest in a graded manner. The options may be exercised within a specified period. The plans also provide that if the ESOP Committee so notifies, the participant may have an option to receive cash in lieu of exercising the vested options in the manner provided in the ESOP Scheme in this regards.

The Company follows the intrinsic value method to account for its stock based compensation plans. Compensation cost is measured as the excess, if any, of the fair market value of the underlying share on the date of grant over the exercise price.

During the year, the Company granted stock options to employees under the ESOP 2011 Plan where the exercise price was linked to either closing market price of the shares on the date of the grant or book value of the shares as per the last audited balance sheet of the Company as on the date of the grant, whichever is higher.

Notes to the financial statements (Continued)

(Currency: Indian rupees in millions)

2.32 Employee stock option plans (continued)

The schedule of stock options vesting period for ESOP 2011 Plan are as follows:-

Sr. no.	Vesting Date	% of options that shall vest
1	12 months from the date of grant	25 (Twenty five)% of grant
2	24 months from the date of grant	25 (Twenty five)% of grant
3	36 months from the date of grant	25 (Twenty five)% of grant
4	48 months from the date of grant	25 (Twenty five)% of grant
Total		100 (One hundred)% of grant

The options can be exercised within two years from the date of vesting.

During the years ended 31 March 2012, 31 March 2013, 31 March 2014, 31 March 2016, 31 March 2017 and 31 March 2018, the Company had granted stock options to the employees under the ESOP 2011 Plan (formulated in F.Y. 2011-12) where the exercise price was linked to either closing market price of the shares on the date of the grant or book value of the shares as per the last audited balance sheet of the Company as on the date of the grant, whichever is higher.

During the year ended 31 March 2011, the Company had formulated ESOP 2010 Plan wherein stock options were granted to employees where the exercise price was linked to either closing market price of the shares on the date of the grant or book value of the shares as per the last audited balance sheet of the Company as on the date of the grant, whichever is higher.

The schedule of stock options vesting period for ESOP 2010 Plan are as follows:-

Sr. No.	Vesting Date	% of options that shall vest
1	12 months from the date of grant	25 (Twenty five)% of grant
2	24 months from the date of grant	25 (Twenty five)% of grant
3	36 months from the date of grant	25 (Twenty five)% of grant
4	48 months from the date of grant	25 (Twenty five)% of grant
Total		100 (One hundred)% of grant

The options can be exercised within four years from the date of vesting.

Details of various schemes are stated below:

Activity in the options outstanding under the employees stock option plans as at 31 March 2018:

Exercise Price (₹)	Range of Exercise price(**)	Range of Exercise price(**)
ESOP Plan	ESOP 2010	ESOP 2011
Scheme		
Total Options approved by the members	30,000,000	100,000,000
Grants as at 1 April 2017	4,259,750	56,658,402
Add - Options granted during the year	-	3,387,000
Less - Options lapsed / cancelled during the Year	(17,000)	(1,544,838)
Less - Options exercised during the year	(2,769,750)	(25,048,690)
Grants as at 31 March 2018	1,473,000	33,451,874
Options exercisable as at 31 March 2018	1,473,000	15,190,574

Notes to the financial statements (Continued)

(Currency: Indian rupees in millions)

2.32 Employee stock option plans (continued)

Activity in the options outstanding under the employees stock option plans as at 31 March 2017:

Exercise Price (₹)	Range of Exercise Price	Range of Exercise price(**)	Range of Exercise price(**)
ESOP Plan Scheme	ESOP 2009	ESOP 2010	ESOP 2011
Total Options approved by the members	50,000,000	30,000,000	100,000,000
Grants as at 1 April 2016	4,062,900	8,626,375	69,616,939
Add - Options granted during the year	-	-	5,115,000
Less - Options lapsed/ cancelled during the Year	(1,900,400)	(1,225,625)	(4,346,103)
Less - Options exercised during the year	(2,162,500)	(3,141,000)	(13,727,434)
Grants as at 31 March 2017	-	4,259,750	56,658,402
Options exercisable as at 31 March 2017	-	4,259,750	25,373,099

Following summarises the information about stock options outstanding:

Plan	As at 31 March 2018		As at 31 March 2017	
	ESOP Scheme 2010	ESOP Scheme 2011	ESOP Scheme 2010	ESOP Scheme 2011
- Range of exercise price **	₹ 41.40	₹ 24.60	₹ 41.40	₹ 24.60
	to	to	to	to
	₹ 61.00	₹ 301.45	₹ 61.00	₹ 118.00
- Number of shares arising out of options	1,473,000	33,451,874	4,259,750	56,658,402
- Weighted average life of Outstanding options (in years)	0.81	4.49	1.31	4.32
Weighted average exercise prices of stock Options (in ₹)				
- outstanding at the beginning of the year	49.19	39.89	48.95	36.28
- granted during the year	N.A.	207.55	N.A.	68.34
- forfeited/cancelled during the year	48.55	51.13	49.95	35.56
- exercised during the year	49.08	35.10	48.24	33.57
- outstanding at the end of the year	49.40	59.93	49.19	39.89
- exercisable at the end of the year	49.40	37.94	49.19	34.06

The average market share price for stock options exercised during the year is ₹ 245.72 (Previous year: ₹ 98.68)

Fair value methodology

The fair value of options used to compute pro-forma net income and earnings per share have been estimated on the dates of each grant, on or after the date the 'Guidance Note on Accounting for Employee Share-based Payments', issued by the Institute of Chartered Accountants of India, became applicable, i.e. 1 April 2005, using the Black-Scholes option pricing model. The Company has estimated the volatility based on historical market volatility. The various assumptions considered in the pricing model for the aforementioned ESOP's granted are:

	For the year ended 31 March 2018	For the year ended 31 March 2017
Dividend yield	0.43% - 0.66%	1.06% - 2.12%
Expected volatility	44.61% - 45.68%	41.57% - 44.16%
Risk free interest rate	8.00%	8.00%
Expected life of the option	1 - 4 years	1 - 4 years

The weighted average fair value of options granted during the year ended 31st March 2018 is ₹ 69.73 (Previous year: ₹ 28.51)

Notes to the financial statements (Continued)

(Currency: Indian rupees in millions)

2.32 Employee stock option plans (continued)

Impact of fair value method on net profit and earnings per share

Had compensation cost for the Company's stock option plans outstanding been determined based on the fair value approach, the Company's net profit and earnings per share would have reduced to the pro-forma amounts as indicated below:

	For the year ended 31 March 2018	For the year ended 31 March 2017
Net Profit (as reported)	1,426.60	1,290.06
Less: Impact of incremental cost under fair value approach	(158.67)	(213.17)
Net Profit: (pro-forma)	1,267.93	1,076.89
Basic earnings per share (as reported) (in ₹)	1.64	1.56
Basic earnings per share (pro-forma) (in ₹)	1.46	1.30
Diluted earnings per share (as reported) (in ₹)	1.59	1.49
Diluted earnings per share (pro-forma) (in ₹)	1.41	1.24

2.33 Share application money pending allotment

The Company has received ₹ 25.08 million (Previous year: ₹ 40.94 million) towards share application on exercise of ESOPs which will result in an issue of 584,190 shares (Previous year: 1,133,100 shares). Of the total receipts ₹ 24.50 million (Previous year: ₹ 39.81 million) has been received towards share premium. These shares have since been allotted.

2.34 During the year, the Company allotted 54,562,488 (Previous year: Nil) equity shares to the eligible Qualified Institutional Buyers (QIB) at a price of ₹ 280 per equity share of ₹ 1 each (inclusive of premium of ₹ 279 per share) aggregating to ₹ 15,277.50 million (Previous year: Nil) through Qualified Institutional Placement (QIP). The issue was made in accordance with the SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009.

2.35 Capital Commitment

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) ₹ 36.01 million (Previous year: ₹ 30.66 million)

2.36 Contingent liabilities

a) Claims against the Company not acknowledged as debt:

Taxation matters in respect of which appeal is pending ₹ 416.14 million (Previous year: ₹ 566.00 million);

b) Other claim not acknowledged as debt:

Corporate guarantees issued on behalf of subsidiaries to the extent of ₹ 67,396.74 million (Previous year: ₹ 70,503.54 million).

The Company's pending litigations mainly comprise of claims against the Company pertaining to proceedings pending with Income tax, service 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.

Notes to the financial statements (Continued)

(Currency: Indian rupees in millions)

2.37 Details of dues to micro, small and medium enterprises

Trade Payables includes ₹ Nil (Previous year: ₹ 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.

2.38 Disclosure of loans and advances given pursuant to requirements of Regulation 34(3) of Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015.

Sr. no.	Entity	2018		2017	
		Loan outstanding	Maximum amount outstanding during the year	Loan outstanding	Maximum amount outstanding during the year
1	Edelweiss Capital (Singapore) Pte. Limited	2958.87	3,866.08	2,632.12	4,138.99
2	Edelweiss Broking Limited	-	2,573.55	2,573.55	3,270.55
3	EC International Limited	711.82	1,123.96	698.63	6,625.53
4	Edelweiss Multi Strategy Funds Management Private Ltd.	-	111.19	111.19	213.39
5	Edelweiss Comtrade Limited	-	53.53	53.53	130.16
6	Edelweiss Securities Limited	-	42.65	42.65	1,292.09
7	Edelweiss Securities (IFSC) Limited	6.54	6.54	6.48	6.48
8	Edelweiss Finance & Investments Limited	-	-	-	123.41
9	Edelweiss Commodities Services Limited	829.39	23,205.31	-	39,393.77
10	Ecap Equities Limited	-	-	-	279.27
11	ECL Finance Limited	-	7,000.00	-	-
12	Edelcap Securities Limited	-	-	-	23.62
13	Edelweiss Global Wealth Management Limited	-	-	-	510.90
14	Edelweiss Alternative Asset Advisors Limited	-	-	-	37.33
15	Edel Commodities Limited	-	-	-	52.32
16	EC Commodity Limited	-	-	-	39.12
17	Edel Land Limited	-	-	-	40.06
18	Edelweiss Business Services Limited	-	-	-	198.62
19	Edelweiss Housing Finance Limited	-	-	-	648.49
20	Edelweiss Investment Adviser Limited	-	-	-	673.00
21	EFSL Comtrade Limited	-	-	-	28.11
22	EFSL Trading Limited	-	-	-	76.16
23	Edel Commodities Trading Limited	-	-	-	113.89
24	Edel Finance Company Limited	-	-	-	10.74
25	Edelweiss Custodial Services Limited	-	-	-	7.68
26	Edelweiss Retail Finance Limited	-	-	-	429.13
27	Edelweiss Asset Management Limited	-	-	-	12.30
28	Edelweiss Agri Value Chain Limited	-	-	-	186.83
29	Edelweiss Finvest Private Limited	-	-	-	13.40
30	Edelweiss Metals Limited	-	-	-	68.99
31	Edel Investments Limited	-	-	-	1.12
32	Edelweiss Capital Markets Limited	-	-	-	48.26

All the above loans are repayable on demand as per contracted terms.

Notes to the financial statements (Continued)

(Currency: Indian rupees in millions)

2.39 Derivative Transactions (Refer note 1.9):

The Company uses forward exchange contracts and futures to hedge its exposure in foreign currency. The information on open derivative instrument is as follows:

A. Open interest in currency futures with exchange

As at 31 March 2018

Sr. no.	Name of future	Position	Purpose	Expiry Date	No. of contracts	No. of units involved
1.	GBPINR	Short	Hedging	25-Apr-18	291	291,000
2.	USDINR	Short	Hedging	25-Apr-18	1803	18,03,000

As at 31 March 2017

Sr. no.	Name of future	Position	Purpose	Expiry Date	No. of contracts	No. of units involved
1	USDINR	Short	Hedging	26-Apr-17	5,809	5,809,000

B. Open interest in currency forward other than exchange

As at 31 March 2018

Sr. no.	Particulars	Purpose	Expiry date	Notional Principal
1.	USD/INR	Hedging	28-Sep-2018	3,249.98

As at 31 March 2017

Sr. no.	Particulars	Purpose	Expiry date	Notional Principal
1	USD/INR	Hedging	30-Jun-2017	3,063.51
2	SGD/INR	Hedging	30-Jun-2017	589.16

2.40 Details of secured debentures

As at 31 March 2018

Interest rate range	Maturity	
	2018-2019	
Non convertible Debentures		
10.20%		212.00
Total		212.00

As at 31 March 2017

Interest rate range	Maturity	
	2017-2018	2018-2019
Non convertible Debentures		
10.20%	175.00	212.00
10.75%	100.00	-
10.90%	175.00	-
11.00%	250.00	-
11.05%	150.00	-
Total	850.00	212.00

Notes to the financial statements (*Continued*)

(Currency: Indian rupees in millions)

2.41 Encumbrances' on fixed deposits held by the Company

AU Small Finance Bank Limited: ₹ 50.00 million (Previous year: Nil) against Overdraft facility.

2.42 Corporate Social Responsibility (CSR)

As per the provisions of Section 135 of the Companies Act, 2013,

- Gross amount required to be spent by the Company during the year was ₹ 32.00 million (Previous year: ₹ 26.31 million);
- Amount spent during the year on:

₹ in million

Sr. No.	Particulars	2018			2017		
		In cash	Yet to be paid in cash	Total	In cash	Yet to be paid in cash	Total
i	Construction/ Acquisition of any assets	-	-	-	-	-	-
ii	on purpose other than (i) above	38.00	-	38.00	26.84	-	26.84

2.43 The Company has taken premises on operating lease. Rental expenses for the year ended 31 March 2018 aggregated to ₹ 81.06 million (Previous year: ₹ 72.64 million) which has been included under the head other expenses – Rent in the Statement of profit and loss. The Company does not have any non-cancellable operating lease.

2.44 Disclosures relating to Specified Bank Notes* (SBNs) held and transacted during the period from 8 November 2016 to 30 December 2016 pursuant to Notification No. G.S.R. 308(E) dated 30th March, 2017:

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	0.09	0.00	0.09
Add: Permitted receipts	-	0.13	0.13
Less: Permitted payments	-	0.12	0.12
Less: Amount deposited in Banks	0.09	-	0.09
Closing cash in hand as on 30.12.2016	-	0.01	0.01

Note:

*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 8 November, 2016.

2.45 The Board of Directors at their meeting held on 3 May 2018, have recommended a final dividend of ₹ 0.30 per equity share (previous year: ₹ 0.30 per equity share) (on face value of ₹ 1 per equity share), subject to the approval of the members at the ensuing Annual General Meeting. In terms of revised Accounting Standard (AS) 4 'Contingencies and Events occurring after the Balance sheet date' as notified by the Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016, dated 30 March 2016, the Company has not appropriated for the recommended final dividend (including tax) from the Statement of Profit and Loss for the year ended 31 March 2018.

Notes to the financial statements (*Continued*)

(Currency: Indian rupees in millions)

2.46 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.

2.47 Previous year figures have been reclassified to conform to this year's classification.

Signature to notes forming part of the Financial Statements.

For Price Waterhouse Chartered Accountants LLP

Chartered Accountants

Firm's Registration No.: 012754N / N500016

Russell I Parera

Partner

Membership No.: 42190

Mumbai

3 May 2018

For and on behalf of the Board of Directors

Rashesh Shah

Himanshu Kaji

S Ranganathan

B Renganathan

Mumbai

3 May 2018

Chairman, Managing Director & CEO DIN: 00008322

Executive Director DIN: 00009438

Chief Financial Officer

EVP & Company Secretary

Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries or associate companies or joint ventures

Part "A": Subsidiaries

(Currency : Indian rupees in millions)

Name of the Subsidiary Company	Edelweiss Securities Limited	Edelweiss Finance & Investments Limited	ECL Finance Limited	Edelweiss Global Wealth Management Limited	EC Global Limited	Edelweiss Insurance Brokers Limited	Edelweiss Trustee Services Limited	Edelweiss Business Services Limited	EdelCap Securities Limited	Edelweiss Asset Management Limited	E Cap Equities Limited
	INR	INR	INR	INR	USD	INR	INR	INR	INR	INR	INR
Reporting currency	09-07-2002	29-08-2005	18-07-2005	09-10-2007	30-12-2004	23-03-2001	08-08-2005	28-06-2005	11-01-2008	23-08-2007	11-01-2008
Date of incorporation/acquisition	-	-	-	-	65.04	-	-	-	-	-	-
Exchange rate	-	-	-	-	-	-	-	-	-	-	-
Paid-up Equity Share Capital	262.14	34.35	1,948.11	160.00	160.85	25.00	0.50	42.27	3.00	700.00	7.40
Paid-up Preference Share Capital	-	313.80	-	-	-	-	-	-	486.25	-	-
Reserves of the Subsidiary	4,267.85	1,960.24	27,445.68	(135.06)	2,537.83	283.98	14.24	27.42	3,070.99	420.01	1,934.97
Total Assets of the Subsidiary	12,657.74	25,407.82	2,67,550.45	635.13	6,040.96	415.53	20.99	835.26	5,711.06	1,348.93	41,523.99
Total Liabilities of the Subsidiary	8,127.75	23,099.43	2,38,156.66	610.19	3,342.28	106.55	6.25	766.57	2,150.82	228.92	39,581.62
Investments	3,999.36	-	6,668.99	-	2,954.12	-	-	-	3,155.35	524.32	8,686.46
Total Turnover	3,214.43	1,542.50	30,600.27	749.90	299.21	380.34	3.24	1,248.88	1,404.84	538.58	4,244.07
Profit/(Loss) before taxation	407.04	32.69	7,035.29	260.45	147.18	95.73	1.98	147.88	522.90	(188.55)	586.53
Provision for taxation	41.99	(179.57)	2,414.82	(10.29)	9.71	30.12	0.51	(3.90)	(58.52)	0.12	237.79
Profit/(Loss) after taxation	365.05	212.26	4,620.48	270.74	137.47	65.61	1.47	151.78	581.42	(188.67)	348.74
Proposed dividend	-	-	-	-	-	-	-	-	-	-	-
% of shareholding	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries or associate companies or joint ventures

Part "A": Subsidiaries

(Currency : Indian rupees in millions)

Name of the Subsidiary Company	Edelweiss Broking Limited	Edelweiss Trusteehip Company Limited	Edelweiss Alternative Asset Advisors Limited	Edelweiss Housing Finance Limited	Edelweiss Investment Adviser Limited	Edelweiss Commodity Limited	Edel Commodities Limited	Edel Land Limited	Edelweiss Custodial Services Limited	Edelweiss International Limited	Edelweiss Capital (Singapore) Pte. Limited
Reporting currency	INR	INR	INR	INR	INR	INR	INR	INR	INR	USD	SGD
Date of incorporation/acquisition	07-02-2008	03-09-2007	14-05-2008	30-05-2008	11-01-2008	05-08-2008	11-08-2008	08-10-2008	16-10-2008	11-12-2008	08-04-2008
Exchange rate	-	-	-	-	-	-	-	-	-	65.04	49.82
Paid-up Equity Share Capital	1,133.00	1.00	23.75	543.50	5.50	300.00	0.50	183.89	62.68	6.20	320.53
Paid-up Preference Share Capital	-	-	-	-	-	-	-	-	-	-	-
Reserves of the Subsidiary	315.10	2.39	(497.1)	4,552.31	(957.90)	109.91	(671.88)	(23.29)	936.88	(2,390.06)	(207.73)
Total Assets of the Subsidiary	15,711.92	3.54	782.40	49,545.50	5,245.75	2,440.57	5,641.69	780.38	19,636.77	833.13	3,741.80
Total Liabilities of the Subsidiary	14,263.82	(0.15)	1,255.83	44,449.69	6,198.15	2,030.66	6,313.07	619.78	18,637.21	3,216.99	3,629.00
Investments	21.14	2.63	41.27	-	0.00	-	21.69	228.35	928.94	460.29	2,681.97
Total Turnover	3,362.96	1.07	675.82	5,144.05	394.60	5,532.64	1,670.35	160.70	1,668.80	353.19	204.08
Profit/(Loss) before taxation	129.54	0.00	(118.76)	1,091.04	(364.84)	29.24	57.17	9.35	696.27	119.41	8.79
Provision for taxation	122.80	0.00	3.59	388.18	177.94	15.72	18.75	0.80	202.68	-	0.14
Profit/(Loss) after taxation	6.74	0.00	(122.35)	702.86	(542.79)	13.51	38.42	8.56	493.59	119.41	8.65
Proposed dividend	-	-	-	-	-	-	-	-	-	-	-
% of shareholding	100.00%	100.00%	95.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries or associate companies or joint ventures

Part "A": Subsidiaries

(Currency : Indian rupees in millions)

Name of the Subsidiary Company	Edelweiss Alternative Asset Advisors Pte. Limited	Edelweiss International (Singapore) Pte. Limited	Aster Commodities DMCC	EAAA LLC	EW Special Opportunities Advisors LLC	EW India Special Assets Advisors LLC	Edelweiss Investments Limited	Edelweiss Tokio Life Insurance Company Limited	Edelweiss Investment Advisors Private Limited	Edelweiss Commodities Services Limited	Edelweiss Comtrade Limited
Reporting currency	SGD	USD	AED	USD	USD	USD	INR	INR	SGD	INR	INR
Date of incorporation/acquisition	08-08-2008	02-05-2008	07-04-2009	21-08-2013	17-07-2009	24-07-2009	24-11-2009	25-11-2009	02-08-2010	30-04-2010	16-07-2010
Exchange rate	49.82	65.04	17.72	65.04	65.04	65.04	-	-	49.82	-	-
Paid-up Equity Share Capital	446.64	2,063.31	133.73	62.47	21.27	88.20	33.70	3,126.21	84.45	297.75	290.00
Reserves of the Subsidiary	(379.00)	(327.83)	1,417.84	125.98	(13.69)	(83.19)	363.30	8,429.27	5.15	5,183.65	(225.91)
Total Assets of the Subsidiary	399.03	3,891.85	1,929.71	194.36	7.93	5.36	922.76	27,912.36	99.89	1,10,078.81	553.16
Total Liabilities of the Subsidiary	331.39	2,156.37	378.14	5.91	(0.35)	(0.35)	525.76	16,356.88	10.29	1,04,324.51	489.07
Investments	-	1,216.52	-	120.61	0.01	0.00	0.00	21,505.42	-	9,823.72	-
Total Turnover	261.91	41.22	(235.09)	129.33	2.58	2.58	570.63	7,823.54	43.84	33,144.70	82.37
Profit/(Loss) before taxation	(177.99)	(479.85)	(347.69)	117.49	0.09	0.15	323.78	(2,326.96)	3.94	752.51	(56.72)
Provision for taxation	-	(103.87)	-	-	-	-	36.01	-	(2.44)	236.45	0.18
Profit/(Loss) after taxation	(177.99)	(375.98)	(347.69)	117.49	0.09	0.15	287.76	(2,326.96)	6.38	516.06	(56.90)
Proposed dividend	-	-	-	-	-	-	-	-	-	-	-
% of shareholding	100.00%	100.00%	100.00%	100.00%	67.00%	90.00%	100.00%	51.00%	100.00%	100.00%	100.00%

Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries or associate companies or joint ventures

Part "A": Subsidiaries

(Currency : Indian rupees in millions)

Name of the Subsidiary Company	Edelweiss Company Limited	Edelweiss Capital Markets Limited	Edelweiss FFSL Trading Limited	Edelweiss Comtrade Limited	Edelweiss Retail Finance Limited	Edelweiss Securities (Hong Kong) Private Limited	Edelweiss Financial Services Inc.	Cross Border Synergy Pte. Limited	Edelweiss Agri Value Chain Limited	Edelweiss Multi Strategy Management Private Limited	Edelweiss India Capital Management
	INR	INR	INR	INR	INR	USD	USD	USD	INR	INR	USD
Date of incorporation/acquisition	16-07-2010	07-10-2010	24-11-2011	02-12-2011	19-07-2012	06-02-2013	10-05-2013	20-09-2013	24-07-2014	30-04-2014	30-04-2014
Exchange rate	-	-	-	-	-	65.04	65.04	65.04	-	-	65.04
Paid-up Equity Share Capital	739.88	63.00	10.10	1.70	429.50	46.51	80.26	-	1,099.98	132.15	6.87
Paid-up Preference Share Capital	-	-	-	-	-	-	-	-	-	-	-
Reserves of the Subsidiary	510.08	228.95	(29.64)	(72.76)	3,917.24	(28.42)	(10.11)	-	523.40	(47.22)	11.91
Total Assets of the Subsidiary	1,259.50	592.83	199.50	3,087.85	34,009.58	20.31	81.07	-	13,641.01	1,292.00	18.78
Total Liabilities of the Subsidiary	9.54	300.88	219.04	3,158.91	29,662.84	2.22	10.92	-	12,017.63	1,207.07	-
Investments	1,200.00	48.05	5.60	1,661.99	-	-	-	-	-	12.79	-
Total Turnover	4.15	360.75	211.72	1,248.47	3,676.22	0.00	189.76	9.41	3,011.55	319.35	7.19
Profit/(Loss) before taxation	(6.73)	216.59	18.14	134.39	479.90	(10.59)	17.20	2.21	130.27	39.57	3.47
Provision for taxation	(1.90)	12.16	3.58	78.58	163.04	-	0.19	-	40.25	(0.14)	0.17
Profit/(Loss) after taxation	(4.83)	204.43	14.57	55.82	316.86	(10.59)	17.01	2.21	90.02	39.71	3.30
Proposed dividend	-	-	-	-	-	-	-	-	-	-	-
% of shareholding	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries or associate companies or joint ventures

Part "A": Subsidiaries

(Currency : Indian rupees in millions)

Name of the Subsidiary Company	Edelweiss Multi Strategy Fund Advisors LLP	Edelweiss Wealth Advisors LLP	Edelweiss International Limited	EFSL Limited	Edelweiss Financial Services (UK) Limited	Edelweiss Holdings Limited	EW Clover Scheme-1	Edelweiss General Insurance Company Limited	Edelweiss Finvest Private Limited	Edelweiss Asset Reconstruction Company Limited	Edelweiss Private Equity Tech Fund (IFSC) Limited	Edelweiss Securities Limited
	INR	INR	USD	GBP	INR	INR	INR	INR	INR	INR	INR	USD
Date of incorporation/acquisition	30-04-2014	30-09-2014	28-07-2015	27-08-2015	08-12-2015	01-08-2015	02-03-2016	31-03-2016	16-09-2016	01-10-2016	23-12-2016	
Exchange rate	-	-	65.04	92.28	-	-	-	-	-	-	-	65.04
Paid-up Equity Share Capital	0.10	0.10	6.66	26.23	150.00	500.00	1,700.00	333.26	2,349.26	258.44	147.34	
Paid-up Preference Share Capital	-	-	-	-	-	-	-	-	-	-	-	-
Reserves of the Subsidiary	6.05	1.56	(340.78)	(2.41)	11.74	146.63	(297.60)	8,051.07	8,425.59	(6.34)	(12.98)	
Total Assets of the Subsidiary	624.65	1.99	145.54	25.50	162.29	722.96	1,596.09	35,857.77	52,765.59	253.78	158.24	
Total Liabilities of the Subsidiary	618.50	0.33	479.66	1.68	0.55	76.33	193.69	27,473.44	41,990.74	1.68	23.88	
Investments	220.00	-	-	-	-	683.53	1,366.10	4,337.04	48,966.65	248.09	-	
Total Turnover	530.64	46.10	30.69	10.57	9.34	319.66	35.07	3,327.36	8,327.33	-	0.44	
Profit/(Loss) before taxation	6.65	43.85	(162.20)	0.57	8.68	135.35	(272.93)	1,694.84	2,739.50	(1.06)	(8.45)	
Provision for taxation	0.60	-	-	-	2.34	-	-	362.64	956.30	-	-	
Profit/(Loss) after taxation	6.04	43.85	(162.20)	0.57	6.34	135.35	(272.93)	1,332.20	1,783.27	(1.06)	(8.45)	
Proposed dividend	-	-	-	-	-	-	-	-	-	-	-	-
% of shareholding	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	74.80%	88.90%	100.00%	

Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)
Statement containing salient features of the financial statement of subsidiaries or associate companies or joint ventures
Part "A": Subsidiaries

(Currency : Indian rupees in millions)

Name of the Subsidiary Company	Edelweiss Value and Growth Fund	Alternative Investment Market Advisors Private Limited	Edelweiss Tarim Urunleri Anonim Sirketi	Edelgive Foundation
Reporting currency	INR	INR	TRY	INR
Date of incorporation/acquisition	20-05-2016	05-04-2017	27-01-2016	29-05-2008
Exchange rate	-	-	17.07	-
Paid-up Equity Share Capital	710.87	20.00	-	0.10
Paid-up Preference Share Capital	-	-	-	-
Reserves of the Subsidiary	(3.58)	(0.95)	-	67.50
Total Assets of the Subsidiary	708.40	20.40	-	133.44
Total Liabilities of the Subsidiary	1.11	1.35	-	65.84
Investments	707.88	-	-	Nil
Total Turnover	-	0.00	-	278.29
Profit/(Loss) before taxation	(3.56)	(0.95)	(1.46)	31.00
Provision for taxation	-	-	-	-
Profit/(Loss) after taxation	(3.56)	(0.95)	(1.46)	31.00
Proposed dividend	-	-	-	-
% of shareholding	88.87%	100.00%	100.00%	100.00%

For and on behalf of the Board of Directors

Rashesh Shah Chairman, Managing Director & CEO DIN: 00008322
Himanshu Kaji Executive Director DIN: 00009438

S Ranganathan Chief Financial Officer
B Ranganathan EVP & Company Secretary

Mumbai
3 May 2018

Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)
Statement containing salient features of the financial statement of subsidiaries or associate companies or joint ventures
Part "B": Associates and Joint Ventures

(Currency : Indian rupees in millions)

Name of the Associate Company	Allium Finance Private Limited		Edelweiss Fund Advisors Private Limited		Dahlia Commodities Services Private Limited		Magnolia Commodities Services Private Limited		Aeon Credit Services India Private Limited	
	31-03-2018	31-03-2018	31-03-2018	31-03-2018	31-03-2018	31-03-2018	31-03-2018	31-03-2018	31-03-2017	31-03-2017
Latest audited Balance Sheet Date	31-03-2018	31-03-2018	31-03-2018	31-03-2018	31-03-2018	31-03-2018	31-03-2018	31-03-2018	31-03-2017	31-03-2017
"Date on which the Associate or Joint Venture was associated or acquired"	15-06-2009	23-08-2005	14-12-2009	14-12-2009	14-12-2009	14-12-2009	14-12-2009	14-12-2009	25-06-2012	25-06-2012
"No. of Shares of Associates held by the company on the year end"	8,00,000	50,000	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000	Note B	Note B
Amount of Investment in Associates (₹ in million)	21.18	0.50	1.00	1.00	1.00	1.00	1.00	1.00	227.50	227.50
Extent of Holding %	46.13%	40.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	25.00%	25.00%
Description of how there is significant influence	Note A	Note A	Note A	Note A	Note A	Note A	Note A	Note A	Note A	Note A
Reason why the associate/ joint venture is not consolidated	-	-	-	-	-	-	-	-	-	-
Networth attributable to shareholding as per latest audited Balance sheet (₹ in million)	293.32	1.02	182.98	182.98	182.98	182.98	182.98	(0.09)	-	-
Profit / Loss for the year considered in consolidation (₹ in million)	0.16	(1.16)	52.45	52.45	52.45	52.45	52.45	-	(12.07)	(12.07)
Profit / Loss for the year not considered in consolidation (₹ in million)	-	-	-	-	-	-	-	-	-	-

Note A There is significant influence due to percentage (%) of Share Capital

Note B With effect from 22 August 2017, Aeon Credit Services India Private Limited, is ceased to be an Associate of the Company and has not been consolidated from the said date.

For and on behalf of the Board of Directors

Rashesh Shah Chairman, Managing Director & CEO DIN: 00008322
Himanshu Kajji Executive Director DIN: 00009438

S Ranganathan Chief Financial Officer
B Ranganathan EVP & Company Secretary

Mumbai
3 May 2018

Form AOC-2

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

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

(Currency : Indian rupees in millions)

I. Details of contracts or arrangements or transactions not at arm's length basis: Not Applicable

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

Sl. No.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advances, if any
1	Edelweiss Commodities Services Limited Subsidiary	Unsecured Loan Loan Given	One year	Repayable at demand ₹ 23,205.31	February 9, 2017	Nil
		Loan repayment		₹ 22,375.91		
2	ECL Finance Limited Subsidiary	Unsecured Loan Loan Given	One year	Repayable at demand ₹ 7,000.00	February 9, 2017	Nil
		Loan repayment		₹ 7,000.00		

For and on behalf of the Board of Directors

Rashesh Shah
Himanshu Kajji
Chairman, Managing Director & CEO
Executive Director
DIN: 00008322
DIN: 00009438

S Ranganathan
B Ranganathan
Chief Financial Officer
EVP & Company Secretary

Mumbai
3 May 2018

NOTICE

NOTICE IS HEREBY GIVEN THAT THE 23rd ANNUAL GENERAL MEETING OF THE MEMBERS OF EDELWEISS FINANCIAL SERVICES LIMITED WILL BE HELD ON THURSDAY, JULY 26, 2018 AT 1.30 P.M AT THE REGISTERED OFFICE OF THE COMPANY AT EDELWEISS HOUSE, OFF C.S.T. ROAD, KALINA, MUMBAI – 400 098 TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS:

1. To consider and adopt:-
 - a. the audited Financial Statement of the Company for the financial year ended March 31, 2018, together with the Report of the Board and the Auditors thereon; and
 - b. the audited Consolidated Financial Statement of the Company for the financial year ended March 31, 2018, together with the Report of the Auditors thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Ms. Vidya Shah (DIN 00274831) who retires by rotation and being eligible, offers herself for re-appointment.
4. To appoint a Director in place of Mr. Himanshu Kaji (DIN 00009438) who retires by rotation and, being eligible, offers himself for re-appointment.

5. Appointment of the Auditors

- (A) To fill in the casual vacancy

To consider and, if thought fit, to pass the following Resolution as an Ordinary Resolution:

“**RESOLVED** that in accordance with the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 ('the Act') and the Rules framed thereunder, as amended from time to time, approval of the Members of the Company be and is hereby accorded for the appointment of M/s. S. R. Batliboi & Co. LLP (Firm Registration No. 301003E/E300005) as the Auditors of the Company, with effect from May 23, 2018, in the casual vacancy caused by the resignation of M/s Price Waterhouse, Chartered Accountants LLP (Firm Registration No. 012754N/N500016), to hold the office till the conclusion of this Annual General Meeting, at such remuneration as may be mutually agreed upon between the Board of Directors and the Auditors.

FURTHER RESOLVED that the Board of Directors of the Company (including any Committee thereof) be and is hereby authorised to do all such acts and take steps as may be considered necessary and expedient to give effect to this Resolution.”

- (B) For a term of five years

To consider and, if thought fit, to pass the following Resolution as an Ordinary Resolution:

“**RESOLVED** that pursuant to the provisions of Section 139 and all other applicable provisions, if any, of the Companies Act, 2013 ('the Act') and the Rules framed thereunder, as amended from time to time, approval of the Members of the Company be and is hereby accorded for the appointment of M/s. S. R. Batliboi & Co. LLP (Firm Registration No. 301003E/E300005), as the Auditors of the Company, for a term of five years from the conclusion of this Annual General Meeting till the conclusion of the 28th Annual General Meeting to be held in the year 2023, at such remuneration as may be mutually agreed upon between the Board of Directors and the Auditors.

FURTHER RESOLVED that the Board of Directors of the Company (including any Committee thereof) be and is hereby authorised to do all such acts and take steps as may be considered necessary and expedient to give effect to this Resolution.”

SPECIAL BUSINESS:

6. Re-appointment of Mr. Biswamohan Mahapatra as an Independent Director

To consider and, if thought fit, to pass the following Resolution as a Special Resolution:

“**RESOLVED** that pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ('the Act') and the Rules framed thereunder, as amended from time to time, Mr. Biswamohan Mahapatra (DIN 06990345), a Non-Executive Director of the Company, who has given a declaration that he meets the criteria of Independence as provided in Section 149(6) of the Act and who holds the office till the conclusion of this Annual General Meeting, being eligible, be and is hereby re-appointed as an Independent Director of the Company, for a period of 5 years till the conclusion of the 28th Annual General Meeting of the Company to be held in the year 2023.”

7. Continuation of Directorship of Mr. P. N. Venkatachalam as an Independent Director - Pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018

To consider and, if thought fit, to pass the following Resolution as a Special Resolution:

“**RESOLVED** that pursuant to the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 and all other applicable statutes, if any, consent of the Members be and is hereby accorded to Mr. P. N. Venkatachalam, a Non - Executive Director of the Company, who shall be attaining the age of 75 years in March, 2019, to continue as an Independent Director of the Company.

8. Holding of office or place of profit by Ms. Vidya Shah

To consider and, if thought fit, to pass the following Resolution as an Ordinary Resolution:

“**RESOLVED** that pursuant to the provisions of Section 188 read with Rule 15 of the Companies (Meetings of Board and its powers) Rules, 2014, as amended and other applicable provisions, if any, of the Companies Act, 2013 ('the Act'), the Rules made thereunder and all other applicable statute, if any, consent of the Members be and is hereby accorded for the appointment of Ms. Vidya Shah, a Director of the Company and spouse of Mr. Rashesh Shah, the Chairman, Managing Director & CEO of the Company, for holding office or place of profit as an employee of Edelweiss Finance & Investments Limited (a wholly owned subsidiary of the Company) or in any other subsidiary or in the Company, with effect from August 1, 2018, for a period of 5 years on the terms and conditions as agreed with a Basic Salary not exceeding ₹ 1 crore per annum plus a Bonus not exceeding ₹ 1.2 crore along with applicable perquisites and other allowances.

FURTHER RESOLVED that the Board of Directors of the Company (including any Committee thereof), be and is hereby authorised on behalf of the Company to do all such acts, deeds, matters and things, as it may, in its absolute discretion, deem necessary or expedient and to settle questions, difficulties or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the Members of the Company.”

**For and on behalf of the Board of Directors
EDELWEISS FINANCIAL SERVICES LIMITED**

**B. Renganathan
Executive Vice President & Company Secretary
(FCS2922)**

May 23, 2018

Registered Office:

Edelweiss House, Off C.S.T. Road,
Kalina, Mumbai – 400 098.
CIN No.: L99999MH1995PLC094641
Email: efsl.shareholders@edelweissfin.com

NOTES:

1. The Statement pursuant to Section 102 of the Companies Act, 2013 ('the Act'), in respect of certain items to be transacted at the Annual General Meeting (AGM/Meeting) is annexed hereto.

2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.**

A person can act as a proxy on behalf of Members not exceeding fifty (50) and holding in aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.

3. Members/Proxies should bring the enclosed attendance slip duly filled in, for attending the Meeting, along with the Annual Report.
4. Pursuant to Regulation 36 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India ('ICSI'), information in respect of the Directors seeking appointment/re-appointment at the Annual General Meeting is furnished as an Annexure to the Notice.
5. Documents, if any, referred to in the Notice and the Explanatory Statement pursuant to Section 102 of the Act, are open for inspection between 2.00 p.m. to 4.00 p.m. on all working days upto the date of the AGM at the Registered Office of the Company and will also be available at the venue of the AGM.

6. **Book Closure**

The Register of Members and the Share Transfer Books of the Company will remain closed from July 20, 2018 to July 25, 2018 (both days inclusive).

7. **Nomination Facility**

The Members holding the shares in physical form may obtain the Nomination Form from the Company's Registrar & Share Transfer Agent.

8. Members are requested to note that dividends not claimed or encashed within 7 years from the date of transfer to the Company's Unpaid Dividend Account, will be transferred to the Investor Education and Protection Fund as per Section 124 of the Act.
9. Members desirous of getting any information in respect of the contents of the Annual Report are requested to forward the same to the Company Secretary at least 10 days prior to the AGM so that the required information can be made available.

10. **Green Initiative**

- a) copies of the Annual Report of the Company for the financial year ended March 31, 2018 are being sent by electronic mode only to those Members whose e-mail addresses are registered with the Company/Depository Participant(s) unless any Member has requested for a hard copy of the same. For Members who have not registered their e-mail addresses, physical copies of the Annual Report are being sent by the permitted mode. Members may also note that Notice and Explanatory Statement are also available on the website of the Company i.e. www.edelweissfin.com

- b) the Members who have not updated their e-mail addresses are requested to update the same with their respective Depository Participant(s) or communicate their e-mail addresses to the Registrar and Share Transfer Agent or the Company, to enable the Company to send future communications in electronic mode. Members are requested to send a signed letter, communicating their Name, Folio No./DP ID Client ID and e-mail address either by e-mail (scanned copy) to rnt.helpdesk@linkintime.co.in or send a hard copy thereof to them. Alternatively, the Members can also update their e-mail addresses with Company by sending an e-mail to efsl.shareholders@edelweissfin.com

11. National Electronic Clearing Services (NECS) facility

To avoid loss of dividend warrants in transit and undue delay in respect of receipt thereof, the dividend will be credited through NECS facility at the locations identified by the Reserve Bank of India and the Members holding shares in physical form and who are desirous of availing this facility are requested to contact the Registrar & Share Transfer Agent of the Company and the Members holding shares in electronic form are requested to contact their respective Depository Participants.

12. Bank Mandates

In order to avoid fraudulent encashment of the dividend warrants, Members holding shares in physical form are requested to intimate the Registrar & Share Transfer Agent under the signature of the Sole/First holder, the following information to be incorporated on the Dividend Warrants:

- I. Name of the Sole/First holder and the folio number
- II. Particulars of Bank Account viz.,
 - a) Name of the Bank
 - b) Name of the Branch
 - c) Complete address of the Branch with Pin code
 - d) Bank Account Number allotted by the Bank.

13. In respect of the matters pertaining to Bank details, NECS mandates, nomination, power of attorney, change in name/address, etc., the Members are requested to approach:

- the Company's Registrar & Share Transfer Agent, in case of shares held in physical form; and
- the respective Depository Participants, in case of shares held in electronic form.

In any correspondence with the Company/Registrar & Share Transfer Agent, Members are requested to quote their account/ Folio numbers or DP ID and Client ID in respect of physical or electronic holdings, respectively.

14. E-voting

Voting through electronic means:

- I. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended by the Companies (Management and Administration) Amendment Rules, 2015 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide its Members facility to exercise their right to vote on resolutions proposed to be considered at the AGM by electronic means and the business may be transacted through e-Voting services. The facility of casting votes by the Members using an electronic voting system ('remote e-voting') will be provided by National Securities Depository Limited ('NSDL').

- II. The facility for casting vote through polling paper shall be made available at the Meeting and the Members attending the meeting who have not already cast their vote by remote e-voting shall ONLY be able to exercise their voting right at the meeting.
- III. The Members who had cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
- iv. The voting period begins on July 23, 2018 at 9:00 a.m. and ends on July 25, 2018 at 5:00 p.m. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. July 19, 2018 may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter.

Procedure for e-Voting as prescribed by NSDL:

For Members whose e-mail addresses are registered with the Company/Depositories:

Open the e-mail received from NSDL and follow instructions mentioned therein to cast your vote.

How to vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of “Two Steps” which are mentioned below:

Step 1 : Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>

Step 2 : Cast your vote electronically on NSDL e-Voting system.

Step 1: How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under “Shareholders” section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL e-services i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****.
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the Company For example, if folio number is A00005 and EVEN is 108341 then user ID is 108341A00005

5. Your password details are given below:
 - a) If you are already registered for e-Voting, then you can use your existing password to log-in and cast your vote.
 - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the “initial password” which was communicated to you. Once you retrieve your “initial password” you need to enter the “initial password” and the system will force you to change your password.
 - c) How to retrieve your “initial password”?
 - (i) If your email ID is registered in your demat account or with the Company, your “initial password” is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your “User ID” and your “initial password”.
 - (ii) If your email ID is not registered, your “initial password” is communicated to you through post at your registered address.
6. If you are unable to retrieve or have not received the “Initial password” or have forgotten your password:
 - a) Click on “Forgot User Details/Password?” (If you are holding shares in your demat account with NSDL or CDSL), option is available on www.evoting.nsdl.com
 - b) Click on “Physical User Reset Password?” (If you are holding shares in physical mode), option is available on www.evoting.nsdl.com
 - c) If you are still unable to get the password by the aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/ folio number, PAN, name and registered address.
7. After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.
8. Now, you will have to click on “Login” button.
9. After you click on the “Login” button, Home page of e-Voting will open.

Details on Step 2 are given below:

How to cast your vote electronically on NSDL e-Voting system?

1. After successful log-in at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After clicking on Active Voting Cycles, you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycle is in active status.
3. Select “EVEN” of the Edelweiss Financial Services Limited.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.
6. Upon confirmation, the message “Vote cast successfully” will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to “bn@bnp-associates.com” with a copy marked to evoting@nsdl.co.in
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-Voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “Forgot User Details/Password?” or “Physical User Reset Password?” option available on www.evoting.nsdl.com to reset the password.

In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on Toll Free No.: 1800-222-990 or send a request at evoting@nsdl.co.in

Members may also send their queries relating to e-Voting to Mr. Mandar Gaikwad, Assistant Manager, NSDL, at E-mail id: evoting@nsdl.co.in or call Toll Free No.: 1800-222-990 / Tel. No.: 022-2499 4559.

15. Any person, who acquires shares of the Company and becomes a Member of the Company after dispatch of the Notice and holding shares as on the cut-off date i.e. Thursday, July 19, 2018, may obtain the login ID and password by sending a request at evoting@nsdl.co.in. However, if the Member is already registered with NSDL for remote e-voting, then he/she can use his/her existing User-ID and Password for casting the vote.
16. The voting rights of Members shall be in proportion to their shares held in the paid up equity share capital of the Company as on the cut-off date.
17. A person, whose name is recorded in the register of Members or in the register of beneficial owners maintained by the Depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting or voting at the AGM through polling paper.
18. Mr. B. Narasimhan, Proprietor, M/s. B.N. & Associates, Company Secretaries, failing him, Mr. Prakash K. Pandya, Partner of M/s. BNP & Associates, Company Secretaries have been appointed as the Scrutinizer of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.
19. The Scrutinizer shall after the conclusion of voting at the AGM, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make, not later than three days of the conclusion of the AGM, a consolidated Scrutinizer’s Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
20. The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company www.edelweissfin.com and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to BSE Limited and National Stock Exchange of India Limited.

ANNEXURE TO THE NOTICE DATED MAY 23, 2018

EXPLANATORY STATEMENT PURSUANT TO THE PROVISIONS OF SECTION 102 OF THE COMPANIES ACT, 2013

ITEM NO. 5(A) & 5(B):-

(The explanation for this item is given for the information of the Members, though strictly not required as per Section 102 of the Companies Act, 2013)

The Members of the Company at the 22nd Annual General Meeting ('AGM') held on August 2, 2017, had approved the appointment of M/s. Price Waterhouse, Chartered Accountants LLP (PwC), as the Auditors of the Company for a term of five years, till the conclusion of the 27th AGM to be held in the year 2022.

PwC has since tendered their resignation as the Auditors of the Company, expressing their inability to continue as the Auditors due to other time bound and compelling assignments, resulting in a casual vacancy in the office of the Auditors of the Company, with effect from May 22, 2018, as per Section 139(8) of the Companies Act, 2013 ('the Act').

In accordance with aforesaid provision of the Act, the casual vacancy caused by the resignation of Auditors shall be filled by the Board within a period of thirty days and such appointment shall also be approved by the Members of the Company within three months of the recommendation of the Board.

Accordingly, based on the recommendation of the Audit Committee and the confirmation received from M/s. S. R. Batliboi & Co. LLP (Firm Registration No. 301003E/E300005) ('SRB') on their eligibility, the Board recommends to the Members the appointment of SRB, as the Auditors of the Company:

- (a) to fill the casual vacancy caused by the resignation of PwC and to hold the office up to the conclusion of this AGM; and
- (b) for a period 5 years from the conclusion of this AGM till the conclusion of the 28th AGM of the Company to be held in the year 2023.

Brief Profile of S. R. Batliboi & Co. LLP:

S.R. Batliboi & Co. LLP (Firm Registration No. : 301003E/E300005), ("the Audit Firm"), is a firm of Chartered Accountants registered with the Institute of Chartered Accountants of India. The Audit Firm was established in the year 1949 and is a limited liability partnership firm (LLP) incorporated in India. Its Registered Office is at 22, Camac Street, Kolkata and has 13 branch offices in various cities in India. The Audit Firm has valid Peer Review certificate and is part of S.R. Batliboi & Affiliates network of firms. The Audit Firm primarily renders audit and assurance services to its clients engaged in Financial Services, Technology, Media, Communication and Industrial, Infrastructure and Consumer Products and its presence spans across various cities in India with 81 partners and over 3,300 professionals.

None of the Directors, Key Managerial Personnel and their relatives is concerned or interested in Item Nos. 5(A) & 5(B) of the Notice.

ITEM NO. 6:-

The Members of the Company had appointed Mr. Biswamohan Mahapatra as an Independent Director of the Company at the Annual General Meeting of the Company held on July 21, 2015, to hold office till the conclusion of this Annual General Meeting.

Pursuant to Section 149(10) of the Companies Act, 2013, Independent Directors can be re-appointed by passing a Special Resolution.

A brief profile of Mr. Biswamohan Mahapatra is as under:

Mr. Biswamohan Mahapatra

Mr. Biswamohan Mahapatra's career spans over three decades. He retired as an Executive Director of Reserve Bank of India (RBI) in August 2014. At RBI, he was in charge of banking regulation, policy, and supervision. Post retirement, he was an Advisor to RBI on the new bank licensing process. He has represented RBI at various national and international forums and chaired several RBI committees. He was also the Member-Secretary to the Committee set up to introduce a financial holding company in India and was also involved in the formulation of Basel II and Basel III regulations. He also serves as an Independent Director on the Boards of various companies. Recently, he was appointed as the Non-Executive Chairman of National Payments Corporation of India.

He completed his Master of Science in Management (MSM) from Arthur D. Little Management Education Institute, Cambridge, and MBA from University of Delhi.

Based on the performance evaluation, the recommendation of the Nomination and Remuneration Committee and considering the qualifications, experience and the valuable contribution being made by Mr. Biswamohan Mahapatra, the Board recommends the re-appointment of Mr. Biswamohan Mahapatra as an Independent Director for a further term of 5 years, who shall hold office until the conclusion of the 28th Annual General Meeting of the Company to be held in the year 2023 as mentioned in Item No. 6 of the Notice.

None of the Directors, Key Managerial Personnel and their relatives except Mr. Biswamohan Mahapatra is concerned or interested in Item No. 6 of the Notice.

ITEM NO. 7:-

Pursuant to the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, approval of the Members of the Company, by means of a Special Resolution is required for appointment or continuation of directorship of any person as a non-executive Director who has attained/ attaining the age of 75 years.

Mr. P. N. Venkatachalam, who was re-appointed as an Independent Director of the Company, to hold office for the second term of 5 years till the Annual General Meeting to be held in the year 2022, shall be attaining the age of 75 years in March 2019 and hence would require the approval of the Members of the Company by means of a Special Resolution for continuation as an Independent Director of the Company. Considering the experience and the valuable contribution being made by Mr. P. N. Venkatachalam, the Board recommends passing the Special Resolution as set out in Item No. 7 of the Notice.

A brief profile of Mr. P. N. Venkatachalam is as under:

Mr. P. N. Venkatachalam

Mr. P. N. Venkatachalam has over four decades of experience in the banking sector in India and abroad. He has also worked in the software industry in banking & finance verticals. He joined State Bank of India in 1967 and retired in 2004 as its Managing Director. He was also 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.

None of the Directors, Key Managerial Personnel and their relatives except Mr. P. N. Venkatachalam is concerned or interested in Item No. 7 of the Notice.

ITEM NO. 8:-

Ms. Vidya Shah, a Non-Executive Director of the Company and Spouse of Mr. Rashesh Shah, Chairman, Managing Director & CEO of the Company, being an employee of Edelweiss Finance & Investment Limited, a wholly owned subsidiary, of the Company, is considered to be holding the office or place of profit under Section 188 of the Companies Act, 2013 ('the Act'). The Member of the Company at their meeting held on July 21, 2015 had accorded their consent for holding the office or place of profit by Ms. Vidya Shah till July 31, 2018. Pursuant to the provisions of the aforesaid Section read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, the approval of the Members is required for payment of remuneration in excess of the limits prescribed under the aforesaid provisions of the Act. As the proposed remuneration will be in excess of the prescribed limits under the Act, the approval of the Members is being sought for the same.

The other related information as required under the Companies (Meetings of Board and its Powers) Rules, 2014 is as under:

Name of the Related Party	Ms. Vidya Shah Brief Profile: Ms. Vidya Shah is associated with Edelweiss since 2000. She was the Chief Financial Officer of the Company and oversaw various important functions such as Finance, Human Resources and Administration. She spent the first 11 years of her career in investment banking with companies like ICICI, Peregrine and NM Rothschild, where she advised corporations in fund raising and M&A transactions. She holds a Bachelor's degree in Commerce and a Post Graduate Diploma in Management from the Indian Institute of Management, Ahmedabad. She is presently Senior Executive President of Edelweiss Finance & Investments Limited (a wholly owned subsidiary of the Company) and is also responsible for the philanthropic activities of the Edelweiss Group through EdelGive Foundation. EdelGive Foundation supports NGOs with an array of services in Education, Livelihood, Women Empowerment etc. through funding, capacity building and building linkages to philanthropic capital providers. Under the leadership of Ms. Vidya, the Foundation has come to be recognised and respected for effecting social change and transformation across India and partners with nearly 150 NGOs and supports approximately ₹ 1.5 billion of investments through grants. Ms. Vidya is also on the Boards of various non-profit organisations, providing strategic guidance.
Name of the Director or key managerial personnel who is related, if any	Ms. Vidya Shah is the spouse of Mr. Rashesh Shah, the Chairman, Managing Director & CEO.
Nature of Relationship	As aforesaid.
The nature, material terms, monetary value and particulars of the contract or arrangement	As per resolution no. 8 of this AGM notice.
Any other information relevant or important for the Members to take a decision on the proposed resolution	None

Considering her qualification, experience, contribution to the CSR Activities and various function of the Group and the remuneration being commensurate, the Board recommends passing the Ordinary Resolution as set out in Item No. 8 of the Notice.

None of the Directors and Key Managerial Personnel and their relatives, except Ms. Vidya Shah and Mr. Rashesh Shah is concerned or interested in item No. 8 of the Notice.

**For and on behalf of the Board of Directors
EDELWEISS FINANCIAL SERVICES LIMITED**

**B. Renganathan
Executive Vice President & Company Secretary
(FCS2922)**

May 23, 2018

Registered Office:

Edelweiss House,
Off C.S.T. Road, Kalina, Mumbai – 400 098.
CIN No.: L99999MH1995PLC094641
Email: efsl.shareholders@edelweissfin.com

.Details of Directors (as on March 31, 2018) seeking appointment/re-appointment at the Annual General Meeting pursuant to Regulation 36 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings (SS-2)

Particulars	Ms. Vidya Shah	Mr. Himanshu Kaji
Age	51 years	52 years
Date of first Appointment	August 1, 2014	November 1, 2011
Experience in functional Area	Over two and half decades of experience in the financial services.	More than three decades of experience in the financial services.
Qualification	Post Graduate Diploma in Management from the Indian Institute of Management, Ahmedabad.	1. Member of the Institute of Chartered Accountants of India 2. Post-Graduate Diploma in Securities Law
Terms and conditions of appointment / re-appointment	Appointed as a Non-Executive Director w.e.f. July 21, 2015, liable to retire by rotation.	Appointed for a period of 5 years w.e.f. November 1, 2014
Remuneration to be paid	Entitled for payment of commission	Entitled for payment of Salary, perquisites and bonus as approved by the Members
Remuneration last drawn	-	Refer Corporate Governance Report forming part of the Annual Report
No. of Board meetings attended during the year	5	5
Directorship in other Companies (Public Limited Companies)	1. Edelweiss Asset Reconstruction Company Limited 2. ECL Finance Limited	1. ECL Finance Limited 2. Edelweiss Tokio Life Insurance Company Limited 3. Edelweiss Trusteeship Company Limited
Membership/ Chairmanship of Committees of other public limited companies (Audit Committee and Shareholders/ Investors Grievance Committee only)	1. ECL Finance Limited – Member (Audit Committee and Stakeholders Relationship Committee)	1. Edelweiss Trusteeship Company Limited – Member (Audit Committee)
Disclosure of relationships between directors inter-se	Ms. Vidya Shah is the spouse of Mr. Rashesh Shah, the Chairman, Managing Director & CEO.	None
No. of shares held in the Company	3,50,31,200 Equity Shares	30,37,500 Equity Shares

Particulars	Mr. Biswamohan Mahapatra
Age	63 years
Date of first Appointment	March 26, 2015
Experience in functional Area	More than three decades of experience in the banking sector.
Qualification	1. Master of Science in Management (MSM) degree from the Arthur D. Little Management Education Institute, Cambridge. 2. MBA from University of Delhi
Terms and conditions of appointment / re-appointment	Re-appointment for a period of 5 years from the conclusion of this AGM till the conclusion of the 28 th AGM to be held in the year 2023.
Remuneration to be paid	Independent Directors are entitled to sitting fees for attending meetings of the Board & Committees thereof and also commission
Remuneration last drawn	Refer Corporate Governance Report forming part of the Annual Report
No. of Board meetings attended during the year	4
Directorship in other Companies (Public Limited Companies)	1. Gruh Finance Limited 2. ECL Finance Limited 3. Ujjivan Small Finance Bank Limited 4. Edelweiss General Insurance Company Limited
Membership/Chairmanship of Committees of other public limited companies (Audit Committee and Shareholders/ Investors Grievance Committee only)	1. Gruh Finance Limited – Chairman (Audit Committee) 2. Ujjain Small Finance Bank Limited – Member (Audit Committee) 3. ECL Finance Limited – Member (Audit Committee) 4. Edelweiss General Insurance Company Limited – Member (Audit Committee)
Disclosure of relationships between directors inter-se	None
No. of shares held in the Company	Nil

Particulars	Mr. P N Ventkatachalam
Age	74 years
Date of first Appointment	August 9, 2007
Experience in functional Area	More than four decades of experience in the banking sector.
Qualification	1. Master's Degree in Economics 2. Certified Associate from the Indian Institute of Bankers
Terms and conditions of appointment / re-appointment	Re-appointed for a period of 5 years at the AGM held on August 2, 2017 to hold office till the conclusion of 27 th AGM to be held in the year 2022
Remuneration to be paid	Independent directors are entitled to sitting fees for attending meetings of the Board & Committees thereof and also commission
Remuneration last drawn	Refer Corporate Governance Report forming part of the Annual Report
No. of Board meetings attended during the year	5
Directorship in other Companies (Public Limited Companies)	1. ECL Finance Limited 2. Edelweiss Finance & Investments Limited 3. Sundaram Finance Limited 4. UTI Asset Management Company Limited 5. UTI Retirement Solutions Limited 6. Edelweiss Tokio Life Insurance Company Limited 7. Sundaram BNP Paribas Home Finance Limited 8. Edelweiss Housing Finance Limited 9. Edelweiss Asset Reconstruction Company Limited
Membership/Chairmanship of Committees of other public limited companies (Audit Committee and Shareholders/ Investors Grievance Committee only)	1. ECL Finance Limited - Chairman (Audit Committee) 2. ECL Finance Limited- Member (Stakeholders Relationship Committee) 3. Edelweiss Finance & Investments Limited - Chairman (Audit Committee) 4. UTI Asset Management Company Ltd. - Chairman (Audit Committee) 5. UTI Retirement Solutions Limited - Member (Audit Committee) 6. Edelweiss Housing Finance Limited - Member (Audit Committee) 7. Edelweiss Tokio Life Insurance Company Limited - Member (Audit Committee)
Disclosure of relationships between directors inter-se	None
No. of shares held in the Company	2,70,000 Equity Shares

**For and on behalf of the Board of Directors
EDELWEISS FINANCIAL SERVICES LIMITED**

**B. Renganathan
Executive Vice President & Company Secretary
(FCS2922)**

May 23, 2018

Registered Office:

Edelweiss House,
Off C.S.T. Road, Kalina, Mumbai – 400 098.
CIN No.: L99999MH1995PLC094641
Email: efs.shareholders@edelweissfin.com

Route Map of the Venue of the
23rd ANNUAL GENERAL MEETING OF EDELWEISS FINANCIAL SERVICES LIMITED - July 26, 2018

AGM Venue:

Edelweiss House,
Off C.S.T. Road,
Kalina, Mumbai – 400 098

Prominent Landmark: University of Mumbai, Kalina



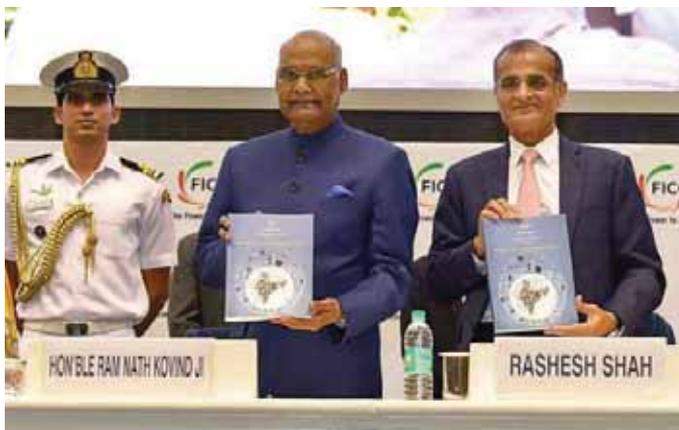
External Connects



△ Hon'ble Prime Minister, Narendra Modi congratulates Edelweiss Chairman & CEO, Rashesh Shah on being appointed President of the Federation of Indian Chambers of Commerce & Industry (FICCI)



△ Dilip Shanghvi, Managing Director, Sun Pharmaceuticals and Jalaj Dani, Co-Promoter, Asian Paints hand Rashesh Shah the EY Entrepreneur of the Year 2017 Award in the financial services category



△ Hon'ble President, Shri Ram Nath Kovind with Rashesh Shah at the 34th Annual Session of FICCI FLO



△ Hon'ble Prime Minister, Narendra Modi, Hon'ble Israeli Prime Minister, Benjamin Netanyahu and Rashesh Shah at the Indo-Israeli conference



△ Hon'ble Canadian Prime Minister, Justin Trudeau, in an animated conversation with Rashesh Shah at the Indo-Canadian CEO Meet



△ Hon'ble Prime Minister, Narendra Modi, Hon'ble Home Minister, Rajnath Singh and Rashesh Shah along with other industry leaders at the UP Investors Summit 2018



△ EdelGive Foundation CEO, Vidya Shah, at the Goalkeepers Event, hosted by Bill and Melinda Gates Foundation in New York, supporting the Global Goals for sustainable development



△ Vidya and Rashesh Shah welcome guests to the 10 year celebrations of EdelGive Foundation



△ Power-packed panel discussion on the realities of funding innovative ideas with Rakesh Jhunjhunwala, Chairman, Aptech Ltd. & Hungama Digital Media Entertainment, Viren Rasquinha, CEO, Olympic Gold Quest and Ramji Raghavan, Founder & Chairman of Agastya International Foundation at EdelGive EDGE 2017



△ A bright and sunny afternoon at Palette 2018 - the 5th edition of the famous art walk for a cause



△ EdelGive Foundation and Genpact host 'When Corporates Collaborate', a leadership forum on companies joining forces to transform the non-profit sector



△ Rashesh and Vidya Shah felicitate Saina Nehwal for her performance at the Commonwealth Games at an event hosted by the Olympic Gold Quest



△ Rashesh Shah announcing long-term partnership with Indian Olympic Association, felicitating India's young sportstars, Prithvi Shaw, Saina Nehwal, Dipa Karmakar and Rani Rampal at Palette 2018



△ Hon'ble Sports Minister Rajyavardhan Singh Rathore and Rashesh Shah with the Indian Team before they head off to Gold Coast for the Commonwealth Games 2018



△ Edelweiss Tokio Life offers a life insurance cover of ₹50 lakhs for each athlete representing India at the 2018 Commonwealth Games in the presence of Hon'ble Sports Minister Rajyavardhan Singh Rathore and Narinder Batra, President, Indian Olympic Association



△ Edelweiss Group COO, Himanshu Kaji, speaking at a panel discussion on easing regulatory barriers to investment at FICCI's CAPAM Conference



△ Captivating guest speakers at the Edelweiss India Conference themed around India 2025: Another Tryst with Destiny



△ Thought leaders address a spectrum of issues that are key to building the India of tomorrow at the Edelweiss Emerging Ideas Conference

Internal Engagement



△ Boman Irani welcomes Wing Commander Jagmohan Nath, Captain Bana Singh and Commander Kamal Singh to Edelweiss Titans 2017, the annual awards and recognition program



△ 800 Edelites and their families joined Rashesh Shah to run a 10K marathon to celebrate reaching the 10,000 employee milestone



△ Team Edelweiss bring home the Brain Bout inter-corporate quiz trophy for the 2nd year in a row



△ Women Leaders at Edelweiss inspire their colleagues to shatter the glass ceiling on Women's Day



△ Team Edelweiss distribute stationery kits to over 500 underprivileged children pan India during Joy of Giving week



△ Edelites enjoy cycling through the streets of Mumbai at night as part of the Edelcare health and fitness program