

B S R & Associates LLP

Chartered Accountants

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Independent Auditor's Report

To the Members of Edelweiss Finance & Investments Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Edelweiss Finance & Investments Limited (the "Company"), which comprise the Balance Sheet as at 31 March 2017, 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

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 and presentation of these standalone financial statements that 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 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143 (10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone 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 standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances.

Independent Auditor's Report (Continued)

Edelweiss Finance & Investments Limited

Auditor's responsibility (Continued)

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 standalone financial statements.

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

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 31 March 2017, and its profits and its cash flows for the year ended on that date.

Report on other legal and regulatory requirements

As required by the Companies (Auditor's Report) Order, 2016 (the "Order") issued by the Central Government of India in terms of sub section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in paragraph 3 and 4 of the Order, to the extent applicable.

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 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act;
- f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
- g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 2.40 to the standalone financial statements;

Independent Auditor's Report (*Continued*)

Edelweiss Finance & Investments Limited

Report on other legal and regulatory requirements (*Continued*)

- ii. the Company has made provision as required under the applicable law or accounting standards, for material foreseeable losses, on long-term contracts including derivative contracts - Refer Note 2.71 to the standalone financial statements; and
- iii. there were no amounts required to be transferred to the Investor Education and Protection Fund by the Company;
- iv. the Company has provided requisite disclosures in the standalone financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the management – Refer Note 2.60 to the standalone financial statements.

For **B S R & Associates LLP**

Chartered Accountants

Firm's Registration No: 116231 W/W-100024



Ashwin Suvarna

Partner

Membership No: 109503

Mumbai
16 May 2017

Edelweiss Finance & Investments Limited

Annexure A to the Independent Auditors' Report of even date on the standalone financial statements of Edelweiss Finance & Investments Limited

The Annexure referred to in Independent Auditors' Report to the members of Edelweiss Finance & Investments Limited ("the Company") on the standalone financial statements for the year ended 31 March 2017, we report that:

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all the fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- ii. (a) The Company has conducted a physical verification of equity shares and other securities relating to Company's stock-in-trade on the basis of actual verification or statement received from depository participants at reasonable intervals. In our opinion, the frequency of such verification is reasonable in relation to the size of the Company and the nature of its business.
- (b) The Company is maintaining proper records of stock-in-trade. No material discrepancies have been noticed on physical verification of stock-in-trade.
- 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. Accordingly, paragraph 3(iii) of the Order is not applicable.
- 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 Act, with respect to the loans and investments made.
- v. According to the information and explanation given to us, the Company has not accepted any deposits from the public to which directives issued by the Reserve Bank of India and the provisions of Section 73 to Section 76 or any other relevant provisions of the Act and the rules framed thereunder apply.
- vi. The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any services rendered by the Company. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.
- vii. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, income tax, service tax, and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of employees' state insurance, sales tax, customs duty, excise duty and cess. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, service tax, , and other material statutory dues were in arrears as at 31 March 2017 for a period of more than six months from the date they became payable.



Edelweiss Finance & Investments Limited

Annexure A to the Independent Auditors' Report of even date on the standalone financial statements of Edelweiss Finance & Investments Limited (*Continued*)

- (b) According to the information and explanations given to us, there are no provident fund, service tax and other material statutory dues which have not been deposited with the appropriate authorities on account of any dispute. However, according to the information and explanations given to us, the following income tax dues have not been deposited by the Company on account of disputes:

Name of Statute	Nature of dues	Amount (in millions)	Period to which the amount relates	Forum where dispute is pending
Income tax Act, 1961	Income tax	0.14	AY 2009-10	CIT(A)
Income tax Act, 1961	Income tax	114.13	AY 2013-14	CIT(A)

- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks, Government or debenture holders during the year.
- ix. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable.
- 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, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi. According to the information and explanations given to us and based on our examination of the records of the Company, 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. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii. According to the information and explanations given to us and on the basis of our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the standalone financial statements, as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable.

Edelweiss Finance & Investments Limited

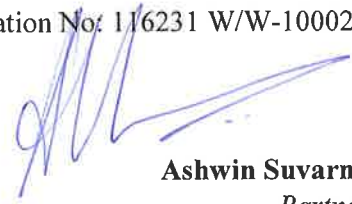
Annexure A to the Independent Auditors' Report of even date on the standalone financial statements of Edelweiss Finance & Investments Limited (*Continued*)

- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi. According to the information and explanations given to us, the Company is registered as required under Section 45-IA of the Reserve Bank of India Act, 1934.

For **B S R & Associates LLP**

Chartered Accountants

Firm's Registration No: 116231 W/W-100024



Ashwin Suvarna

Partner

Membership No: 109503

Mumbai

16 May 2017

Edelweiss Finance & Investments Limited

Annexure - B to the Independent Auditor's Report of even date on the standalone financial statements of Edelweiss Finance & Investments Limited

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

We have audited the internal financial controls over financial reporting of Edelweiss Finance & Investments Limited (the "Company") as of 31 March 2017 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

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 (the "Guidance Note") issued by the Institute of Chartered Accountants of India (the "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 Company's policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records, and timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both 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.

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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.



Edelweiss Finance & Investments Limited

Annexure - B to the Independent Auditor's Report of even date on the standalone financial statements of Edelweiss Finance & Investments Limited (Continued)

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent limitations of Internal Financial Controls over Financial Reporting

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

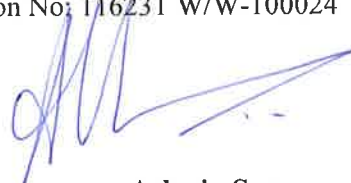
Opinion

In our opinion, the 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 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **B S R & Associates LLP**

Chartered Accountants

Firm's Registration No: 116231 W/W-100024



Ashwin Suvarna

Partner

Membership No: 109503

Mumbai

16 May 2017

Edelweiss Finance & Investments Limited

Balance Sheet

(Currency: Indian Rupees in million)

		As at 31 March 2017	As at 31 March 2016
EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	2.1	340.35	340.35
(b) Reserves and surplus	2.2	3,341.31	3,274.49
		3,681.66	3,614.84
Non-current liabilities			
(a) Long-term borrowings	2.3	1,761.61	5,874.52
(b) Other long term liabilities	2.4	262.32	164.06
(c) Long-term provisions	2.5	56.27	59.34
Current liabilities			
(a) Short-term borrowings	2.6	11,877.28	26,785.76
(b) Trade payables			
i) Total outstanding dues of micro enterprises and small enterprises		-	-
ii) Total outstanding dues other than micro enterprises and small enterprises	2.7	273.92	55.46
(c) Other current liabilities	2.8	4,700.79	1,628.60
(d) Short-term provisions	2.9	368.55	369.95
TOTAL		22,982.40	38,552.53
ASSETS			
Non-current assets			
(a) Fixed assets	2.10		
(i) Property, Plant and Equipment		204.64	221.01
(ii) Intangible assets		1.49	1.52
(b) Non-current investments	2.11	999.08	1,440.81
(c) Deferred tax assets (net)	2.12	171.51	136.00
(d) Long-term loans and advances	2.13	1,036.49	2,227.56
(e) Other non-current assets	2.14	422.33	258.57
		2,835.54	4,285.47
Current assets			
(a) Current Investments	2.15	17.28	291.77
(b) Stock-in-trade	2.16	17,350.78	27,312.04
(c) Trade receivables	2.17	606.78	32.73
(d) Cash and bank balances	2.18	795.03	1,653.17
(e) Short-term loans and advances	2.19	542.65	3,783.99
(f) Other current assets	2.20	834.34	1,193.36
		20,146.86	34,267.06
TOTAL		22,982.40	38,552.53

Significant accounting policies and notes to the financial statements

1 & 2

As per our report of even date attached.

For BSR & Associates LLP
Chartered Accountants
Firm's Registration No. 116231WAW-100024

Ashwin Suvarna
Partner
Membership No: 109503

Mumbai
16 May 2017

For and on behalf of the Board of Directors

S. Ranganathan
Executive Director
DIN: 00125493

Raviprakash R. Bubna
Director
DIN: 00090160

Manjeet Bijlani
Chief Financial Officer

Nidhi Parekh
Company Secretary

Mumbai
16 May 2017

Edelweiss Finance & Investments Limited

Statement of Profit and Loss

(Currency: Indian Rupees in million)

		For the Year ended 31 March 2017	For the Year ended 31 March 2016
Revenue from operations			
I. Fee and commission income	2.21	144.91	85.46
II. Income from treasury operations and Investments	2.22	258.38	(239.75)
III. Interest income	2.23	2,614.83	3,360.95
IV. Other income	2.24	35.93	39.34
V. Total Revenue		3,054.05	3,246.00
Expenses			
Employee benefit expenses	2.25	392.51	134.88
Finance costs	2.26	1,133.59	2,119.50
Depreciation and Amortisation expense	2.10	18.07	20.42
Other expenses	2.27	327.97	203.15
VI. Total expenses		1,872.14	2,477.95
VII. Profit before tax (V - VI)		1,181.91	768.05
VIII. Profit before tax from continuing operation		816.44	768.05
IX. Tax expense:			
(1) Current tax [includes short/(excess) provision for earlier years Rs. (56.74) million (Previous year Rs.11.40 million)].		293.10	334.55
(2) Deferred tax (Net)		2.31	(89.05)
X. Profit after tax from continuing operation (VIII - IX)		521.03	522.55
XI. Profit before tax from discontinuing operation		365.47	-
XII. Tax expense:			
(1) Current tax		131.21	-
(2) Deferred tax (Net)		(37.82)	-
XIII. Profit after tax from discontinuing Operation (XI - XII)		272.08	-
XIV. Profit for the year (X + XIII)		793.11	522.55
Earnings per equity share (Face value Rs. 10 each)			
Basic and diluted	2.30	277.92	176.01

Significant accounting policies and notes to the financial statements

1 & 2

As per our report of even date attached.

For BSR & Associates LLP

Chartered Accountants

Firm's Registration No. 116231W/W-100024



Ashwin Suvarna

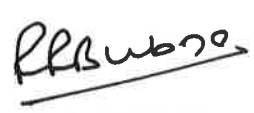
Partner

Membership No: 109503

For and on behalf of the Board of Directors



S. Ranganathan
Executive Director
DIN: 00125493



Raviprakash R. Bubna
Director
DIN: 00090160



Manjeet Bijlani
Chief Financial Officer
Mumbai
16 May 2017



Nidhi Parekh
Company Secretary

Mumbai
16 May 2017

Edelweiss Finance & Investments Limited

Cash Flow Statement

(Currency: Indian Rupees in million)

For the year ended
31 March 2017

For the year ended
31 March 2016

A Cash flow from operating activities

Profit before tax	1,181.91	768.05
<i>Adjustments for</i>		
Depreciation and amortisation	18.07	20.42
Provision for compensated absences	(0.37)	0.58
Provision for standard assets	(11.55)	9.03
Bad- debts and advances written off	-	5.99
Provision for doubtful debts/(written off)	(1.43)	35.18
Diminution in value of non-current investments	212.71	20.00
(Profit) / Loss on sale of Fixed Assets	(0.20)	2.26
Dividend on investments	(54.33)	(64.90)
Interest on security receipts	(17.60)	(0.38)
Profit on sale of non current investments (net)	(6.35)	(71.55)
(Profit) / Loss on sale of current investments (net)	(33.24)	29.70
Operating cash flow before working capital changes	1,287.62	754.38
<i>Add / (Less): Adjustments for working capital changes</i>		
(Increase) / Decrease in trade receivables	(572.63)	23.04
Decrease in Stock in trade	9,961.27	2,033.28
Decrease / (Increase) in receivables from financing business (net) (refer note 1)	4,450.32	(830.56)
(Increase) / Decrease in other loans and advances	(18.91)	61.14
Decrease / (Increase) in other assets	195.27	(332.48)
Increase / (Decrease) in liabilities and provisions	913.72	(255.18)
Cash generated from operations	16,216.66	1,453.62
Income taxes paid	(451.28)	(304.84)
Net cash generated from operating activities -A	15,765.38	1,148.78

B Cash flow from investing activities

Purchase of fixed assets	(2.50)	(12.65)
Sale of fixed assets	1.03	1.60
Purchase of Non-current investments	(36.23)	(83.17)
Sale of Non-current investments	271.60	92.71
Purchase of current investments	(0.01)	(293.52)
Sale of current investments	307.74	267.10
Interest on security receipts	17.60	0.38
Dividend on investments	54.33	64.90
Net cash generated from investing activities - B	613.56	37.35

C Cash flow from financing activities

(Repayment) / Proceeds from issue of long term debentures (refer note 1)	(2,089.41)	2,182.48
Decrease in short term borrowing	(14,420.98)	(1,126.16)
Dividends & Dividend Distribution Tax paid	(726.69)	(916.87)
Net cash (used in) / generated from financing activities - C	(17,237.08)	139.45

Edelweiss Finance & Investments Limited

Cash Flow Statement (continued)

(Currency: Indian Rupees in million)

	For the year ended 31 March 2017	For the year ended 31 March 2016
Net increase / (decrease) in cash and cash equivalents (A+B+C)	(858.14)	1,325.58
Cash and cash equivalents as at the beginning of the year	1,603.17	277.59
Cash and cash equivalents as at the end of the year (Refer note 2.18)	745.03	1,603.17

Notes:

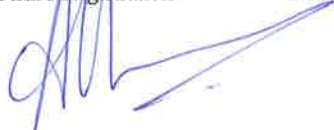
- 1 Net figures have been reported on account of volume of transactions.

As per our report of even date attached.

For B S R & Associates LLP

Chartered Accountants

Firm's Registration No. 116231W/W-100024



Ashwin Suvarna

Partner

Membership No: 109503

Mumbai

16 May, 2017

For and on behalf of the Board of Directors



S. Ranganathan

Executive Director

DIN: 00125493



Manjeet Bijlani

Chief Financial Officer

Mumbai

16 May, 2017



Raviprakash R. Bubna

Director

DIN: 00090160



Nidhi Parekh

Company Secretary

Edelweiss Finance & Investments Limited

Notes to the financial statements

1. Significant accounting policies

1.1 Basis of preparation of financial statements

The accompanying financial statements are prepared and presented in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention, on the accrual basis of accounting, unless otherwise stated, and comply with the Accounting Standards as prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) rules, 2014, the provisions of the Companies Act, 2013 (to the extent notified), provisions of the Companies Act, 1956 (to the extent applicable) (hereinafter together referred to as 'the Act') and the Schedule III to the Act and circulars and guidelines issued by the Reserve Bank of India ('RBI'). The financial statements are presented in Indian rupees rounded off to millions, unless otherwise stated.

The Company being a NBFC registered with RBI, follows the guidelines issued by the RBI, in respect of income recognition, provisioning for non-performing assets and valuation of investments.

1.2 Use of estimates

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

1.3 Current-non-current classification

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

Assets

An Asset is classified as current when it satisfies any of the following criteria:

- It is expected to be realized in, or is intended for sale or consumption in, the company's normal operating cycle;
- It is held primarily for the purpose of being traded;
- It is expected to be realized within 12 months after the reporting date; or
- It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current Assets include the current portion of non-current financial assets.

All other assets are classified as non-current.

Liabilities

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

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



Edelweiss Finance & Investments Limited

Notes to the financial statements (*Continued*)

1.3 *Current-non-current classification (Continued)*

- b. It is held primarily for the purpose of being traded;
- c. It is due to be settled within 12 months after the reporting date; or
The company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of the liability that could, at the option of the counterparty, results in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities.

All other liabilities are classified as non-current.

1.4 *Revenue recognition*

- a) Fee income including advisory fees, syndication fees, processing fees and other fees is accounted for on an accrual basis in accordance with the terms and contracts entered into between the Company and the counterparty.
- b) Income from treasury operations comprises of profit/loss on sale of securities and profit/loss on equity, commodity and interest rate derivative instruments.
 - i) Profit/loss on sale of securities is determined based on the weighted average cost of the securities sold and recognised on trade date.
 - ii) Realised profit/ loss on closed positions of all derivative instruments is recognised on final settlement on squaring-up of the contracts. All outstanding derivative contracts in the nature of forwards / futures / options are measured at fair value as at the balance sheet date. Fair value is determined using quoted market prices in an actively traded market, for the instrument, wherever available, as the best evidence of fair value. In the absence of quoted market prices in an actively traded market, a valuation technique is used to determine the fair value. In most cases the valuation models use observable market data as input parameters in order to ensure reliability of the fair value measure.
 - iii) In respect of interest rate derivatives, realised profit/loss on maturity/termination of contract is recognised as 'Profit/loss on interest rate derivatives' in the statement of profit and loss and the realised profit/loss on settlement during contract period is recognised as 'Interest on interest rate derivatives' in statement of profit and loss.
- c) Interest income is recognised on accrual basis. Interest income in case of lending business is recognised on accrual basis except in case of non- performing assets, wherein it is accounted on realisation as per RBI guidelines. In case of commercial papers, deep discount bonds and certificate of deposits, the difference between the acquisition cost and redemption value is amortised on time basis and recognised as interest income.
- d) Dividend income is recognised when the right to receive payment is established.
- e) Income from training centre is recognised on accrual basis.

1.5 *Cost of Benchmark linked debentures*

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



Edelweiss Finance & Investments Limited

Notes to the financial statements (Continued)

1.6 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.

Provisions against standard assets are made on the basis of prudential norms prescribed by RBI.

1.7 Fixed Assets and depreciation/ amortisation

Property, Plant and Equipment and Capital work in progress:

Property, Plant and Equipment (Fixed assets) are stated at cost less accumulated depreciation. The cost of fixed assets comprises of purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Depreciation is provided on a written down value basis from the date the asset is ready to use or put to use whichever is earlier. In respect of assets sold, depreciation is provided upto the date of disposal.

As per the requirement of Schedule II of the Companies Act, 2013, the Company has evaluated the useful lives of the respective fixed assets which are as per the provisions of Part C of the Schedule for calculating the depreciation. The useful lives of the fixed assets are as follows:

Nature of assets	Useful Life
Building (other than Factory Building)	60 years
Plant and Machinery	15 years
Furniture and fittings	10 years
Motor Vehicles	8 years
Vessel	13 years
Office Equipment	5 years
Computers and data processing units - Servers and networks	6 years
Computers and data processing units - End user devices, such as desktops, laptops, etc.	3 years

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

Intangible 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 are amortised over a period of 3 years based on its estimated useful life.

1.8 Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired based on internal/external factors. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit and loss account. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of the depreciable historical cost.



Edelweiss Finance & Investments Limited

Notes to the financial statements (*Continued*)

1.9 *Stock-in-trade*

- a) The securities acquired with the intention of short-term holding and trading positions are considered as stock-in-trade and disclosed as current assets.
- b) The securities held as stock-in-trade are valued at lower of weighted average cost and market value. In case of units of mutual funds held as stock-in-trade, net asset value is considered as fair value.
- c) Debt instruments are valued at lower of cost and fair value. In case of debt instruments for which direct quotes are not available, they are valued at the lowest of the quotes as on valuation date as provided by market intermediaries.
- d) Commercial papers, certificate of deposits and treasury bills are valued at carrying cost.

1.10 *Investments*

Investments are classified into long term investments and current investments. Investments which are intended to be held for one year or more are classified as long term investments and investments which are intended to be held for less than one year are classified as current investments.

Long term investments are carried at cost less diminution in value which is other than temporary, determined separately for each investment.

Current investments are carried at lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each category of investment. In case of investments in mutual funds, the net asset value of units declared by the mutual funds is considered as the fair value.

1.11 *Employee benefits*

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

Provident fund and National pension scheme

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

Gratuity

The Company's gratuity scheme is a defined benefit plan. The Company's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that the employees have earned in return for their service in the current and prior periods, that benefit is discounted to determine its present value, and the fair value of any plan assets, if any, is deducted.

The present value of the obligation under such benefit plan is determined based on actuarial valuation using the Projected Unit Credit Method.

The obligation is measured at present values of estimated future cash flows. The discounted rates used for determining the present value are based on the market yields on Government Securities as at the balance sheet date.

Benefits in respect of gratuity are funded with an Insurance Company approved by Insurance Regulatory and Development Authority (IRDA).

Actuarial gains and losses arising from experience adjustments and change in actuarial assumptions are recognised in the statement of profit and loss in the period in which they arise.



Edelweiss Finance & Investments Limited

Notes to the financial statements (*Continued*)

1.11 Employee benefits (*continued*)

Compensated absences

The eligible employees of the Company are permitted to carry forward certain number of their annual leave entitlement to subsequent years, subject to a ceiling. The Company recognises the charge to the Statement of Profit & Loss and corresponding liability on account of such non-vesting accumulated leave entitlement based on a valuation by an independent actuary.

Deferred Bonus:

The Company has adopted a Deferred Bonus Plan under its Deferred Variable Compensation Plan. A pool of identified senior employees of the Company is entitled for benefits under this plan. Such deferred compensation will be paid in a phased manner over a future period of time. The measurement for the same has been based on actuarial assumptions and principles. These assumptions and principles are consistent with the requirements of Accounting Standard 15 (Revised 2005).

1.12 Taxation

Tax expense comprises current tax (i.e. amount of tax for the year determined in accordance with the Income Tax Act, 1961), deferred tax charge or benefit (reflecting the tax effect of timing differences between accounting income and taxable income for the year).

Current tax

Provision for income tax is recognised based on estimated tax liability computed after adjusting for allowances, disallowances and exemptions in accordance with the Income Tax Act, 1961.

Deferred tax

The deferred tax charge or benefit and the corresponding deferred tax liabilities and assets are recognized using the tax rates that have been enacted or substantially enacted at the balance sheet date. Deferred tax assets are recognised when there is reasonable certainty that the asset can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only to the extent there is a virtual certainty of realisation of the assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonable/virtually certain (as the case may be) to be realised.

1.13 Operating leases

Lease payment for asset taken on operating lease are recognised as an expense in the statement of profit and loss on a straight- line basis over the lease term.

1.14 Earnings per share

The Company reports basic and diluted earnings per share in accordance with Accounting Standard 20 – “Earnings Per Share” notified under section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. Basic earnings per share is computed by dividing the net profit after tax attributable to the equity shareholders for the year by the weighted average number of equity shares outstanding during the year.



Edelweiss Finance & Investments Limited

Notes to the financial statements (*Continued*)

1.14 Earnings per share (*continued*)

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

1.15 Provisions and contingencies

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

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

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



Edelweiss Finance & Investments Limited

Notes to the financial statements (Continued)

(Currency: Indian Rupees in million)

2.1 Share capital

Authorised:

3,000,000 (Previous year: 3,000,000) Equity Shares of Rs. 10 each
70,000,000 (Previous year: 70,000,000) Preference shares of Rs 10 each

As at
31 March 2017

As at
31 March 2016

30.00 30.00

700.00 700.00

730.00 730.00

Issued, Subscribed and Paid up:

2,655,020 (Previous year: 2,655,020) Equity Shares of Rs. 10 each, fully paid up
31,380,000 - 14.625% Cumulative Redeemable Preference Shares (Previous year :31,380,000) of Rs 10 each, fully paid up

26.55 26.55

313.80 313.80

340.35 340.35

Movement in Equity share capital

Equity shares of Rs 10 each fully paid

Outstanding at the beginning of the year

Shares issued during the year

Outstanding at the end of the year

31 March 2017

No. of shares Amount

2,655,020 26.55

- -

2,655,020 26.55

31 March 2016

No. of shares Amount

2,655,020 26.55

- -

2,655,020 26.55

14.625% Cumulative Redeemable Preference Shares of Rs. 10/- each fully paid

Outstanding at the beginning of the year

Shares issued during the year

Shares redeemed during the year

Outstanding at the end of the year

No. of shares Amount

31,380,000 313.80

- -

- -

31,380,000 313.80

No. of shares Amount

31,380,000 313.80

- -

- -

31,380,000 313.80

Equity shares held by holding / ultimate holding company

Particulars

Edelweiss Financial Services Limited (Holding company)*

As at
31 March 2017

No. of shares %

2,655,020 100.00%

2,655,020 100.00%

As at
31 March 2016

No. of shares %

2,655,020 100.00%

2,655,020 100.00%

Details of equity shares held by shareholders holding more than 5% of the aggregate equity shares in the Company

Equity Shares of Rs 10 each fully paid

Edelweiss Financial Services Limited (Holding company)*

As at
31 March 2017

No. of shares %

2,655,020 100.00%

2,655,020 100.00%

As at
31 March 2016

No. of shares %

2,655,020 100.00%

2,655,020 100.00%

* including 6 shares held by Nominees of Edelweiss Financial Services Limited

Details of Cumulative Redeemable Preference Shares held by Preference Shareholders holding more than 5% of the aggregate Cumulative Redeemable Preference Shares in the Company

Particulars

Motilal Oswal Securities Limited

As at
31 March 2017

No. of shares %

3,264,500 10.40%

3,264,500 10.40%

As at
31 March 2016

No. of shares %

4,190,000 13.35%

4,190,000 13.35%

Rights, preferences and restriction attached to equity shares:

The equity shares of the Company have a par value of Rs. 10/-. Each holder of equity shares is entitled to one vote per share held.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. During the year, the Company has declared and paid interim dividend of Rs. 210 per equity share (previous year : Rs. 207.50 per share).

Rights, preferences and restriction attached to cumulative redeemable preference shares

The Preference Shares of the face value of Rs. 10 each were issued at the rate of Rs. 15 per share. The Preference Shares were allotted on July 19, 2013. The Preference Shares are Cumulative and Redeemable. The Preference Shares carry a Cumulative dividend of 14.625%. The Preference Shares will be redeemed at a premium of Rs. 5 per preference share over the Face value together with the unpaid dividend till the date of redemption. The preference share will be compulsorily redeemed at the end of 10 years from the date of allotment.



Edelweiss Finance & Investments Limited

Notes to the financial statements (Continued)

(Currency: Indian Rupees in million)

	As at 31 March 2017	As at 31 March 2016
2.2 Reserves and surplus		
Capital Redemption Reserve	9.71	9.71
Securities Premium Account	2,134.70	2,134.70
Special Reserve under Section 45-IC of the Reserve Bank of India Act, 1934^{##}		
Opening balance	719.96	615.45
Addition during the year	158.62	104.51
	<u>878.58</u>	<u>719.96</u>
General Reserve	90.26	90.26
Surplus in statement of profit and loss		
Opening balance	319.86	620.12
Add: Net profit for the year	793.11	522.56
Amount available for appropriation	<u>1,112.97</u>	<u>1,142.68</u>
Appropriations:		
Interim dividend on equity shares	557.55	550.92
Dividend distribution tax	122.85	121.50
Transfer to Special Reserve under Section 45-IC of the RBI Act, 1934	158.62	104.51
Proposed dividend on preference shares	45.89	45.89
	<u>228.06</u>	<u>319.86</u>
	<u><u>3,341.31</u></u>	<u><u>3,274.49</u></u>

^{##} Represents reserve created @ 20% of the profit after tax for the year as per the provisions of section 45-IC of the Reserve Bank of India Act, 1934



Edelweiss Finance & Investments Limited

Notes to the financial statements (Continued)

(Currency: Indian Rupees in million)

	As at 31 March 2017	As at 31 March 2016
2.3 Long-term borrowings		
<u>Secured</u>		
Non-convertible redeemable debentures (refer note 2.34)		
(Secured by charge on immovable property and floating charge on loans and advances, stock-in-trade and corporate guarantee from holding company)	1,611.61	5,724.52
<u>Unsecured</u>		
Non-convertible redeemable debentures (refer note 2.33)	150.00	150.00
	1,761.61	5,874.52
2.4 Other long-term liabilities		
Interest accrued but not due on borrowings	262.32	164.06
	262.32	164.06
2.5 Long-term provisions		
Provision for employee benefits:		
Compensated leave absences	1.14	1.45
Deferred bonus	43.12	42.74
Provision for standard assets	2.99	6.14
Provision - Others	9.02	9.01
	56.27	59.34



Edelweiss Finance & Investments Limited

Notes to the financial statements (Continued)

(Currency: Indian Rupees in million)

	As at 31 March 2017	As at 31 March 2016
2.6 Short-term borrowings		
<u>Secured</u>		
Collateralised borrowing and lending obligation and Clearcorp repo order matching system (Secured by pledge of investments in government securities)	11,439.99	23,845.02
Non-convertible redeemable debenture (Refer Note 2.34) (Secured by charge on immovable property and floating charge on loans and advances, stock-in-trade and corporate guarantee from holding company)	-	487.50
	<u>11,439.99</u>	<u>24,332.52</u>
<u>Unsecured</u>		
(Due within one year, unless otherwise stated)		
Loans from related parties (repayable on demand, at variable rate of interest)	433.39	134.32
Inter-corporate deposits	3.90	3.90
Commercial paper	-	2,350.00
Less: Unamortised discount on commercial paper	-	34.98
	<u>-</u>	<u>2,315.02</u>
	<u>11,877.28</u>	<u>26,785.76</u>
2.7 Trade payables		
Payable to :		
Others	273.92	55.46
(includes sundry creditors, provision for expenses and customer payables)		
	<u>273.92</u>	<u>55.46</u>



Edelweiss Finance & Investments Limited

Notes to the financial statements (Continued)

(Currency: Indian Rupees in million)

	As at 31 March 2017	As at 31 March 2016
2.8 Other current liabilities		
Current maturities of Secured Long Term Debt		
Non-convertible debentures (refer note 2.34)	3,762.80	1,251.80
Interest accrued but not due on borrowings	770.84	133.52
Interest accrued and due on borrowings	0.01	3.74
Unclaimed dividends	0.39	-
Premium received on exchange traded options (including MTM)	2.44	0.04
Advances from customers	0.76	1.66
Other Payables		
Accrued salaries and benefits	98.49	21.75
Withholding taxes, service tax and other taxes payable	24.46	21.58
Book overdraft	1.48	-
Retention money payable	5.26	5.32
Provision for capital expenditure	15.24	15.54
Others	3.60	3.84
Mark to market on interest rate swaps	15.02	169.81
	4,700.79	1,628.60
2.9 Short-term provisions		
Provision for employee benefits		
Compensated absences	0.25	0.31
Deferred bonus	108.53	73.10
Others		
Proposed dividend on preference shares	45.89	46.29
Provision for dividend distribution tax	9.34	9.34
Provision for standard assets	9.46	17.87
Provision for taxation (Net of advance tax Rs.620.13 million, previous year: Rs.852.95)	195.08	223.04
	368.55	369.95



Notes to the financial statements (Continued)

2.10 Fixed assets

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

(Currency : Indian rupees in millions)

2.10 Fixed assets

Description of Assets	Gross Block				Depreciation			Net Block	
	As at 1 April 2015	Additions during the year	Deductions during the year	As at 31 March 2016	As at 1 April 2015	Charge for the year	Deductions during the year	As at 31 March 2016	As at 31 March 2015
Property, Plant and Equipment									
Land	41.05	-	-	41.05	-	-	-	41.05	41.05
Building	196.99	-	-	196.99	43.66	7.69	-	145.64	153.33
Furniture and fixtures	30.48	-	-	30.48	21.37	2.92	-	6.20	9.11
Vehicles	19.20	5.00	1.60	22.60	6.13	5.02	0.87	12.32	13.07
Office equipment*	0.84	0.05	0.01	0.88	0.59	0.15	0.01	0.15	0.25
Vessel (Boat)	6.96	-	-	6.96	5.26	0.36	-	5.62	1.70
Computers	4.23	1.73	0.83	5.13	3.15	1.13	0.77	1.64	1.00
Plant and equipments	29.86	4.69	6.86	27.69	16.26	2.54	3.78	15.02	13.60
Total : A	329.61	11.47	9.30	331.78	96.42	19.80	5.43	221.01	233.20
Intangible assets									
Computer software	1.69	1.18	-	2.87	0.92	0.62	-	1.54	0.77
Brands/trademarks	0.19	-	-	0.19	-	-	-	0.19	0.10
Total : B	1.88	1.18	-	3.06	0.92	0.62	-	1.52	0.96
Grand Total [A+B]	331.49	12.65	9.30	334.84	97.34	20.42	5.43	222.53	234.16



Edelweiss Finance & Investments Limited

Notes to the financial statements (Continued)

(Currency: Indian Rupees in million)

2.11 Non-current investments values at cost

	As at 31 March 2017			As at 31 March 2016		
	Face value	Quantity	Amount	Face value	Quantity	Amount
I. Trade (quoted)						
Investments in equity shares of Companies (fully paid)						
Bombay Stock Exchange Limited	1	298,000	109.28			-
			109.28			-
II. Others investments (unquoted)						
Olive Business Centre Limited	-	-	-	10	18,160,500	181.61
EC Global Limited	USD 1	25,000	0.44	USD 1	25,000	0.44
			0.44			182.05
Investments in equity shares of other companies (fully paid up)						
Tamilnad Mercantile Bank Limited	10	36,000	1.74	10	72	1.74
The Catholic Syrian Bank Limited	10	1,913,452	431.60	10	1,913,452	431.60
Bombay Stock Exchange Limited	-	-	-	1	298,000	109.28
Vini Cosmetics Private Limited	10	51,969	21.21	10	51,969	21.21
CL Educate Limited	-	-	-	10	119,904	50.00
Argus Cosmetics Limited ^{ss}	10	100,000	-	10	100,000	-
BL Industries Limited ^{ss}	10	127,100	-	10	127,100	-
Shri Karthik Papers Limited ^{ss}	10	20,600	-	10	20,600	-
Maxworth Limited ^{ss}	10	1,600	-	10	1,600	-
			454.55			613.83
Less : Provision for diminution in value of investments			(232.71)			-
			221.84			-
Investments in Securitisation trust securities						
EARCL Trust SC 3	1,000	218,500	0.22	1,000	218,500	0.22
Edelweiss ARF-I Trust Scheme-1	1,000	56,728	46.99	1,000	56,728	46.99
Edelweiss ARF-I Trust Scheme-2	1,000	31,324	9.13	1,000	31,324	9.13
Edelweiss ARF-I Trust Scheme-3	1,000	43,899	0.04	1,000	43,899	0.04
Edelweiss ARF-I Trust Scheme-4	1,000	32,679	0.03	1,000	32,679	0.03
Edelweiss ARF-I Trust Scheme-5	1,000	35,370	0.04	1,000	35,370	12.27
EARC SAF -3 Trust - Series I	1,000	19,000	17.60	1,000	19,000	19.00
			74.05			87.68
Investments in warrants:						
Taurus Telepower Private Limited (Rs 5 paid up)	10	4,000,000	-	10	4,000,000	20.00
Bharti Shipyards Limited (Rs 5.5 paid up)	10	2,647,313	14.56			-
AT InvoFin India Private Limited (Rs 2.50 paid up)	10	320,000	20.00	10	320,000	20.00
Less : Provision for diminution in value of investments			(20.00)			(40.00)
			14.56			-
Investments in Units of Venture Fund						
KAE Capital Fund (India)	100,000	50.00	5.00	100,000	50.00	5.00
KAE Capital Fund II (India)	100,000	433.33	43.33	100,000	216.67	21.67
Investments in preference shares of companies (fully paid up)						
0.01% Compulsorily Convertible Non-Cumulative Preference Shares of Arum Investment Private Limited	10	466,300	116.58	10	466,300	116.58
11% Non Cumulative Optionally convertible Preference shares of Edelweiss Broking Limited	10	374,000	374.00	10	374,000	374.00
Zero coupon Series D non-cumulative compulsorily convertible preference shares of Bright Lifecare Private Limited	7,664	5,219	40.00	7,664	5,219	40.00
			530.58			530.58
			999.08			1,440.81

^{ss} Represents shares held by the Company which have been written off in the earlier years.

Aggregate of Unquoted investments

- At carrying value	999.08	1,440.81
Aggregate Market value of Quoted investments	291.34	-
Aggregate provision for diminution in value of investments	252.71	40.00



Edelweiss Finance & Investments Limited

Notes to the financial statements (Continued)

(Currency: Indian Rupees in million)

	As at 31 March 2017	As at 31 March 2016
2.12 Deferred tax		
Deferred tax assets		
Provision for standard assets	4.31	8.31
Provision for Diminution in Investment	87.46	13.84
Provision for compensated absences	0.48	0.61
Provision for deferred bonus	52.48	40.09
Provision for doubtful debts	19.87	20.36
Disallowances under section 43B of the Income Tax Act, 1961	10.79	10.79
Unrealised Loss on derivatives	7.05	58.77
	182.44	152.77
Deferred tax liabilities		
Unrealised gain on derivatives	-	14.64
Difference between book and tax depreciation	10.93	2.13
	10.93	16.77
Deferred tax asset (net)	171.51	136.00



Edelweiss Finance & Investments Limited

Notes to the financial statements (Continued)

(Currency: Indian Rupees in million)

	As at 31 March 2017	As at 31 March 2016
2.13 Long-term loans and advances		
Receivable from financing business		
<u>Secured</u>		
- considered good	780.50	2,045.20
<u>Unsecured</u>		
- considered good	74.62	-
Other loans and advances	-	-
Advance income taxes (Net of provision for tax Rs. 1310.06 million, previous year: Rs. 641.53 million)	181.37	182.36
	181.37	182.36
	1,036.49	2,227.56
2.14 Other non-current assets		
Contribution to gratuity fund(net)	2.03	0.01
Long term deposits with banks (Refer note 2.31)	0.05	0.05
Accrued interest on fixed deposits*	0.00	-
Accrued interest on loans given	411.22	249.49
Other assets	9.03	9.02
	422.33	258.57

* Amount is less than 0.01 million



Edelweiss Finance & Investments Limited

Notes to the financial statements (Continued)

(Currency: Indian Rupees in million)

2.15 Current investments	As at 31 March 2017			As at 31 March 2016		
	face value	Quantity	Amount	face value	Quantity	Amount
Others (unquoted)						
Investments in mutual funds						
Birla Sun Life Saving Fund	100	22,571	2.28	100	39,616	3.98
Edelweiss Government Securities Fund-(Growth Option) (Regular Plan)	12	425,315	5.00	12	1,071,793	12.60
Birla Sun Life Government Securities Fund - Long Term Plan (Growth Option) (Regular Plan)	42	120,041	5.00	42	302,502	12.60
IDFC Government Securities Fund - Investment Plan (Growth Option) (Regular Plan)	17	300,243	5.00	17	756,611	12.60
Kotak Income Opportunities Fund(Growth Option) (Regular Plan)	-	-	-	15	5,474,496	83.33
ICICI Prudential Regular Income Fund(Growth Option) (Regular Plan)	-	-	-	14	5,944,271	83.33
Reliance Regular Savings Fund- Debt Option (Growth Option) (Regular Plan)	-	-	-	19	4,303,407	83.33
			17.28			291.77
			17.28			291.77
Aggregate of Unquoted investments						
Mutual Fund						
- At carrying value			17.28			291.77
- At net asset value			19.93			313.55



Edelweiss Finance & Investments Limited

Notes to the financial statements (Continued)

(Currency: Indian Rupees in million)

2.16 Stock in trade

	As at 31 March 2017			As at 31 March 2016		
	Face Value	Quantity	Amount	Face Value	Quantity	Amount
Preference shares (quoted)						
6.00% Cumulative Redeemable Non-Convertible Preference Shares - Zee Entertainment Enterprises Limited	-	-	-	1	625,744	0.56
16.46% Infrastructure Leasing & Financial Services Limited 15.10.2022 Preference Shares	-	-	-	15,000	19	0.29
	-	-	-	-	625,763	0.85
Government Bonds (quoted)						
7.80% Government Stock 11.04.2021 Bonds	100	34,000,000	3,519.90	100	36,000,000	3,596.31
8.24% Government Stock 22.04.2018 Bonds	-	-	-	100	1,500,000	151.06
7.28% Government Stock 03.06.2019 Bonds	100	250,000	25.18	100	250,000	24.14
8.12% Government Stock 10.12.2020 Bonds	100	500,000	51.77	100	8,000,000	807.88
8.35% Government Stock 14.05.2022 Bonds	100	3,500,000	372.34	100	14,500,000	1,475.68
7.80% Government Stock 03.05.2020 Bonds	-	-	-	100	37,000,000	3,692.35
10.03% Government Stock 09.08.2019 Bonds	-	-	-	100	2,000,000	211.29
8.27% Government Stock 09.06.2020 Bonds	100	13,000,000	1,361.10	100	62,500,000	6,373.11
8.40% Government Stock 28.07.2024 Bonds	100	15,000,000	1,612.53	100	52,000,000	5,342.29
6.90% Government Stock 13.07.2019 Bonds	-	-	-	100	2,000,000	194.77
10.03% Rajasthan State Development Loans Special 18.10.2028 Bonds	-	-	-	100	10,000	1.12
9.16% Rajasthan State Development Loan Government Stock Special 18.10.2028 Bonds	-	-	-	100	27,000	2.86
9.99% Rajasthan State Development Loan Special 18.10.2028 Bonds	-	-	-	100	30,000	3.36
9.35% Bengal State Development Loans 09.10.2023 Bonds	-	-	-	100	80,000	8.32
7.68% Government Stock 15.12.2023 Bonds	100	24,000,000	2,475.81	100	4,500,000	445.46
8.13% Government Stock 22.06.2045 Bonds	100	5,000,000	539.75	100	3,000,000	301.76
8.15% Government Stock 24.11.2026 Bonds	100	5,000,000	533.26	100	500,000	50.50
6.35% Government Stock 02.01.2020 Bonds	-	-	-	100	12,500,000	1,182.52
8.20% Government Stock 15.02.2022 Bonds	-	-	-	100	500,000	49.66
7.94% Government Stock 24.05.2021 Bonds	-	-	-	100	500,000	48.95
7.59% Government Stock 11.01.2026 Bonds	-	-	-	100	4,000,000	400.57
8.08% Government Stock 02.08.2022 Bonds	100	500,000	52.75	100	500,000	50.02
7.72% Government Stock 25.05.2025 Bonds	100	16,000,000	1,664.25	-	-	-
8.24% Tamilnadu Government Stock Uday 22.03.2028 Bonds	100	3,697,800	371.95	-	-	-
8.04% Tamilnadu Government Stock Uday 22.03.2029 Bonds	100	3,150,000	315.22	-	-	-
8.01% Tamilnadu Government Stock Uday 22.03.2030 Bonds	100	2,280,000	228.84	-	-	-
7.06% Government Stock 10.10.2046 Bonds	100	2,000,000	193.80	-	-	-
8.05% Tamilnadu Government Stock Uday 22.03.2031 Bonds	100	4,000,000	400.28	-	-	-
7.92% Tamilnadu Government Stock Uday 22.03.2032 Bonds	100	3,920,000	392.28	-	-	-
6.57% Government Stock 05.12.2033 Bonds	100	700,000	65.88	-	-	-
		136,497,800	14,176.89		241,897,000	24,414
Debentures & Bonds (quoted)						
Group Company						
10.60% ECL Finance Limited 11.03.2020 NCD (Yearly Cumulative)	1,000	7,471	7.52	-	-	-
11.60% ECL Finance Limited Cumulative 28.01.2017 NCD	-	-	-	1,000	1,666	1.66
10.00% ECL Finance Limited 11.03.2018 NCD (Monthly)	1,000	289	0.29	-	-	-
10.45% ECL Finance Limited 11.03.2018 NCD (Yearly)	1,000	8,052	8.14	1,000	467	0.47
10.45% ECL Finance Limited 11.03.2018 NCD (Yearly Cumulative)	1,000	2,085	2.12	1,000	185	0.18
10.00% Edelweiss Housing Finance Limited 19.07.2026 Ncd	1,000	5,458	5.58	-	-	-
10.15% ECL Finance Limited 11.03.2020 NCD (Monthly)	-	-	-	1,000	536	0.53
11.85% ECL Finance Limited 28.01.2019 NCD (Monthly Cumulative)	1,000	54,016	56.34	1,000	50,445	51.71
10.60% ECL Finance Limited 11.03.2020 NCD (Yearly)	1,000	315	0.31	1,000	19,000	19.29
0.00% Edelweiss Financial Services Limited 20.06.2018 NCD	-	-	-	1,000,000	130	140.80
		77,686	80.30		72,429	214.63



Edelweiss Finance & Investments Limited

Notes to the financial statements (Continued)

(Currency: Indian Rupees in million)

2.16 Stock in trade

	As at 31 March 2017			As at 31 March 2016		
	Face Value	Quantity	Amount	Face Value	Quantity	Amount
Other Company(quoted)						
8.49% National Thermal Power Corporation Limited 25.03.2025 NCD	13	454,876	6.03	13	3,096,248	38.57
9.75% Rural Electrification Corporation Limited 11.11.2021 Bonds	-	-	-	1,000,000	1	1.04
7.38% Rural Electrification Corporation Limited 19.12.2027 Bonds	-	-	-	1,000	2,300	2.30
7.64% Indian Railway Finance Corporation 22.03.2031 NCD	-	-	-	1,000	2,690	2.68
8.48% India Infrastructure Finance Company Limited 05.09.2028 Bonds	-	-	-	1,000,000	5	5.46
7.35% Indian Railway Finance Corporation 22.03.2031 NCD	-	-	-	1,000	5,984	6.01
10.25% LIC Housing Finance Limited 14.05.2017 Bonds	-	-	-	1,000,000	6	6.05
8.58% Housing And Urban Development Corporation Limited 13.01.2029 NCD	-	-	-	1,000	15,000	16.68
7.18% Rural Electrification Corporation Limited 05.11.2035 Bonds	-	-	-	1,000	314	0.31
7.69% National Highways Authority Of India 09.03.2031 NCD	-	-	-	1,000	22,823	22.82
7.39% Housing And Urban Development Corporation Limited 15.03.2031 Bonds	-	-	-	1,000	349	0.35
7.39% Housing And Urban Development Corporation Limited 15.03.2031 Bonds	-	-	-	1,000	31,068	31.07
7.43% Rural Electrification Corporation Limited 05.11.2035 Bonds *	-	-	-	1,000	2	-
7.28% National Thermal Power Corporation Limited 05.10.2030 NCD	-	-	-	1,000	31,229	31.59
7.28% National Highways Authority Of India 18.09.2030 NCD	-	-	-	1,000,000	50	50.75
7.64% National Bank For Agriculture And Rural Development 23.03.2031 Bonds	1,000	5,967	6.56	1,000	74,524	74.15
8.12% Rural Electrification Corporation Limited 27.03.2027 Bonds	-	-	-	1,000	486	0.51
7.35% National Highway Authority Of India 11.01.2031 Bonds	-	-	-	1,000	2,688	2.71
8.20% Housing And Urban Development Corporation Limited 05.03.2027 Bonds	-	-	-	1,000	10,500	10.97
7.74 % Indian Renewable Energy Development Agency Limited 21.01.2031 Bonds	-	-	-	1,000	50,000	51.50
7.11% Power Finance Corporation Limited 17.10.2025 Bonds	-	-	-	1,000	392	0.39
7.85% The Industrial Finance Corporation Limited 15.09.2020 NCD	-	-	-	5,000	267	1.18
8.00% Industrial Finance Corporation Limited 31.01.2021 Bonds	5,000	166	0.87	5,000	240	1.11
9.25% Muthoot Finance Limited 14.10.2018 NCD	-	-	-	1,000	26,545	26.58
7.60% Power Finance Corporation Limited 17.10.2035 NCD	-	-	-	1,000	3,959	4.01
7.35% Power Finance Corporation Limited 17.10.2035 NCD	-	-	-	1,000	13,762	13.93
11.50% Lakshmi Vilas Bank Limited 30.09.2025 NCD	-	-	-	500,000	51	25.90
7.18% Indian Railway Finance Corporation Limited 19.02.2023 Bonds	-	-	-	1,000	1,079	1.08
8.50% India Infrastructure Finance Company Limited 12.11.2033 Bonds	-	-	-	1,000	15,380	17.46
9.45% State Bank Of India 16.03.2026 Bonds	-	-	-	10,000	2,700	28.05
8.35% Indian Railway Finance Corporation 21.11.2023 Bonds	-	-	-	1,000,000	40	42.41
12.25% Muthoot Finance Limited 14.09.2016 NCD	-	-	-	1,000	1,000	1.00
8.00% Indian Railway Finance Corporation Limited 23.02.2022 Bonds	-	-	-	1,000	5,203	5.40
7.28% Indian Railway Finance Corporation Limited 21.12.2030 Bonds	-	-	-	1,000	15,851	15.81
8.26% India Infrastructure Finance Company Limited 23.08.2028 NCD	-	-	-	20,000	152	2.41
8.46% India Infrastructure Finance Company Limited 30.08.2028 NCD	-	-	-	1,000,000	18	19.35
11.80% Tata Steel Limited 18.03.2021 Perpetual NCD	-	-	-	1,000,000	1	1.08
7.64% The Housing And Urban Development Corporation Limited 08.02.2031 Bonds	-	-	-	1,000	3,499	3.50
8.40% Indian Railway Finance Corporation Limited 18.02.2029 Bonds	-	-	-	1,000	5,000	5.45
8.38% India Infrastructure Finance Company Limited 12.11.2028 Bonds	-	-	-	1,000	10,000	10.95
9.75% Srei Equipment Finance Limited 17.01.2022 Bonds	1,000	266	0.26	-	-	-
8.93% National Housing Bank 24.03.2029 Bonds	5,000	717	4.31	-	-	-



Edelweiss Finance & Investments Limited

Notes to the financial statements (Continued)

(Currency: Indian Rupees in million)

2.16 Stock in trade

	Face Value	As at 31 March 2017 Quantity	Amount	Face Value	As at 31 March 2016 Quantity	Amount
0% Srei Equipment Finance Limited 21.02.2018 NCD	1,000	1,000	1.00	-	-	-
7.85% The Industrial Finance Corporation Limited 15.09.2020 NCD	5,000	29	0.16	-	-	-
11.50% Tata Steel Limited Perpetual 11.05.2021 NCD	1,000,000	2	2.17	-	-	-
8.20% National Highways Authority Of India 25.01.2022 Bonds	1,000	10,102	10.87	-	-	-
7.60% National Highway Authority Of India 11.01.2031 Bonds	1,000	6,001	6.67	-	-	-
9.00% Mahindra And Mahindra Financial Services Limited 06.06.2026 Bonds	1,000	10,552	10.81	-	-	-
9.25% Dewan Housing Finance Corporation Limited 09.09.2023 NCD	1,000	13,538	13.48	-	-	-
8.20% Housing Development Finance Corporation Bank Limited 29.07.2021 Bonds	10,000,000	5	50.58	-	-	-
9.10% Dewan Housing Finance Corporation Limited 16.08.2019 NCD	1,000	1,047	1.05	-	-	-
7.80% Housing Development Finance Corporation Limited 11.11.2019 Bonds	10,000,000	5	50.41	-	-	-
8.75% National Highways Authority Of India 05.02.2029 Bonds	1,000	4,402	5.22	-	-	-
7.65% Bajaj Finance Limited 21.10.2021 NCD	1,000,000	50	49.94	-	-	-
8.01% Tata Sons Limited 02.09.2021 Bonds	1,000,000	100	101.65	-	-	-
8.62% Rural Electrification Corporation Limited 09.09.2033 Bonds	1,000	300	0.37	-	-	-
9.40% Reliance Home Finance Limited 03.01.2032 Bonds	1,000	400	0.40	-	-	-
8.90% Aditya Birla Finance Limited 20.11.2026	1,000,000	1	1.01	-	-	-
8.75% Muthoot Finance Limited 30.01.2019 Bonds	1,000	340	0.33	-	-	-
9.00% Muthoot Finance Limited 30.01.2020 Bonds	1,000	1,986	1.98	-	-	-
		511,852	326.13		3,451,406	582.58
Equity(quoted)						
Hindustan Zinc Limited	289	1,353,600	390.92	-	-	-
Power Finance Corporation Limited	145	1,218,000	176.54	-	-	-
		2,571,600	567.46			
Debentures & Bonds - Credit Substitute						
Credit Substitute (quoted)						
14.00% Parinee Realty Private Limited 15.01.2021 NCD	500,000	200	100.00	-	-	-
Credit Substitute (unquoted)						
6.25% Avantha Holdings Limited 28.07.2018 Ncd	10,000,000	40	400.00	10,000,000	40	400.00
9.00% Gonibedu Coffee Estate Private Limited 14.05.2017 NCD	10,000,000	43	430.00	10,000,000	43	430.00
12.25% Sprit Textiles Private Limited 21.09.2018 NCD	10,000,000	42	420.00	10,000,000	42	420.00
18.50% Manyata Developers Private Limited 30.06.2020 NCD	1,000,000	450	450.00	1,000,000	450	450.00
5.00% New Media Broadcasting Private Limited 18.02.2021 NCD	1,000,000	400	400.00	1,000,000	400	400.00
		975	2,200.00		975	2,100.00
Total		139,659,913	17,350.78		246,047,573	27,312.04
Aggregate of quoted stock in trade in preference Shares						
- At carrying value			-			0.85
- Market value			-			0.85
Aggregate of quoted equity shares						
- At carrying value			567.46			-
- Market value			568.63			-
Aggregate of quoted stock in trade in debentures and bonds						
- At carrying value			16,783.32			27,311.19
- Market value			16,841.97			27,326.38

* amount less than Rs. 0.01 million



Edelweiss Finance & Investments Limited

Notes to the financial statements (Continued)

(Currency: Indian Rupees in million)

2.17 Trade receivables

Debtors outstanding for a period exceeding six months

- Unsecured, considered doubtful

Less: Provision for doubtful debts

Other debts

Unsecured, considered good

Trade receivables from related parties(considered good)

As at
31 March 2017

As at
31 March 2016

57.40

58.83

57.40

58.83

495.08

18.44

111.70

14.29

606.78

32.73

2.18 Cash and bank balances

Cash and cash equivalents

Cash in hand

Balances with banks

- in current accounts

- in fixed deposits with original maturity less than 3 months (refer note 2.32)

Other banks balances

- Short term deposits with banks (refer note 2.32)

(Other bank deposits with maturity less than 12 months)

0.22

0.10

744.81

1,594.77

745.03

1,603.17

50.00

50.00

795.03

1,653.17



Edelweiss Finance & Investments Limited

Notes to the financial statements (Continued)

(Currency: Indian Rupees in million)

2.19 Short-term loans and advances

Receivable from financing business

Secured

- considered good

459.35

3,719.59

- considered non performing asset

-

-

Unsecured

- considered good

31.20

31.20

- considered non performing asset

-

-

Other loans and advances

Deposits placed with exchange/ depositories

40.80

11.00

Deposits- others

0.98

0.94

Prepaid expenses

2.01

0.85

Loans and advances to employees

0.10

0.25

Vendor advances

6.61

3.55

Input tax credit

1.59

15.00

Advances recoverable in cash or in kind or for value to be received

0.01

1.61

52.10

33.20

542.65

3,783.99

2.20 Other current assets

Accrued interest on fixed deposits*

0.00

0.02

Accrued interest on debt instruments

594.76

759.88

Accrued interest on loans given

13.19

105.61

Accrued interest on margin

0.14

0.24

Mark to Market on interest rate swap

-

130.89

Margin placed with Counterparty for derivatives

16.18

-

Premium paid on outstanding exchange traded options

40.97

0.96

Margin placed with broker

122.16

195.76

Others

46.94

-

834.34

1,193.36

*Amount is less than Rs. 0.01 million



Edelweiss Finance & Investments Limited

Notes to the financial statements (Continued)

(Currency: Indian Rupees in million)

For the year ended 31 March 2017 For the year ended 31 March 2016

2.21 Fee and commission income

Loan processing and other fees	144.91	85.46
	<u>144.91</u>	<u>85.46</u>

2.22 Income from treasury and investments

Profit on trading of securities (net)	849.93	269.53
Profit / (loss) on trading in equity derivative instruments (net)	131.12	(129.74)
Loss on interest rate derivatives (net)	(2.86)	(195.85)
Profit/(loss) on sale of Current Investment	33.24	(29.70)
Interest received /(paid) on interest rate derivatives	(20.68)	11.97
Profit on sale of non current investments	6.35	71.55
Dividend on investments	54.32	64.90
Cost of benchmark linked debentures	(793.04)	(302.41)
	<u>258.38</u>	<u>(239.75)</u>

2.23 Interest Income

On loans and credit substitutes	1,598.69	1,246.37
On fixed deposits	4.04	4.52
On debt instruments	975.04	2,098.20
On margin with brokers	7.39	1.73
On collateralised borrowing and lending obligation	8.42	2.94
On others	21.25	7.19
	<u>2,614.83</u>	<u>3,360.95</u>

2.24 Other income

Income from Training Centre	35.46	37.16
Profit on sale of fixed assets (net)	0.20	-
Miscellaneous income	0.27	2.18
	<u>35.93</u>	<u>39.34</u>



Edelweiss Finance & Investments Limited

Notes to the financial statements (Continued)

(Currency: Indian Rupees in million)

	For the year ended 31 March 2017	For the year ended 31 March 2016
2.25 Employee benefit expenses		
Salaries and wages (refer note 2.69)	379.67	128.67
Contribution to provident and other funds (Refer note 2.31)	6.32	4.93
Staff welfare expenses	6.52	1.28
	392.51	134.88
2.26 Finance costs		
Interest on debentures	177.22	160.56
Interest on sub debt	16.49	11.14
Interest on bank overdraft	0.08	0.00
Interest on loan from holding company	0.69	210.56
Interest on loan from fellow subsidiaries	217.94	4.62
Interest on collateralised borrowing and lending obligation	535.44	1,624.08
Interest on clearcorp repo order matching system	6.00	-
Collateralised borrowing and lending obligation charges	4.27	8.51
Interest on inter-corporate deposits	0.21	0.22
Interest on shortfall in payment of advance income tax	9.14	1.39
Discount on commercial paper	156.29	62.82
Financial and bank charges	9.82	31.42
Interest - others*	0.00	4.18
	1,133.59	2,119.50

*Amount is less than 0.01 millions



Edelweiss Finance & Investments Limited

Notes to the financial statements (Continued)

(Currency: Indian Rupees in million)

For the year ended
31 March 2017

For the year ended
31 March 2016

2.27 Other expenses

Advertisement and business promotion	1.18	0.81
Auditors' remuneration (refer below)	2.68	1.83
Bad- debts and advances written off	-	5.99
Commission and brokerage	1.71	0.93
Communication	3.18	2.10
Computer expenses	0.30	0.15
Computer software expenses	1.04	0.21
Clearing and custodian charges	2.57	4.20
Dematerialisation charges	0.24	0.40
Diminution in value of Investments	212.71	20.00
Directors' sitting fees	0.48	0.38
Corporate social responsibility -Donation (Refer note 2.61)	3.50	0.40
Electricity charges (Refer note 2.69)	8.99	8.76
Foreign exchange loss (net)	0.01	-
Legal and professional fees	17.48	19.85
Loss on sale of fixed assets	-	2.26
Membership and subscription	0.14	0.05
Printing and stationery	0.30	0.32
Provision for standard assets / (written back)	(11.55)	9.03
Provision for doubtful debts / (written back)	(1.43)	35.18
Rates and taxes	0.02	0.35
Rating support fees	10.20	26.10
Rent (Refer note 2.69)	17.37	8.07
Repairs and maintenance	2.74	2.22
Security transaction tax	3.52	3.27
Seminar & conference	0.08	0.01
Service tax and VAT expenses	8.09	8.48
Stamp duty	0.62	2.91
Stock exchange expenses	0.31	1.45
Travelling and conveyance	5.57	4.39
Miscellaneous expenses	35.92	33.05
	327.97	203.15

Auditors' remuneration:

For Statutory audit and limited review	1.61	1.52
For other services (Certification)	0.91	0.22
For reimbursement of expenses	0.16	0.09
	2.68	1.83



Edelweiss Finance & Investments Limited

Notes to the financial statements (Continued)

(Currency: Indian Rupees in millions)

2.29 Disclosure of related parties as required under AS-18 - "Related Party Disclosures"

i. List of related parties and relationship:	
Relationship	Name of related parties
Holding Company	Edelweiss Financial Services Limited
Subsidiary Company	EC Global Limited Olive Business Centre Limited (from December 4, 2014 to August 24, 2016)
Fellow Subsidiaries	ECL Finance Limited ECap Equities Limited EC Commodity Limited Edelcap Securities Limited Edelweiss Broking Limited Edelweiss Securities Limited Edel Finance Company Limited Edelweiss Finvest Private Limited (Formerly known as Arum Investments Private limited) Edelweiss Business Services Limited (Formerly known as Edelweiss Web Services Limited) Edelweiss Housing Finance Limited Edelweiss Investment Adviser Limited Edelweiss Commodities Services Limited Edelweiss Alternative Asset Advisors Limited Edelweiss Asset Management Limited Edelweiss Tokio Life Insurance Company Limited EdelGive Foundation Edelweiss Capital Markets Limited Edelweiss Custodial Services Limited Edelweiss Retail Finance Limited EFSL Trading Limited (Formerly EFSL Commodities Limited) Eternity Business Centre Limited EW Clover Scheme 1
Key Management Personnel	Venkat Ramaswamy

Note: The above list contain name of only those related parties with whom the Company has undertaken transactions in current or previous year.

ii. Transactions with related parties :		2017	2016
Nature of Transactions	Related Party Name		
A. Capital account transactions			
Sale of Equity Share of	Edelweiss Finvest Private Limited (Formerly known as Arum Investments Private limited)	181.61	-
Issue of Subordinate debt to	Edelweiss Tokio Life Insurance Company Limited	-	150.00
Redemption of Benchmark linked Debentures	Ecap Equities Limited	827.50	3,462.00
B Current account transactions			
Loans taken from (Refer Note 1)	Edelweiss Financial Services Limited	-	13,982.53
	Edelweiss Commodities Services Limited	10,925.01	999.17
Loan repaid to (Refer Note 1)	Edelweiss Financial Services Limited	123.41	13,895.38
	Edelweiss Commodities Services Limited	10,502.52	989.10
Loans given to (Refer Note 1)	Edelweiss Financial Services Limited	-	1,461.32
	Edelweiss Commodities Services Limited	900.00	-
	Olive Business Centre Limited	-	8.20
	EW Clover Scheme 1	450.00	200.00
	ECL Finance Limited	450.00	-
	Ecap Equities Limited	450.00	-
	Edelcap Securities Limited	450.00	-
Repayment of loans by (Refer Note 1)	Edelweiss Financial Services Limited	-	1,461.32
	Edelweiss Commodities Services Limited	900.00	400.00
	Olive Business Centre Limited	-	8.20
	EW Clover Scheme 1	450.00	200.00
	ECL Finance Limited	450.00	-
	Ecap Equities Limited	450.00	-
	Edelcap Securities Limited	450.00	-
C Secondary market transactions			
Purchases of securities (Stock in trade) from	ECL Finance Limited	11,094.33	8,779.22
	Edelweiss Commodities Services Limited	9,311.46	7,321.71
	Edelweiss Finvest Private Limited (Formerly known as Arum Investments Private limited)	-	304.35
	Ecap Equities Limited	105.07	621.25



Edelweiss Finance & Investments Limited
Notes to the financial statements (Continued)
(Currency: Indian Rupees in millions)

2.29 Disclosure of related parties as required under AS-18 - "Related Party Disclosures" (Continued)

Nature of Transactions	Related Party Name	2017	2016
Purchases of securities (Stock in trade) from (Continued)	Edelweiss Tokio Life Insurance Company Limited	2,262.82	839.86
	Edelweiss Business Services Limited (Formerly known as Edelweiss Web Services Limited)	-	1,171.28
	Edelcap Securities Limited	251.53	-
Sale of securities (Stock in trade) to	ECL Finance Limited	2,570.84	1,266.35
	Edelweiss Commodities Services Limited	4,379.63	1,367.30
	Edelweiss Securities Limited	960.94	531.59
	Edelweiss Tokio Life Insurance Company Limited	978.78	1,032.97
	ECap Equities Limited	23.27	19.28
	Edelweiss Broking Limited	9.38	-
Margin placed with (Refer Note 1)	Edelweiss Securities Limited	427.16	362.39
	Edelweiss Custodial Services Limited	135.49	-
Margin refund received from (Refer Note 1)	Edelweiss Securities Limited	621.80	251.35
	Edelweiss Custodial Services Limited	14.46	-
Amount paid to Broker for trading in cash segment	Edelweiss Securities Limited	278.61	-
Amount received from Broker for trading in cash segment	Edelweiss Securities Limited	124.11	-
D Other transactions			
Interest Income on loan given to	Edelweiss Financial Services Limited	-	33.81
	Edelweiss Commodities Services Limited	49.33	43.41
	Olive Business Centre Limited	-	0.08
	EW Clover Scheme 1	5.76	1.22
	Edelcap Securities Limited	0.86	-
	ECap Equities Limited	0.89	-
	ECL Finance Limited	0.86	-
Interest Expense on loan taken from	Edelweiss Financial Services Limited	0.69	210.56
	Edelweiss Commodities Services Limited	217.94	4.62
Interest Expense on benchmark linked debentures to	ECap Equities Limited	66.45	282.96
Interest expense on subordinate debt issued to	Edelweiss Tokio Life Insurance Company Limited	16.49	11.14
Interest received on debt instruments from	ECL Finance Limited	17.67	0.51
Interest received on margin placed with brokers	Edelweiss Securities Limited	2.17	1.72
	Edelweiss Custodial Services Limited	0.22	-
Dividend paid to	Edelweiss Financial Services Limited	557.55	550.92
Reimbursement paid to	Edelweiss Commodities Services Limited	42.02	1.95
	Edelweiss Financial Services Limited	54.92	467.15
Cost reimbursement paid to	Edelweiss Financial Services Limited	2.25	14.10
	Edelweiss Commodities Services Limited	18.11	9.07
	Edelweiss Business Services Limited (Formerly known as Edelweiss Web Services Limited)	168.66	0.06
	Edelweiss Broking Ltd	0.45	-
	Eternity Business Centre Limited	1.47	-
Rating support fees paid to	Edelweiss Financial Services Limited	10.20	26.10
Clearing charges and Stamp duty paid to	Edelweiss Securities Limited	0.19	0.07
Commission and brokerage paid to	Edelweiss Securities Limited	0.16	0.04
Donation given to	EdelGive Foundation	2.50	0.40
Remuneration paid to (refer Note 2)	Venkat Ramaswamy	58.62	46.64
E Balances with related parties			
Liabilities			
Subordinated debt	Edelweiss Tokio Life Insurance Company Limited	150.00	150.00
Benchmark linked debentures	ECap Equities Limited	-	12.50
Interest expense accrued and due on borrowings	Edelweiss Financial Services Limited	-	3.24
	Edelweiss Commodities Services Limited	0.01	0.50
Interest expense accrued but not due on subordinated debt	Edelweiss Tokio Life Insurance Company Limited	11.12	11.14
Interest expense accrued but not due on benchmark linked debentures	ECap Equities Limited	-	1.76



Edelweiss Finance & Investments Limited

Notes to the financial statements (Continued)

(Currency: Indian Rupees in millions)

2.29 Disclosure of related parties as required under AS-18 - "Related Party Disclosures" (Continued)

Nature of Transactions	Related Party Name	2017	2016
Remuneration payable to (refer Note 2)	Venkat Ramaswamy	50.00	38.50
Corporate guarantee taken from	Edelweiss Financial Services Limited	6,921.20	12,145.50
Trade payables to	Edelweiss Financial Services Limited	0.41	30.28
	Edelweiss Securities Limited	0.25	1.15
	Edelweiss Commodities Services Limited	-	0.18
	ECL Finance Limited	0.53	0.22
	Edelweiss Business Services Limited (Formerly known as Edelweiss Web Services Limited)	0.16	0.06
	EW Clover Scheme 1	-	0.10
	Edelweiss Broking Limited	0.45	-
	Edelweiss Asset Management Limited	-	0.05
	ECap Equities Limited	0.55	-
	Edelcap Securities Limited	0.13	-
	Edelweiss Custodial Services Limited	0.87	-
	Edelweiss Capital Markets Limited	0.52	-
	EFSL Trading Limited (Formerly EFSL Commodities Limited)	1.00	-
	Edelweiss Retail Finance Limited	0.03	-
Unsecured loan taken from	Edelweiss Financial Services Limited ^	0.00	123.41
	Edelweiss Commodities Services Limited	433.39	10.90
Investment in Equity shares of	EC Global Limited	-	0.44
	Olive Business Centre Limited	-	181.61
Investment in preference shares of	Edelweiss Finvest Private Limited (Formerly known as Arum Investments Private limited)	116.58	116.58
	Edelweiss Broking Limited	374.00	374.00
Investment in Stock in trade (Debentures) of	Edelweiss Financial Services Limited	-	140.80
	ECL Finance Limited	74.72	73.83
	Edelweiss Housing Finance Limited	5.58	-
Assets			
Accrued interest income on debentures of	Edelweiss Financial Services Limited	3.98	0.96
	ECL Finance Limited	14.61	32.84
	Edelweiss Housing Finance Limited	6.53	-
Short term loans and advances			
Advances recoverable in cash or in kind or for value to be received from	Edelweiss Financial Services Limited	-	1.05
	Edelcap Securities Limited	-	0.19
	Edelweiss Business Services Limited (Formerly known as Edelweiss Web Services Limited)	-	0.37
Trade Receivables			
	ECL Finance Limited	1.00	14.29
	Edelweiss Securities Limited	107.82	-
	Edelweiss Financial Services Limited	1.05	-
	ECap Equities Limited	0.21	-
	EFSL Trading Limited (Formerly EFSL Commodities Limited)	1.58	-
	Edelweiss Custodial Services Limited	0.04	-
Other current assets			
Accrued interest on income on margin placed with	Edelweiss Securities Limited	-	0.08
Receivable from broker	Edelweiss Securities Limited	1.12	195.76
	Edelweiss Custodial Services Limited	121.03	-

^ - less than Rs. 0.01 million

Note:

Note 1 : Previous year's figures have been recast/restated where necessary.

Note 2 : The intra group Company loans are generally in the nature of revolving demand loans. Loan given/taken to/from parties and margin money placed / refund received with/ from related parties are disclosed based on the maximum incremental amount given/taken and placed / refund received during the reporting period.

Note 3 : Information relating to remuneration paid to key managerial person mentioned above excludes provision made for gratuity, leave encashment and deferred bonus which are provided for group of employees on an overall basis. These are included on cash basis.

Note 4 : Loan given to subsidiaries and fellow subsidiaries are for general corporate business.

Note 5 : Remuneration to KMP's is within the limit as prescribed by the Companies act.

Note 6 : The above list contain name of only those related parties with whom the Company has undertaken transactions for the year ended 31 March 2017.

Disclosure of loans and advances pursuant to regulation 53 of the Securities and Exchange Board of India (SEBI) (Listing obligations and disclosure requirements) Regulations, 2015:

a Nil (Previous year: Nil) due from Edelweiss Financial Services Limited (maximum amount due at any time during the year Rs.123.41 million; Previous year: 1461.32 million)

b Nil (Previous year: Nil) due from Olive Business Centre Limited (maximum amount due at any time during the year Nil; Previous year: 8.2 million)



Edelweiss Finance & Investments Limited

Notes to the financial statements (Continued)

(Currency: Indian Rupees in Million)

2.30 Earnings per share

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

	2017	2016
a) Profit for the year (as per statement of profit and loss)	793.11	522.55
Less: Preference dividend on cumulative preference share capital	45.89	45.89
Less : Dividend Distribution Tax on above preference dividend	9.34	9.34
Profit attributable to Equity Shareholders	737.88	467.32
b) Calculation of weighted average number of Equity Shares of Rs 10 each:		
- Number of equity shares outstanding at the beginning of the year	2.66	2.66
- Number of equity shares issued during the year	-	-
Total number of equity shares outstanding at the end of the year	2.66	2.66
Weighted average number of equity shares outstanding during the year (based on the date of issue of shares)	2.66	2.66
c) Basic and diluted earnings per share (in rupees) (a / b)	277.92	176.01

The basic and diluted earnings per share are the same as there are no dilutive potential equity shares issued or outstanding as at the year ended 31 March 2017.

2.31 Disclosure pursuant to Accounting Standard 15 (Revised) - Employee Benefits

A) Defined contribution plan (Provident fund and National Pension Scheme):

Amount of Rs 6.19 million (previous year: Rs. 2.51 million) is recognised as expenses and included in "Employee Benefits Expense".

B) Defined benefit plan (Gratuity)

The following tables summarize the components of the net benefit expenses recognized in the statement profit and loss, the funded status and amounts recognized in the balance sheet for the gratuity benefit plan.

Statement of profit and loss

Expenses recognised in the Profit and Loss Account

	2017	2016
Current service cost	1.41	1.20
Interest on defined benefit obligation	0.46	0.52
Expected return on plan assets	(0.56)	(0.51)
Actuarial (gain)/losses	(1.19)	1.28
Employer expense	0.12	2.49

Balance Sheet

Changes in the present value of the defined benefit obligation (DBO) are as follows:

	2017	2016
Present value of DBO at start of year	8.37	6.72
Employee transfer in / out adjustment	(2.14)	(0.03)
Current service cost	1.41	1.20
Interest cost	0.46	0.52
Benefit paid	(0.96)	(1.20)
Actuarial (gain)/loss on obligations	(0.69)	1.15
Present value of DBO at end of year	6.45	8.36

Reconciliation of Fair Value of Plan Assets

	2017	2016
Fair value of plan assets at the beginning of the year	8.38	7.21
Expected Return on Plan Asset	0.56	0.51
Contributions by Employer	0.00	2.00
Benefits paid	(0.96)	(1.20)
Actuarial (loss)/Gain	0.50	(0.13)
Fair value of plan assets at the end of the year	8.48	8.38



Edelweiss Finance & Investments Limited

Notes to the financial statements (Continued)

(Currency: Indian Rupees in Million)

2.31 Disclosure pursuant to Accounting Standard 15 (Revised) - Employee Benefits (Continued)

Net Liability / (Asset) recognised in Balance Sheet

Particulars	2017	2016	As at 31 March, 2015	2014	2013
Present value of DBO	6.45	8.37	6.72	6.67	4.07
Fair value of plan assets	8.48	8.38	7.21	4.21	2.55
Net (Assets) /Liability	2.03	(0.45)	0.48	(2.46)	(1.52)

Experience Adjustments:

Particulars	2017	2016	As at 31 March, 2015	2014	2013
-On Plan Liabilities: (Gain)/ Loss	(0.85)	1.01	0.19	0.76	1.12
-On Plan Assets: Gain/ (Loss)	0.47	(0.14)	0.84	0.22	(0.05)
Estimated Contribution for next year	-	-	-	2.50	1.50

Principle actuarial assumptions at the balance sheet date:

	2017	2016
Discount rate	6.80%	7.40%
Salary Growth Rate	7%	7%
Withdrawal / Attrition Rate (based on categories)	13%-25%	13%-60%
Expected return on Plan Assets	7%	0%
Mortality rate	IALM 2006-08 (Ult.)	IALM 2006-08 (Ult.)
Expected average remaining working lives of employee	5.03	3.75

2.32 Encumbrances' on fixed deposits held by the Company

- The Collector of Raigad, Alibagh state excise department: Rs.0.05 million (Previous year: Rs. 0.05 million) for license.
- Barclays Bank Rs Nil (Previous year: Rs. 8.30 million) for meeting margin requirement for trading in interest rate swaps.
- Ratnakar Bank: Rs. 50.00 million (Previous year: Rs. 50.00 million) against Overdraft facility.

2.33 Details of unsecured debentures issued

Details of the unsecured Debentures issued as at 31 March 2017

Rate of Interest	Maturity FY 2024-25
11.00%	150.00

Details of the unsecured Debentures issued as at 31 March 2016

Rate of Interest	Maturity FY 2024-25
11.00%	150.00

2.34 Details of secured debentures issued

As at 31 March 2017

Interest rate range	Maturity				
	2017-18	2018-19	2019-20	2020-21	2021-22
Non-convertible debentures					
10% to 11%	1,500.00	-	-	-	-
Benchmark linked debentures	2,262.80	881.00	712.61	10.00	8.00
Total	3,762.80	881.00	712.61	10.00	8.00

As at 31 March 2016

Interest rate range	Maturity					
	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Non-convertible debentures						
10% to 11%	-	1,500.00	-	-	-	-
Benchmark linked debentures	1,729.80	2,343.92	1,159.70	487.50	10.00	232.90
Total	1,729.80	3,843.92	1,159.70	487.50	10.00	232.90

- The Company has an asset cover of 100% in accordance with the terms of the trust deed by way of charge on immovable property, floating charge on movable properties in the form of receivables.



Edelweiss Finance & Investments Limited

Notes to the financial statements (Continued)

(Currency: Indian Rupees in Million)

b) Debt equity and Asset cover ratio:

Debt Equity Ratio

Particulars	As at 31-Mar-17	As at 31-Mar-16
Shareholders' fund		
Paid up capital - Equity	26.55	26.55
Add : Reserve and surplus (excluding Redemption premium on Preference shares)	3,184.41	3,117.60
Less : Deferred tax asset	171.51	136.00
Total equity (A)	3,039.45	3,008.15
Debt		
Long-term borrowings	1,761.61	5,874.52
Short-term borrowings	11,877.28	26,785.76
Current maturities of long term debt	3,762.80	1,251.80
Preference Share capital	313.80	313.80
Redemption premium on Preference shares	156.90	156.90
Total debt (B)	17,872.39	34,382.78
Debt equity ratio (B/A)	5.88	11.43

Asset cover ratio

Particulars	As at 31-Mar-17	As at 31-Mar-16
Assets available		
Loans and advances [#]	3,558.86	8,001.61
Stock in trade	15,150.78	25,212.04
Total (A)	18,709.64	33,213.65
Secured debt		
Long term secured borrowings	1,611.61	5,724.52
Short-term Secured borrowings	11,439.99	24,332.52
Current maturities of secured long term debt	3,762.80	1,251.80
Total (B)	16,814.40	31,308.84
Asset cover (A/B)	1.11 : 1	1.06 : 1

[#] Includes debentures in the nature of loan and advances, hereinafter referred to as loans and advances

2.35 Open interest in interest rate derivatives:

As at 31 March 2017

Benchmark	Notional principal	Terms	Purpose
MIBOR	550	Pay fixed Vs. receive floating	Hedging

As at 31 March 2016

Benchmark	Notional principal	Terms	Purpose
MIBOR	7,550	Pay fixed Vs. receive floating	Hedging

2.36 Open interest in equity index/ stock futures as at 31 March 2017

Sr. No.	Particulars	Expiry date	Number of Contracts	No. of units Involved	Position	Purpose
1	NIFTY	25-May-17	367.00	27,525	Long position	Hedging
2	NIFTY	27-Apr-17	692.00	51,900	Long position	Hedging
3	HINDZINC	27-Apr-17	423.00	1,353,600	Short position	Hedging
4	PFC	27-Apr-17	203.00	1,218,000	Short position	Hedging

Open interest in equity index/ stock futures as at 31 March 2016

Sr. No.	Particulars	Expiry date	Number of Contracts	No. of units Involved	Position	Purpose
1	NIFTY	28-Apr-16	1771	132,825	Long position	Hedging
2	NIFTY	26-May-16	368	27,600	Long position	Hedging

2.37 Option equity index/ stock contracts outstanding as at 31 March 2017

Sr. no.	Name of the option – Index / Stock	Total premium carried forward as at 31 March 2017 (Net of provision made)	Purpose
1	Purchaser of option- Nifty	40.96	Hedging
2	Sale of option- Nifty	2.44	Hedging

Option equity index/ stock contracts outstanding as at 31 March 2016

Sr. no.	Name of the option – Index / Stock	Total premium carried forward as at 31 March 2016 (Net of provision made)	Purpose
1	Purchaser of option- Nifty	0.96	Hedging
2	Sale of option- Nifty	0.04	Hedging



Edelweiss Finance & Investments Limited

Notes to the financial statements (Continued)

(Currency: Indian Rupees in Million)

2.38 Open interest rate futures as at 31 March 2017 with exchange

Sr. No.	Particulars	Expiry date	Number of Contracts	No. of units involved	Position	Purpose
1	Nil	Nil	Nil	Nil	Nil	Nil

Open interest rate futures as at 31 March 2016 with exchange

Sr. No.	Particulars	Expiry date	Number of Contracts	No. of units involved	Position	Purpose
1	GOI 7.59% 2026	28-Apr-16	6,433	12,866,000	Long position	Hedging

2.39 Foreign currency

The Company has not undertaken any foreign currency transaction during the year ended 31 March 2017 (Previous year: Rs Nil).

2.40 Contingent liability and commitments

Contingent liability

Taxation matters of Assessment year 2009-10 and Assessment year 2013-14 in respect of which appeal is pending – Rs.0.60 millions (Previous year: Rs. 0.53 million).

The Company's pending litigations mainly comprise of claims against the Company pertaining to proceedings pending with Income Tax and other authorities. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in the financial statements. The Company believes that the outcome of these proceedings will not have a materially adverse effect on the Company's financial position and results of operations.

Commitments

- Uncalled liabilities on non-current investments Rs. 21.67 million as at balance sheet date (Previous year: Rs. 43.33 million).
- Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 0.06 million (Previous year: Rs 0.13 million) as at the balance sheet date.
- Undrawn committed credit lines Rs 212.94 million as at balance sheet date (Previous year: Rs. 803.54 million).

2.41 Details of purchase, sale and change in stock in trade

Particular	2017	2016
Opening stock		
Equity shares	-	-
Preference shares*	0.85	0.00
Mutual Funds	-	-
Debt instruments	27,311.19	29,345.33
Total	27,312.04	29,345.33
Purchase		
Equity shares	726.53	-
Preference shares	809.31	1,606.23
Mutual Funds	55,250.00	450.00
Debt instruments	231,003.84	232,242.86
Total	287,789.68	234,299.09
Sale		
Equity shares	118.21	-
Preference shares	820.35	1,625.15
Mutual Funds	55,269.31	348.51
Debt instruments	242,393.00	234,628.24
Total	298,600.87	236,601.90
Closing stock		
Equity shares	567.46	-
Preference shares	-	0.85
Mutual Funds	-	-
Debt instruments	16,783.32	27,311.19
Total	17,350.78	27,312.04
Profit/(Loss) on sale of securities	849.93	269.53

* Amount is less than 0.01 million



Edelweiss Finance & Investments Limited

Notes to the financial statements (Continued)

(Currency: Indian Rupees in Million)

2.42 Key Ratios

The Following table sets forth, for the periods indicated, the key financial ratios.

Particulars	2017	2016
Gross NPAs as a percentage of Total Loans and advances	0.00%	0.00%
Net NPAs as a percentage of Total Loans and advances	0.00%	0.00%
Book Value per share (Rs.) (refer note 1 below)	1144.79	1,132.43
Current Ratio (refer note 2 below)	1.17	1.19
Debt to Equity Ratio (refer note 3 below)	5.88	11.43
Return on average Equity (%) (refer note 4 below)	26.23%	16.59%
Return on average assets (%) (refer note 5 below)	2.58%	1.36%

- 1 Book Value per share = Equity Share Capital (+) Reserves and Surplus (-) Redemption premium on Preference Shares (-) Deferred Tax Assets / Outstanding number of equity shares
- 2 Current ratio = Current assets / Current liabilities.
- 3 Debt-Equity ratio = Total Debt/ Total Equity
Total Debt = Preference shares (+) Redemption premium on preference shares (+) Long term borrowings (+) Short term borrowings (+) Current maturity of long term borrowings
Total Equity = Equity Share Capital (+) Reserves and Surplus excluding redemption premium on preference shares (-) Deferred tax asset
- 4 Return on average equity = Profit for the year / [Annual average equity share capital (+) Annual average Reserves and Surplus less Deferred tax asset].
- 5 Return on average assets = Profit for the year / Annual average total assets.

2.43 Investments

	2017	2016
1) Value of Investments		
i) Gross Value of Investments		
a) In India	1,268.63	1,772.15
b) Outside India	0.44	0.44
ii) Provisions for Depreciation		
a) In India	252.71	40.00
b) Outside India	-	-
iii) Net Value of Investments		
a) In India	1,016.36	1,732.59
b) Outside India	-	-
2) Movement of provisions held towards depreciation on investments.		
i) Opening balance	40.00	20.00
ii) Add : Provisions made during the year	232.71	20.00
iii) Less : Write-off / write-back of excess provisions during the year	20.00	-
iv) Closing balance	252.71	40.00

2.44 Derivatives

A) Forward Rate Agreement / Interest Rate Swap

	2017	2016
i) The notional principal of swap agreements	550.00	7,550.00
ii) Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	-	-
iii) Collateral required by the NBFC upon entering into swaps	-	-
iv) Concentration of credit risk arising from the swaps [Ⓐ]	100%	100%
v) The fair value of the swap book	(15.02)	(169.81)

[Ⓐ] % of concentration of credit risk arising from swaps with banks.



Edelweiss Finance & Investments Limited

Notes to the financial statements (Continued)

(Currency: Indian Rupees in Million)

2.44 Derivatives(Continued)

B) Exchange Traded Interest Rate (IR) Derivatives

	2017	2016
i) Notional principal amount of exchange traded IR derivatives undertaken during the year	3,286.40	12,947.60
ii) Notional principal amount of exchange traded IR derivatives outstanding	-	1,286.60
iii) Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective"	-	-
iv) Mark-to-market value of exchange traded IR derivatives outstanding and not "highly effective"	-	-

C) Qualitative disclosure for Derivatives

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

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

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

D) Quantitative Disclosures

S.no.	Particulars	2017		2016	
		Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
i)	Derivatives (Notional Principal Amount)				
	For hedging	-	550	-	8,836.60
ii)	Marked to Market Positions				
	a) Assets (+)	-	-	-	-
	b) Liability (-)	-	15.02	-	169.81
iii)	Credit Exposure	-	19.00	-	409.00
iv)	Unhedged Exposures	-	-	-	-

2.45 Capital to Risk Assets Ratio (CRAR)

	2017	2016
i. CRAR (%)	47.29%	26.08%
ii. CRAR - Tier I Capital (%)	38.49%	20.59%
iii. CRAR -Tier II Capital (%)	8.80%	5.49%
iv. Amount of subordinated debt raised as Tier-II capital	150.00	150.00
v. Amount raised by issue of Perpetual Debt Instruments	-	-

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

During the year ended 31 March 2017 and 31 March 2016, the Company credit exposure to single borrowers and group borrowers were within the limits prescribed by RBI.



Edelweiss Finance & Investments Limited

Notes to the financial statements (Continued)

(Currency: Indian Rupees in Million)

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

	2017	2016
A Direct exposure		
i. Residential Mortgages Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (Individual housing loans up to Rs.15 lakh may be shown separately)	-	-
ii. Commercial Real Estate Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	1,000.75	1,565.28
iii Investments in Mortgage Backed Securities (MBS) and other securitised exposures Residential	-	-
Commercial Real Estate	-	-
B Indirect Exposure Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	-	-
C Others (Not covered Above)*	0.00	716.28
Total Exposure	1,000.75	2,281.56

*Amount is less than Rs. 0.01 million

2.48 Exposure to Capital Market

	2017	2016
(i) direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented invested in corporate debt;	522.66	795.87
(ii) advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	77.67	24.86
(iii) advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	2,448.16	3,862.20
(iv) advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances; *	0.00	219.06
(v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi) loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii) bridge loans to companies against expected equity flows / issues;	-	-
(viii) all exposures to Venture Capital Funds (both registered and unregistered)	48.33	26.67
(ix) Others - Not covered above	0.14	29.83
Total exposure	3,096.96	4,958.49

*Amount is less than Rs. 0.01 million



Edelweiss Finance & Investments Limited

Notes to the financial statements (Continued)

(Currency: Indian Rupees in Million)

2.49 Asset Liability Management

As at 31 March 2017

Particulars	Liabilities		Assets	
	Borrowings	Advances [#]	Stock in trade	Investments
1 day to 30/31 days (one month)	11,539.49	52.98	14,583.32	0.38
Over one month to 2 months	106.00	473.75	-	0.41
Over 2 months to 3 months	234.69	150.50	-	0.07
Over 3 months to 6 months	592.69	43.75	-	1.45
Over 6 months to 1 year	3,167.20	1,982.76	567.46	8.70
Over 1 year to 3 years	1,593.61	835.12	-	20.76
Over 3 years to 5 years	18.00	20.00	-	0.07
Over 5 years	150.00	-	-	984.52
Total	17,401.68	3,558.86	15,150.78	1,016.36

As at 31 March 2016

Particulars	Liabilities		Assets	
	Borrowings	Advances [#]	Stock in trade	Investments
1 day to 30/31 days (one month)	23,845.02	384.26	23,500.29	-
Over one month to 2 months	2,392.12	632.75	1,711.75	3.71
Over 2 months to 3 months	163.91	1,090.44	-	1.95
Over 3 months to 6 months	271.70	462.71	-	13.09
Over 6 months to 1 year	1,364.80	1,286.25	-	69.01
Over 1 year to 3 years	5,004.40	3,395.20	-	168.82
Over 3 years to 5 years	497.50	750.00	-	23.97
Over 5 years	372.62	-	-	1,452.03
Total	33,912.07	8,001.61	25,212.04	1,732.59

[#] Includes debentures in the nature of loan and advances.

2.50 Movements in Non Performing Advances:

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

Particulars	2017	2016
i) Movement of NPAs (Gross)		
a) Opening Balance	-	-
b) Additions during the year	-	-
c) Reductions during the year	-	-
d) Closing balance	-	-
ii) Movement of Net NPAs		
a) Opening Balance	-	-
b) Additions during the year	-	-
c) Reductions during the year	-	-
d) Closing balance	-	-
iii) Movement of Provisions for NPAs (excluding provision on Standard assets)		
a) Opening Balance	-	-
b) Additions during the year	-	-
c) Reductions during the year	-	-
d) Closing balance	-	-



Edelweiss Finance & Investments Limited

Notes to the financial statements (Continued)

(Currency: Indian Rupees in Million)

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

Particulars	2017	2016
(i) Provisions for depreciation on Investment	212.71	20.00
(ii) Provision towards NPA	-	-
(iii) Provision made towards Income tax	(424.31)	334.55
(iv) Provision for Standard Assets	(11.55)	9.03
(v) Other Provision and Contingencies (Provision for doubtful debts)	(1.43)	35.18

2.52 Concentration of Deposits, Advances, Exposures and NPAs

	2017	2016
A) Concentration of Advances		
Total advances to twenty largest borrowers	3,558.86	6,906.93
Percentage of advances to twenty largest borrowers to total advances	100.00%	86.32%
B) Concentration of Exposures		
Total exposures to twenty largest borrowers / customers	3,558.86	6,947.00
Percentage of exposures to twenty largest borrowers / customers to total exposures	100.00%	84.87%
C) Concentration of NPAs		
Total exposures to top four NPAs	-	-
D) Sector-wise NPAs		
Sectors	Percentage of NPAs to Total Advances in that sector	
	2017	2016
1 Agriculture & allied activities	-	-
2 MSME	-	-
3 Corporate borrowers	-	-
4 Services	-	-
5 Unsecured personal loans	-	-
6 Auto loans	-	-
7 Other personal loans	-	-

2.53 Customer Complaints

	2017	2016
(a) No. of complaints pending at the beginning of the year	-	-
(b) No. of complaints received during the year	-	-
(c) No. of complaints redressed during the year	-	-
(d) No. of complaints pending at the end of the year	-	-

2.54 Overseas Assets (for those with Joint Ventures and Subsidiaries abroad)

Name of the Joint Venture/ Subsidiary	Other Partner in the JV	Country	Total assets as at 31 March, 2017	Total assets as at 31 March, 2016
EC Global Limited	-	Mauritius	4,432.14	6,649.66

2.55 The Company has not restructured any loans and advances during the year ended 31 March 2017 and 31 March 2016.



Edelweiss Finance & Investments Limited

Notes to the financial statements (Continued)

(Currency: Indian Rupees in Million)

2.56 Notes to the Balance Sheet of a non-deposit taking non-banking financial company (as required in terms of Paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

Liabilities side :

	2017		2016	
	Amount Outstanding	Amount Overdue	Amount Outstanding	Amount Overdue
(1) Loans and Advances availed by the NBFCs inclusive of interest accrued thereon but not paid:				
(a) Debentures (other than falling within the meaning of public deposits \$)				
i) Secured	6,388.33	-	7,742.34	-
ii) Unsecured	161.12	-	161.14	-
(b) Deferred Credits	-	-	-	-
(c) Term Loans	-	-	-	-
(d) Inter-Corporate Loans and Borrowing	445.41	-	149.87	-
(e) Commercial Paper	-	-	2,315.02	-
(f) Other Loans:				
Collateralised Lending and Borrowing	11,439.99	-	23,845.02	-
(\$ Please see Note 1 below)				

Assets side :

	Amount Outstanding	
	2017	2016
(2) Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:		
(a) Secured	3,449.04	7,969.79
(b) Unsecured	109.82	31.82
(3) Break-up of Leased Assets and stock on hire and hypothecation loans counting towards AFC activities		
(i) Lease assets including lease rentals under sundry debtors :		
(a) Financial Lease	-	-
(b) Operating Lease	-	-
(ii) Stock on hire including hire charges under sundry debtors:		
(a) Assets on Hire	-	-
(b) Repossessed Assets	-	-
(iii) Hypothecation loans counting towards EL / HP activities :		
(a) Loans where assets have been repossessed	-	-
(b) Loans other than (a) above	-	-
(4) Break-up of Investments		
Current Investments:		
1. Quoted :		
(i) Shares : (a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of Mutual Funds	-	-
(iv) Government Securities	-	-
(v) Others	-	-



Edelweiss Finance & Investments Limited

Notes to the financial statements (Continued)

(Currency: Indian Rupees in Million)

2.56 Notes to the Balance Sheet of a non-deposit taking non-banking financial company (as required in terms of Paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007. (Continued)

(4) Break-up of Investments (Continued)		Amount Outstanding	
		2017	2016
2. Unquoted :			
(i) Shares : (a) Equity		-	-
(b) Preference		-	-
(ii) Debentures and Bonds		-	-
(iii) Units of Mutual Funds		17.28	291.77
(iv) Government Securities		-	-
(v) Others (Debt instruments)		-	-
Long Term investments :			
1. Quoted :			
(i) Shares : (a) Equity		109.28	-
(b) Preference		-	-
(ii) Debentures and Bonds		-	-
(iii) Units of Mutual Funds		-	-
(iv) Government Securities		-	-
(v) Others		-	-
2. Unquoted :			
(i) Shares : (a) Equity		222.28	795.87
(b) Preference		530.58	530.58
(ii) Debentures and Bonds		-	-
(iii) Units of Mutual Funds		-	-
(iv) Government Securities		-	-
(v) Others			
(a) Warrants		14.56	-
(b) Units of Fund		48.33	26.67
(c) Investment in Security Receipts		74.05	87.70
(d) Share Application Money		-	-

(5) Borrower group-wise classification of all assets financed as in (2) and (3) above:

As at 31 March 2017

Category	Amount (net of provisions)		Total
	Secured	Unsecured	
1. Related Parties**			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) Other related parties	-	32.15	32.15
2. Other than related parties	3,449.04	77.67	3,526.71
Total	3,449.04	109.82	3,558.86

As at 31 March 2016

Category	Amount (net of provisions)		Total
	Secured	Unsecured	
1. Related Parties**			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) Other related parties	-	31.82	31.82
2. Other than related parties	7,969.79	-	7,969.79
Total	7,969.79	31.82	8,001.61



Edelweiss Finance & Investments Limited

Notes to the financial statements (Continued)

(Currency: Indian Rupees in Million)

2.56 Notes to the Balance Sheet of a non-deposit taking non-banking financial company (as required in terms of Paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007. (Continued)

(6) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted)
(Please see Note 3):

Category	Market value / Break-up or fair value or NAV		Book value (net of provisions)	
	2017	2016	2017	2016
1. Related parties**				
(a) Subsidiaries	0.44	182.04	0.44	182.04
(b) Companies in the same group	490.58	490.58	490.58	490.58
(c) Other related parties	-	-	-	-
2. Other than related parties	587.81	1,059.97	525.34	1,059.97
Total	1,078.83	1,732.59	1,016.36	1,732.59

** As per AS-18 Related Party Disclosures (Please see Note 3)

(7) Other information

Particulars	2017	2016
(i) Gross Non-Performing Assets		
(a) Related Party	-	-
(b) Other than Related Parties	-	-
(ii) Net Non-Performing Assets		
(a) Related Party	-	-
(b) Other than Related Parties	-	-
(iii) Assets acquired in satisfaction of debts	-	-

Notes:

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

2.57 Ratings assigned by credit rating agencies and migration of ratings during the year ended 31 March, 2017

Instrument category	CRISIL	ICRA	CARE	Brickworks
(i) Long Term Instruments				
Rating	CRISIL AA-/Stable	[ICRA]-AA	CARE AA	BWR AA+
Amount	6,150	18,000	1,500	500
(ii) Short Term Instruments				
Rating	CRISIL A1+	[ICRA]A1+	CARE A1+	-
Amount	5,000	10,000	2,500	-
(iii) Market linked debentures				
Short Term				
Rating	CRISIL PP- MLD A1+R	PP-MLD [ICRA]A1+	-	-
Amount	2,000	4,000	-	-
Long Term				
Rating	-	PP-MLD [ICRA]AA	CARE PP MLD-AA	-
Amount	-	8,000	5,000	-

Ratings assigned by credit rating agencies and migration of ratings during the year ended 31 March, 2016

Instrument category	CRISIL	ICRA	CARE	Brickworks
(i) Long Term Instruments				
Rating	CRISIL AA-/Stable	[ICRA]-AA	CARE AA	BWR AA+
Amount	1,300.00	8,000.00	1,500.00	500.00
(ii) Short Term Instruments				
Rating	CRISIL A1+	[ICRA]A1+	CARE A1+	-
Amount	2,500.00	5,000.00	2,500.00	-
(iii) Market linked debentures				
Short Term				
Rating	CRISIL PP- MLD A1+R	PP-MLD [ICRA]A1+	-	-
Amount	2,000.00	4,000.00	-	-
Long Term				
Rating	-	PP-MLD [ICRA]AA	CARE PP MLD-AA	-
Amount	-	8,000.00	5,000.00	-



Edelweiss Finance & Investments Limited

Notes to the financial statements (Continued)

(Currency: Indian Rupees in Million)

2.58 Operating leases

The Company has taken premises on operating lease. Rental expenses for the year aggregated to **Rs.17.37 million** (Previous year Rs.8.07 million) which has been included under the head Other expenses – Rent in the statement of profit and loss.

2.59 Discontinuing operations

The Board of Directors of the Company at its Meeting held on August 8, 2016, has approved a Scheme of Arrangement (the Scheme) between the Company and its fellow subsidiaries Edelweiss Finvest Private Limited and Edel Land Limited. As per the Scheme the Lending Business of the Company will be transferred to Edelweiss Finvest Private Limited and Training Centre Business to Edel Land limited. The Appointment Date in respect of the Scheme is April 1, 2016. The scheme is subject to requisite approvals from the National Company Law Tribunal ('NCLT'). Accordingly, the aforesaid Lending Business and Training Centre Business has been considered as discontinuing operations.

The operating activities of the Company's discontinuing operations are summarised below:

a. The revenue and expenses in respect of the ordinary activities attributable to the discontinuing operations :

Particular	Year Ended 31 March 2017
Revenue	1,195.67
Expenses	830.19
Profit before tax	365.47
Tax expenses	93.39
Profit after tax	272.08

b. The Net Cash Flows attributable to the discontinuing operations are as follows:

Particular	Year Ended 31 March 2017
Net cash generated from Operating Activities	4,712.17
Net cash generated from Investing Activities	614.51
Net cash used in Financing Activities	(2,822.01)
Total Cash flows attributable to discontinuing operations	2,504.67

c. The carrying amounts as at 31 March 2017 of the total assets and liabilities to be transferred are as follows:

Particular	2017
Total Assets	8,618.10
Total Liabilities	6,688.29
Net Assets	1,929.81

2.60 Disclosure on Specified Bank notes (SBN's) pursuant to notification as per amended Schedule III of the Companies Act, 2013

Particular	Specified Bank Note	Other denomination notes	Total
Closing cash in hand as on 8 November 2016	0.06	0.08	0.14
(+) Permitted receipts	-	0.27	0.27
(-) Permitted payments	-	0.13	0.13
(-) Amount deposited in Banks	0.06	0.02	0.08
Closing cash in hand as on 30 December 2016	-	0.19	0.19

*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.



Edelweiss Finance & Investments Limited

Notes to the financial statements (Continued)

(Currency: Indian Rupees in Million)

2.61 Corporate Social Responsibility (CSR)

As per the provisions of Section 135 of Companies Act 2013,

FY 2016-17

a) Gross Amount required to be spent by the Company during the year was Rs. 14.55 million.

b) Amount spent during the year on :

	Particulars	In cash	Yet to be paid in cash	Total
i	Construction/ Acquisition of any assets	-	-	-
ii	on purpose other than (i) above	3.50	-	3.50

FY 2015-16

a) Gross Amount required to be spent by the Company during the year was Rs. 10.84 million.

b) Amount spent during the year on :

	Particulars	In cash	Yet to be paid in cash	Total
i	Construction/ Acquisition of any assets	-	-	-
ii	on purpose other than (i) above	0.40	-	0.40

2.62 The Company is a wholly owned subsidiary of Edelweiss Financial Services Limited. Edelweiss group is conscious of its Corporate Social Responsibility and, had accordingly established a CSR arm, "EdelGive Foundation" in the year 2008. As an amount of Rs.115.68 million (representing more than 2% of the consolidated profit of the group) was spent towards CSR activities during the year ended March 31, 2017, the Company has not incurred the prescribed CSR expenditure on a standalone basis during the year ended March 31, 2017.

2.63 Details of transaction with non executive directors

	Name of the Non executive director	Nature of Transaction	2017	2016
1	Raviprakash R. Bubna	Loans Given	-	29.70
		Loans Repaid	-	30.00
		Interest Received on loan	3.75	3.17
2	P.N. Venkatachalam	Sitting Fees	0.26	0.20
3	Vinod Juneja	Sitting Fees	0.22	0.18

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

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

2.66 Registration obtained from other financial sector regulators - Nil

2.67 Disclosure of Penalties imposed by RBI and other regulators - Nil

2.68 Details of dues to micro and small enterprises

Trade Payables includes Rs.Nil (Previous year: Rs.Nil) payable to "Suppliers" registered under the Micro, Small and Medium Enterprises Development Act, 2006. No interest has been paid / is payable by the Company during the year to "Suppliers" registered under this act. The aforementioned is based on the responses received by the Company to its inquiries with suppliers with regard to applicability under the said act.

2.69 Cost sharing

Edelweiss Financial Services Limited, being the holding company along with fellow subsidiaries incurs expenditure like common senior management compensation cost (FY 15-16), Group mediclaim, etc. which is for the common benefit of itself and its certain subsidiaries including the Company. This cost so expended is reimbursed by the Company on the basis of number of employees, time spent by employees of other companies, actual identifications etc. On the same lines, costs like rent, electricity charges incurred by the Company for the benefit of fellow subsidiaries and associate companies (if any) are recovered as reimbursement by the Company from the subsidiaries and associate companies on similar basis. Accordingly, and as identified by the management, the expenditure heads in note 2.25 and 2.27 include reimbursements paid and are net of the reimbursements received based on the management's best estimate.



Edelweiss Finance & Investments Limited

Notes to the financial statements (Continued)

(Currency: Indian Rupees in million)

- 2.70 The Company has received demand notices from tax authorities on account of disallowance of expenditure for earning exempt income under section 14A of Income Tax Act 1961 read with Rule 8D of the Income Tax Rules, 1962. The company has filed appeal and is defending its position. Due to the lack of clarity on legal position relating to the application of Rule 8D, the outcome and quantification of the eventual tax liability on the company, if any, at this stage cannot be estimated. The Company has been advised by its tax counsel that it has a good chance in sustaining its position.
- 2.71 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.

As per our report of even date attached.

For B S R & Associates LLP

Chartered Accountants

Firm's Registration No. 116231W/W-100024



Ashwin Suvarna

Partner

Membership No: 109503

For and on behalf of the Board of Directors



S. Ranganathan
Executive Director
DIN: 00125493



Raviprakash R. Bubna
Director
DIN: 00090160



Manjeet Bijlani
Chief Financial Officer



Nidhi Parekh
Company Secretary

Mumbai
16 May 2017

Mumbai
16 May 2017