

Edelweiss Housing Finance Limited

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

Edelweiss Housing Finance Limited

Financial Statements together with Auditors' Report

For the year ended 31 March 2015

Contents

Auditors' report

Balance sheet

Statement of profit and loss

Cash flow statement

Notes to the financial statements

B S R & Associates LLP

Chartered Accountants

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Independent Auditors' Report

To the Members of Edelweiss Housing Finance Limited

Report on the financial statements

We have audited the accompanying financial statements of Edelweiss Housing Finance Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2015, 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 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 of these 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 of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We 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 financial statements are free from material misstatement.



Independent Auditors' Report (*Continued*)

Edelweiss Housing Finance Limited

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls.

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the 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 2015, and its profit 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, 2015 ('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 statement on the matters specified in paragraph 3 and 4 of the Order.

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 financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;



Independent Auditors' Report (*Continued*)

Edelweiss Housing Finance Limited

- e) On the basis of the written representations received from the directors as on 31 March 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2015 from being appointed as a director in terms of Section 164 (2) of the Act; and
- f) 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 no pending litigations as at 31 March 2015
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company

For B S R & Associates LLP

Chartered Accountants

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



N Sampath Ganesh

Partner

Membership No: 042554

Mumbai
14 May 2015

Edelweiss Housing Finance Limited

Annexure to the Independent Auditors' Report

1.
 - (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.
2. The Company is a service company primarily engaged in the business of providing finance to customers for mortgage/ home loans. Accordingly, it does not hold any physical inventories. Thus, paragraph 3 (ii) of the Order is not applicable.
3. According to the information and explanation given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Act.
4. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, with regard to the purchase of fixed assets and sale of services. In our opinion and according to the information and explanations given to us, there is no continuing failure to correct major weakness in internal control system.
5. According to the information and explanations given to us, the Company has not accepted any deposits from the public to which the provisions of section 73 to section 76 or other relevant provisions of the Act and rules framed there under.
6. The Central Government has not prescribed the maintenance of cost records under sub- section 1 of Section 148 of the Act, for any of the services rendered by the Company.
7.
 - (a) According to the information and explanations given to us and on the basis of our examination of the books of account, 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 duty of excise, value added tax, 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 2015 for a period of more than six months from the date they became payable.
 - (b) According to the information and explanations given to us, there are no dues of provident fund, Income tax, Service tax and other material statutory dues which have not been deposited with appropriate authorities on account of any dispute.



Edelweiss Housing Finance Limited.

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

- (c) According to the information and explanations given to us, there are no dues of investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder which is required to be transferred.
8. The Company does not have any accumulated losses at the end of the financial year and has not incurred cash loss in the financial year and in the immediately preceding financial year.
9. The Company has not defaulted in repayment of dues to any financial institution, bank or debenture holder during the year.
10. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions. Thus, paragraph 3 (x) of the Order is not applicable.
11. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, the term loans have been applied for the purpose for which they were raised.
12. 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 explanation and information given to us, one instance of fraud on the Company was identified and reported during the year. We have been further informed that the fraud on the company was mainly related to misrepresentation by the borrower with respect to his employment and falsification of documents, amounting to Rs. 2.19 million.

For **B S R & Associates LLP**

Chartered Accountants

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



N Sampath Ganesh

Partner

Membership No: 042554

Mumbai
14 May 2015

Edelweiss Housing Finance Limited

Balance Sheet

as at 31 March 2015

(Currency : Indian rupees)

	Note	As at 31 March 2015	As at 31 March 2014
EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	2.1	493,500,000	378,500,000
(b) Reserves and surplus	2.2	<u>2,615,863,954</u>	<u>1,479,954,822</u>
		3,109,363,954	1,858,454,822
Non-current liabilities			
(a) Long-term borrowings	2.3	8,849,135,394	7,350,434,684
(b) Other long term liabilities	2.4	231,850,993	78,742,899
(c) Long-term provisions	2.5	88,028,714	44,272,160
Current liabilities			
(a) Short-term borrowings	2.6	968,105,830	539,893,621
(b) Trade payables	2.7	22,896,455	28,103,500
(c) Other current liabilities	2.8	2,688,887,292	2,242,957,453
(d) Short-term provisions	2.9	37,514,902	35,278,400
TOTAL		<u>15,995,783,534</u>	<u>12,178,137,539</u>
ASSETS			
Non-current assets			
(a) Fixed assets	2.10		
(i) Tangible assets		18,009,002	9,743,505
(ii) Intangible assets		6,167,580	6,879,347
(iii) Capital work-in-progress		925,226	-
(b) Deferred tax assets (Net)	2.11	6,918	13,553,515
(c) Long-term loans and advances	2.12	10,323,091,230	8,796,546,344
(d) Other non - current assets	2.13	<u>32,742,059</u>	<u>11,169,128</u>
		10,380,942,015	8,837,891,839
Current assets			
(a) Current Investments	2.14	250,000,000	-
(b) Trade receivables	2.15	43,349,431	46,758,681
(c) Cash and bank balances	2.16	310,217,763	355,654,680
(d) Short-term loans and advances	2.17	4,883,237,154	2,845,481,817
(e) Other current assets	2.18	<u>128,037,171</u>	<u>92,350,522</u>
		5,614,841,519	3,340,245,700
TOTAL		<u>15,995,783,534</u>	<u>12,178,137,539</u>

Significant accounting policies and notes to financial statements

1 & 2

As per our report of even date attached.

For B S R & Associates LLP

Chartered Accountants

Firm Registration No. 116231W/W - 100024



N Sampath Ganesh

Partner

Membership No: 042554

For and on behalf of the Board of Directors



Anurag Madan

Director

DIN : 00010324



Anil Kothuri

Chief Executive Officer



Shabnam Panjwani

Director

DIN : 2057371



Gaurang Tailor

Chief Financial Officer

Mumbai
14 May 2015

Mumbai
14 May 2015

Edelweiss Housing Finance Limited

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

(Currency : Indian rupees)

	Note	For the year ended 31 March 2015	For the year ended 31 March 2014
Revenue from operations			
Fee and commission income	2.19	116,403,756	83,545,239
Interest income	2.20	1,680,314,921	1,079,533,725
Other income	2.21	1,917,959	349,006
Total revenue		1,798,636,636	1,163,427,970
Expenses			
Employee benefit expenses	2.22	152,833,497	65,321,801
Finance costs	2.23	1,063,487,126	846,174,110
Depreciation and amortization expenses	2.10	11,523,404	12,288,341
Other expenses	2.24	230,484,739	166,590,252
Total expenses		1,458,328,766	1,090,374,504
Profit before tax		340,307,870	73,053,466
Tax expense			
(1) Income tax (includes excess provision for earlier years written back Rs. 11,766,675 ; previous year Rs. Nil)		115,717,387	34,767,962
(2) Deferred tax charge/ (benefit)		13,546,598	(9,141,575)
Profit for the year		211,043,885	47,427,079
Earnings per equity share:			
Basic and diluted (face value Rs.10 each)		5.55	1.54

Significant accounting policies and notes to financial statements 1 & 2

As per our report of even date attached.


For B S R & Associates LLP
Chartered Accountants
Firm Registration No. 116231W/W - 100024



N Sampath Ganesh
Partner
Membership No: 042554

Mumbai
14 May 2015

For and on behalf of the Board of Directors

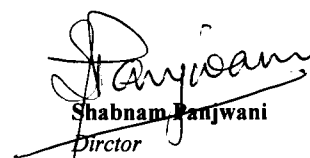


Anurag Madan
Director
DIN : 00010324



Anil Kothuri
Chief Executive Officer

Mumbai
14 May 2015



Shabnam Panjwani
Director
DIN : 2057371



Gaurang Tailor
Chief Financial Officer

Edelweiss Housing Finance Limited

Cash Flow Statement

for the year ended 31 March 2015

(Currency : Indian rupees)

	For the year ended 31 March 2015	For the year ended 31 March 2014
A Cash flow from operating activities		
Profit before taxation	340,307,870	73,053,466
Adjustments for		
Depreciation and amortization expenses	11,523,404	12,288,341
Provision for standard assets	22,557,470	23,452,298
Provision for non performing assets	21,199,545	993,785
Provision for gratuity	2,647,000	270,000
Provision for compensated absences	455,000	136,000
Loss on sale of fixed assets (net)	-	289,800
Operating cash flow before working capital changes	398,690,289	110,483,690
Add / (Less): Adjustments for working capital changes		
Decrease in trade receivables	3,409,250	39,184,022
(Increase) in short term loans and advances	(2,034,140,763)	(782,089,349)
(Increase) in long term loans and advances	(3,180,027,233)	(3,847,433,958)
(Increase) in other non current assets	(972,931)	(11,169,128)
(Increase) in other current assets	(35,686,649)	(44,259,478)
Increase in current liabilities and provisions	218,258,067	466,962,896
Increase in non-current liabilities and provisions	52,750,115	53,775,739
Cash used in operations	(4,577,719,855)	(4,014,545,566)
Income taxes paid	(134,452,526)	(8,357,388)
Net cash used in operating activities - A	(4,712,172,381)	(4,022,902,954)
B Cash flow from investing activities		
Purchase of fixed assets	(20,042,181)	(6,922,112)
Sale of fixed assets	-	23,559
Purchase of current investments	(250,000,000)	-
Increase in fixed deposits	(20,600,000)	(743,560)
Net cash used in investing activities - B	(290,642,181)	(7,642,113)
C Cash flow from financing activities		
Proceeds from issue of shares including securities premium	1,150,000,000	700,000,000
Non convertible debentures issued	1,120,000,000	-
Proceeds from loans securitized	1,658,000,000	67,318,833
Change in short term borrowing	428,212,209	(588,094,954)
Change in long term borrowing	378,700,710	3,044,157,737
Change in current maturity of long term borrowing	222,464,726	987,916,664
Net cash generated from financing activities - C	4,957,377,645	4,211,298,280
Net increase in cash and cash equivalents (A+B+C)	(45,436,917)	180,753,213
Cash and cash equivalents as at the beginning of the year	336,211,120	155,457,907
Cash and cash equivalents as at the end of the year (refer note 2.16)	290,774,203	336,211,120

As per our report of even date attached.

For B S R & Associates LLP

Chartered Accountants

Firm Registration No. 116231W/W - 100024



N Sampath Ganesh

Partner

Membership No: 042554

For and on behalf of the Board of Directors



Anurag Madan

Director

DIN : 00010324



Shabnam Panjwani

Director

DIN : 2057371



Anil Kothuri

Chief Executive Officer



Gaurang Tailor

Chief Financial Officer

Mumbai

14 May 2015

Mumbai

14 May 2015

Edelweiss Housing Finance 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 India 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 Housing Finance companies ("NHB") Directions, 2010.

The financial statements are presented in Indian rupees.

The Company being a Housing Finance Company registered with the NHB follows the guidelines issued by the NHB, 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 generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on date of the financial statements. Actual results could differ from the estimates. Any revision to the accounting estimates is recognised prospectively in current and future periods.

1.3 Revenue recognition

- Interest income on loans is recognised on accrual basis except in case of non-performing assets where interest is recognised on realisation, as per NHB guidelines. Loans are repaid by way of Equated Monthly Instalments (EMIs), which comprise of principal and interest. Interest is calculated on outstanding balance at the beginning of a month. EMIs generally commence only after the entire loan is disbursed. Pending commencement of EMIs, pre-EMI interest is charged every month and is accounted on accrual basis.
- Processing fees collected are amortised over a pre-determined tenor arrived on an industry average or original contractual tenor, whichever is shorter. The unamortised balance is disclosed under "Other current liabilities" and "Other long term liabilities" based on amortisable tenor. In the event of a loan being foreclosed or written off, the unamortised portion of such processing fees is recognised as income at the time of such foreclosure or write off.
- Penal interest income on delayed EMI or Pre-EMI is recognized on receipt basis.
- Charges levied like cheque bouncing charges, loan conversion charges etc are recognized on receipt basis.
- Fee income including advisory fees is accounted for on an accrual basis in accordance with the terms and conditions of contracts entered into between the Company and the counterparty.

Edelweiss Housing Finance Limited

Notes to the financial statements (*Continued*)

1.3 Revenue recognition (*continued*)

- Profit / loss earned on sale of investments is recognised on trade date basis. Profit/loss on sale of investments is determined based on the weighted average cost of the investments sold.
- Dividend income is recognised when the right to receive payment is established.
- Interest income on fixed deposits with banks is recognised on accrual basis.

1.4 Current-non-current classification

All assets and liabilities are classified into current and non-current as follows:

Assets

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

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

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

All other assets are classified as non-current.

Liabilities

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

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

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

All other liabilities are classified as non-current.

1.5 Asset Classification and Loan Provisioning

Asset classification and provisions for non performing assets (NPAs) are made as per the prudential norms prescribed in the Housing Finance companies ("NHB") Directions, 2010 as amended. Additional provisions (over and above the prudential norms) if required is made, based on the management's assessment of the degree of impairment of the loan asset.

Edelweiss Housing Finance Limited

Notes to the financial statements (*Continued*)

1.5 *Asset Classification and Loan Provisioning (continued)*

Currently asset classification and provisioning prescribed by NHB and followed by the company are as below:

S.N.	Asset Classification	DPD from Maturity	Provisioning requirement
(I)	Sub-standard assets	> 3M but <=15M	15% of outstanding loan
(II)	Doubtful assets	>15M	
	(i) Unsecured Portion	>15M	100% of Unsecured loan portion
	(ii) Secured Portion		
	(a) Category 1	>15M but <=27M	25% of Secured loan portion
	(b) Category 2	>27M but <=51M	40% of Secured loan portion
	(c) Category 3	>51M	100% of Secured loan portion
(III)	Loss assets		100% of outstanding loan

Provision for standard assets is being made on total outstanding amount of standard loans including accrued interest on such loans, on the basis of prudential norms laid down by NHB and as mentioned in Notes 2.5A to the financial statements.

1.6 *Loan origination costs*

Loan origination costs comprise of costs paid to third party vendors and intermediaries for loan acquisition, processing, field verification, legal evaluation, title search, fraud check, technical valuation, etc. Such origination costs, directly attributable to disbursed loans are amortised over a pre-determined tenor arrived on an industry average or original contractual tenor, whichever is shorter. The unamortised balance is disclosed as part of "Long-term loans and advances" and "Short-term loans and advances" based on amortisable tenor. Where the loan is foreclosed or written off, the unamortised portion of such loan origination costs is recognised as charge to the statement of profit and loss at the time of such foreclosure or write off.

1.7 *Securitised Assets*

Assets that are securitised and assigned are derecognised in the books of accounts based on the principle of transfer of ownership interest over the assets. De-recognition of such assets and recognition of gain or loss arising on such securitisation is based on the Guidance Note on Accounting for Securitisation issued by the Institute of Chartered Accountants of India.

1.8 *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.

Edelweiss Housing Finance Limited

Notes to the financial statements (*Continued*)

1.8 Investments (*continued*)

Current investments are carried at lower of cost or 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.

1.9 Fixed assets and depreciation

Tangible fixed assets

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

Depreciation is provided on a written down value basis from the date the asset is ready for its intended use or 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
Furniture and fittings	10 years
Motor Vehicles	8 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

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

1.10 Employee benefits

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

Provident fund

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

Edelweiss Housing Finance Limited

Notes to the financial statements (*Continued*)

1.10 Employee benefits (*continued*)

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 which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

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.

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

Compensated Absences

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

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) issued by the Institute of Chartered Accountants of India.

1.11 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 Housing Finance Limited

Notes to the financial statements (*Continued*)

1.12 Taxation

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

Income tax

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

Deferred tax

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

Minimum alternative tax (MAT)

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

1.13 Earnings per share

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

Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted earnings per share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding at year end.

1.14 Operating lease

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

Edelweiss Housing Finance Limited

Notes to the financial statements (*Continued*)

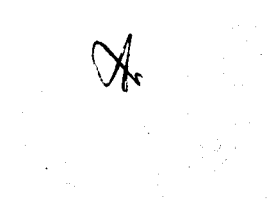
1.15 Provisions and contingencies

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.

Provision for Contingencies has been made on standard as well as on non-performing housing loans and other property loans as per the Prudential Norms prescribed by the National Housing Bank.

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Edelweiss Housing Finance Limited

Notes to the financial statements (Continued)

(Currency : Indian rupees)

	As at		As at	
	31 March 2015		31 March 2014	
2.1 Share capital				
Authorised :				
60,000,000 (previous year:38,500,000) equity shares of Rs. 10 each		600,000,000		385,000,000
		600,000,000		385,000,000
Issued, Subscribed & Paid up:				
49,350,000 (Previous year:37,850,000) Equity shares of Rs. 10, fully paid-up		493,500,000		378,500,000
		493,500,000		378,500,000
a. Movement in share capital :				
	31 March 2015		31 March 2014	
	No of shares	Amount	No of shares	Amount
Equity shares				
Outstanding at the beginning of the year	37,850,000	378,500,000	29,350,000	293,500,000
Issued during the year	11,500,000	115,000,000	8,500,000	85,000,000
Outstanding at the end of the year	49,350,000	493,500,000	37,850,000	378,500,000
b. Terms/rights attached to equity shares :				
The Company has only one class of equity shares having a par value of Rs 10. Each holder of equity shares is entitled to one vote. 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.				
c. Details of shareholders holding more than 5% shares in the company:				
	31 March 2015		31 March 2014	
	No. of shares	% holding in the class	No. of shares	% holding in the class
Equity share of Rs. 10 each fully paid-up:				
Edelweiss Commodities Services Limited	38,300,000	77.6%	27,300,000	72.1%
Edelweiss Financial Services Limited	11,050,000	22.4%	10,550,000	27.9%
	49,350,000	100.0%	37,850,000	100.0%
2.2 Reserves and surplus				
Securities premium account				
Opening Balance			1,456,000,000	691,000,000
Add : Additions during the year			1,035,000,000	765,000,000
Less: Provision for premium payable on redemption of debentures			110,094,932	-
	(A)		2,380,905,068	1,456,000,000
Statutory Reserve (refer note 2.2 A)				
(As per Section 29C of The National Housing Bank Act, 1987)				
Opening Balance			17,215,614	7,730,198
Add : Additions during the year			42,208,777	9,485,416
Closing Balance	(B)		59,424,391	17,215,614
Surplus (Profit & Loss balance)				
Opening balance in Statement of Profit and Loss			6,739,208	(31,202,455)
Add: Profit/(Loss) for the year			211,043,885	47,427,079
Less: Adjustment on account of accumulated depreciation (net off tax) (refer note 2.10 A)			39,821	-
			217,743,272	16,224,624
Less: Transfer to statutory reserve under section 29C of The National Housing Bank Act, 1987 *			42,208,777	9,485,416
Closing balance in Statement of Profit and Loss	(C)		175,534,495	6,739,208
	(A+B+C)		2,615,863,954	1,479,954,822

*As per Section 29C of the National Housing Bank Act, 1987, the Company is required to transfer at least 20% of its net profits every year to a reserve before any dividend is declared. The company has transferred Rs.42,208,777 (Previous year:Rs. 9,485,416) to the statutory reserve.

7

Edelweiss Housing Finance Limited

Notes to the financial statements (Continued)

(Currency : Indian rupees)

2.3 Long-term borrowings

Secured

Non-convertible debenture (refer note 2.30 (A))

Less: Current maturities

As at
31 March 2015

As at
31 March 2014

4,020,000,000
500,000,000
3,520,000,000

2,900,000,000
-
2,900,000,000

Term loan from banks *

Less: Current maturities

6,517,854,880
1,878,549,994
4,639,304,886

6,116,689,443
1,666,254,759
4,450,434,684

Term loan from The National Housing Bank*

Less: Current maturities

200,000,000
10,169,492
189,830,508

-
-
-

Unsecured

Non-convertible Subordinated Debentures (refer note 2.30 (B))

500,000,000
8,849,135,394

-
7,350,434,684

* Nature of security and terms of repayment for secured borrowings (other than debentures):

All secured long term borrowings are secured by way of hypothecation of receivables i.e. loans and advances and corporate guarantee from the ultimate holding company and/or holding company.

- Repayment terms of term loan from banks are as follow.

31 March 2015				
Term loan from banks - Secured				
Maturities in				
Rate of interest	1-3 years	3-5 years	after 5 years	TOTAL
>=10%	18,750,000	12,500,000	18,750,000	50,000,000
10-11%	4,255,500,003	1,252,375,000	115,500,000	5,623,375,003
11-12%	800,729,877	43,750,000	-	844,479,877
Total	5,074,979,880	1,308,625,000	134,250,000	6,517,854,880

31 March 2014				
Term loan from banks - Secured				
Maturities in				
Rate of interest	1-3 years	3-5 years	after 5 years	TOTAL
>=10%	-	-	-	-
10-11%	1,926,249,987	802,916,680	-	2,729,166,667
11-12%	2,632,701,348	578,642,857	176,178,571	3,387,522,776
Total	4,558,951,335	1,381,559,537	176,178,571	6,116,689,443

- Repayment terms of term loan from National Housing Bank are as follow.

31 March 2015				
Term loan from banks - Secured				
Maturities in				
Rate of interest	1-3 years	3-5 years	after 5 years	TOTAL
=9.35%	37,288,136	27,118,644	135,593,220	200,000,000
Total	37,288,136	27,118,644	135,593,220	200,000,000

31 March 2014				
Term loan from banks - Secured				
Maturities in				
Rate of interest	1-3 years	3-5 years	after 5 years	TOTAL
=9.35%	-	-	-	-
Total	-	-	-	-

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Edelweiss Housing Finance Limited

Notes to the financial statements (*Continued*)

(Currency: Indian Rupees)

2.2 A Disclosure pursuant to the circular no. NHB CND/DRS/Pol. Circular.61/2013-14 dated 7 April 2014 issued by the National Housing Bank.

Statutory Reserve

Particulars	31 March 2015	31 March 2014
Balance at the beginning of the year	Amount	Amount
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	17,215,614	7,730,198
b) Amount of special reserve u/s 36(1)(vii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under , Section 29C of the NHB Act, 1987	-	-
c) Total	17,215,614	7,730,198
Addition/Appropriation/Withdrawal during the year		
Add: a) Amount transferred u/s 29C of the NHB Act, 1987	8,493,162	9,485,416
b) Amount of special reserve u/s 36(1)(vii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	33,715,615	-
Less: a) Amount appropriated from the Statutory Reserve u/s 29C of the NHB Act, 1987	-	-
b) Amount withdrawn from the Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 which has been taken into account for the purpose of provision u/ s 29C of the NHB Act, 1987	-	-
Balance at the end of the year		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	25,708,776	17,215,614
b) Amount of special reserve u/s 36(1)(vii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under , Section 29C of the NHB Act, 1987	33,715,615	-
c) Total	59,424,391	17,215,614

Edelweiss Housing Finance Limited

Notes to the financial statements (Continued)

(Currency : Indian rupees)

	As at 31 March 2015	As at 31 March 2014
2.4 Other long term liabilities		
Interest accrued but not due on borrowings	173,512,437	35,433,589
Unamortised processing fees	58,032,865	43,309,310
Deposits	305,691	-
	231,850,993	78,742,899

2.5 Long-term provisions

Provision for employee benefits		
Gratuity	3,539,500	1,285,500
Compensated leave absences	550,000	200,000
Provision for standard assets (refer note 2.5A)	51,401,892	40,208,290
Provision for non performing assets (refer note 2.5A)	21,188,507	966,508
Provision for Deferred Bonus	6,694,000	-
Others	4,654,815	1,611,862
	88,028,714	44,272,160

2.5A A general provision of 0.40% of total outstanding amount of Loans where collateral is residential property, a general provision of 0.75% of total outstanding amount of builder loans and general provision of 1.00% of total outstanding amount of loans where collateral is commercial property, which are classified as standard assets has been made as per NHB's Direction No. NHB.(ND)/DRS/Pol.No.45/ dated 19th January 2012 & NHB.HFC.DIR.9/CMD/2013 dated 6th September 2013.

Provisions for standard assets and non performing assets

	As at 31 March 2015			
	Provision for			
Particulars	Standard Assets	Sub-Standard Assets	Doubtful Assets	Loss Assets
Housing				
Current	12,903,095	630,719	262,187	45,545
Non Current	27,250,088	13,818,226	3,773,732	2,142,577
	40,153,183	14,448,945	4,035,919	2,188,122
Non Housing				
Current	11,441,864	66,372	-	-
Non Current	24,151,804	1,453,972	-	-
	35,593,668	1,520,344	-	-

	As at 31 March 2014			
	Provision for			
Particulars	Standard Assets	Sub-Standard Assets	Doubtful Assets	Loss Assets
Housing				
Current	8,204,724	19,153	-	-
Non Current	25,413,727	674,059	-	-
	33,618,451	693,212	-	-
Non Housing				
Current	4,776,367	8,124	-	-
Non Current	14,794,563	292,449	-	-
	19,570,930	300,573	-	-

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Edelweiss Housing Finance Limited

Notes to the financial statements (Continued)

(Currency : Indian rupees)

	As at 31 March 2015	As at 31 March 2014
2.6 Short-term borrowings		
<u>Secured</u>		
Bank overdraft	899,143,637	484,011,672
[secured by way of hypothecation of receivables i.e. loans and advances and corporate guarantee from the ultimate holding company and/or holding company]		
	<u>899,143,637</u>	<u>484,011,672</u>
<u>Unsecured</u>		
Loans and advances from related parties		
a. Holding Company	530,001	49,699,998
b. Others	68,432,192	6,181,951
	<u>68,962,193</u>	<u>55,881,949</u>
	<u><u>968,105,830</u></u>	<u><u>539,893,621</u></u>
2.7 Trade payables		
Trade payables	22,896,455	28,103,500
(includes sundry creditors and provision for expenses)		
	<u><u>22,896,455</u></u>	<u><u>28,103,500</u></u>



Edelweiss Housing Finance Limited

Notes to the financial statements *(Continued)*

(Currency : Indian rupees)

	As at 31 March 2015	As at 31 March 2014
2.8 Other current liabilities		
Current maturities of long term debt-Secured		
Term loan from banks	1,878,549,994	1,666,254,759
The National Housing Bank	10,169,492	-
Non-convertible debentures	500,000,000	-
Interest accrued but not due on borrowings	136,027,707	99,080,439
Unamortised processing fees	26,302,508	19,951,068
Other payables		
Accrued salaries and benefits	45,190,949	9,836,428
Withholding tax, service tax and other taxes payable	9,949,154	10,048,182
Book overdraft	42,994,864	436,493,973
Others	39,702,624	1,292,604
	2,688,887,292	2,242,957,453
2.9 Short-term provisions		
Provision for employee benefits		
Gratuity	568,000	175,000
Compensated leave absences	184,000	79,000
Others		
Provision for standard assets <i>(refer note 2.5A)</i>	24,344,959	12,981,091
Provision for non performing assets <i>(refer note 2.5A)</i>	1,004,823	27,277
Provision for taxation (net of advance tax and tax deducted at source Rs. 61,229,041, Previous Year Rs.7,133,759)	11,413,120	22,016,032
	37,514,902	35,278,400

At

Edelweiss Housing Finance Limited

Notes to the financial statements (Continued)

(Currency : Indian rupees)

2.10 Fixed assets

Description of Assets	Gross Block				Depreciation				Net Block	
	As at 1 April 2014	Additions during the year	Deductions during the year	As at 31 March 2015	As at 1 April 2014	Opening Reserve Adjustment	Additions during the year	Deductions during the year	As at 31 March 2015	As at 31 March 2014
Tangible assets										
Land	1,208,000	-	-	1,208,000	-	-	-	-	-	1,208,000
Leasehold improvements	1,038,922	2,477,501	-	3,516,423	393,614	-	425,525	-	819,139	2,697,284
Furniture and fixtures	704,178	1,675,260	-	2,379,438	212,617	-	210,342	-	422,959	1,956,479
Vehicles	5,921,514	1,528,453	-	7,449,967	3,207,175	-	997,685	-	4,204,860	3,245,107
Office equipments	1,402,509	711,383	-	2,113,892	368,375	-	650,405	-	1,018,780	2,714,339
Computers	7,159,483	8,871,141	-	16,030,624	3,509,320	39,821	4,674,463	-	8,223,604	1,034,134
Total : A	17,434,606	15,263,738	-	32,698,344	7,691,101	39,821	6,958,420	-	14,689,342	3,650,163
Intangible assets										9,743,505
Computer software	28,377,248	3,853,217	-	32,230,465	21,497,901	-	4,564,984	-	26,062,885	6,879,347
Total : B	28,377,248	3,853,217	-	32,230,465	21,497,901	-	4,564,984	-	26,062,885	6,879,347
Grand Total [A+B]	45,811,854	19,116,955	-	64,928,809	29,189,002	39,821	11,523,404	-	40,752,227	16,622,852
Previous Year	39,594,928	6,922,112	705,186	45,811,854	17,292,484	-	12,288,341	391,823	29,189,002	16,622,852

Note 2.10 A

As per the requirement of the Companies Act, 2013, the Company has evaluated the useful lives of its fixed assets and has computed depreciation according to the provisions of Schedule II of the Act. Consequently, in the Statement of profit and loss of the Company, the depreciation charge for the year ended 31 March 2015 is higher by Rs.2,467,404 and an amount of Rs. 39,821 has been charged to the opening balance of the retained earnings in respect of assets whose remaining useful life has expired as at 1 April 2014.

Edelweiss Housing Finance Limited

Notes to the financial statements (Continued)

(Currency : Indian rupees)

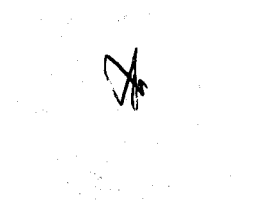
	As at 31 March 2015	As at 31 March 2014
2.11 Deferred taxes		
Deferred tax assets on account of		
Disallowances under section 43B of the Income Tax Act, 1961	3,992,437	513,118
Amortisation of loan processing fees	29,188,473	20,524,831
Provision for Non Performing Assets	7,681,112	322,434
Provision for Standard Assets	-	16,934,862
	40,862,022	38,295,245
Deferred tax liabilities on account of		
Difference between book and tax depreciation	539,697	1,204,920
Amortisation of loan origination cost	28,855,469	23,536,810
Others	11,459,938	-
	40,855,104	24,741,730
Net Deferred tax assets	6,918	13,553,515
2.12 Long-term loans and advances		
<u>Secured</u>		
<i>(Considered good unless otherwise stated)</i>		
Loans to borrowers		
Housing (refer note 2.12A)		
Standard Assets	6,207,172,864	5,801,108,456
Sub-standard Assets	92,525,715	4,493,727
Doubtful Assets	3,773,732	-
Loss Assets	2,142,578	-
(A)	6,305,614,889	5,805,602,183
Non housing		
Standard Assets	3,923,361,599	2,924,706,971
Sub-standard Assets	9,279,369	1,949,665
Doubtful Assets	-	-
Loss Assets	-	-
(B)	3,932,640,968	2,926,656,636
(A+B)	10,238,255,857	8,732,258,819
<u>Unsecured</u>		
<i>(Considered good unless otherwise stated)</i>		
Security deposits	11,652,649	7,205,549
Other loans and advances		
Unamortised loan origination costs	63,644,687	52,061,592
Advance income tax (net of provision for taxation Rs 13,392,436, Previous Year Rs. Nil)	9,538,037	5,020,384
	84,835,373	64,287,525
	10,323,091,230	8,796,546,344
2.12 A The housing loan referred to in note 2.12 & 2.17 also includes an amount of Rs. 148,137,203/- (previous year Rs.124,189,927/-) being life insurance premium paid to the insurer.		
2.13 Other non-current assets		
Other Bank Balances		
Bank deposits with more than 12 months maturity, held as margin money or security against borrowings, guarantees	31,202,717	10,602,717
Accrued interest on fixed deposits	1,539,342	566,411
	32,742,059	11,169,128

Edelweiss Housing Finance Limited

Notes to the financial statements (*Continued*)

(Currency : Indian rupees)

		As at 31 March 2015			As at 31 March 2014		
2.14	Current investments - at lower of cost and fair value	Face Value	Quantity	Amount	Face Value	Quantity	Amount
Investments in mutual funds							
	ICICI Prudential Flexible Income - Direct Plan - Growth	10	948,620	250,000,000	-	-	-
		948,620			-	-	-

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Edelweiss Housing Finance Limited

Notes to the financial statements (*Continued*)

(Currency : Indian rupees)

	As at 31 March 2015	As at 31 March 2014
2.15 Trade receivables		
Other debts		
Unsecured, considered good from related parties	43,349,431	46,758,681
	43,349,431	46,758,681
 2.16 Cash and bank balances		
Cash and cash equivalents		
Cash in hand	6,918	14,169
Balances with banks		
in current accounts	290,767,285	336,196,951
	290,774,203	336,211,120
In deposit accounts with original maturity less than one year		
Short term deposit with bank	19,443,560	19,443,560
	310,217,763	355,654,680



Edelweiss Housing Finance Limited

Notes to the financial statements (Continued)

(Currency : Indian rupees)

	As at 31 March 2015	As at 31 March 2014
2.17 Short-term loans and advances		
<u>Secured</u>		
(Considered good unless otherwise stated)		
Loans to borrowers		
Housing (refer note 2.12A)		
Standard Assets	2,968,064,860	2,378,937,019
Sub-standard Assets	3,800,587	127,690
Doubtful Assets	262,187	-
Loss Assets	45,545	-
(A)	<u>2,972,173,179</u>	<u>2,379,064,709</u>
Non housing		
Standard Assets	1,876,021,814	440,787,781
Sub-standard Assets	846,682	54,154
Doubtful Assets	-	-
Loss Assets	-	-
(B)	<u>1,876,868,496</u>	<u>440,841,935</u>
(A+B)	<u>4,849,041,675</u>	<u>2,819,906,644</u>
<u>Unsecured</u>		
(Considered good unless otherwise stated)		
Prepaid expenses	1,539,029	357,690
Unamortised loan origination costs	19,728,525	20,482,127
Loans and advances to employees	998,918	-
Vendor advances	3,756,500	177,423
Advance income tax (net of provision for taxation Rs. 16,849,298, Previous Year Rs. Nil)	8,172,507	4,557,933
	<u>34,195,479</u>	<u>25,575,173</u>
	<u>4,883,237,154</u>	<u>2,845,481,817</u>
2.18 Other current assets		
Accrued interest on fixed deposits	111,671	43,154
Interest accrued but not due on loans	123,379,153	88,135,963
Interest accrued and due on loans	4,546,345	4,171,405
	<u>128,037,171</u>	<u>92,350,522</u>

Edelweiss Housing Finance Limited

Notes to the financial statements (Continued)

(Currency : Indian rupees)

	For the year ended 31 March 2015	For the year ended 31 March 2014
2.19 Fee and commission income		
Advisory fees	41,676,206	42,010,700
Processing fees and other charges	74,727,550	41,534,539
	116,403,756	83,545,239
2.20 Interest income		
On loans	1,677,115,919	1,077,260,513
On fixed deposits	3,199,002	2,273,212
	1,680,314,921	1,079,533,725
2.21 Other income		
Miscellaneous income	1,917,959	349,006
	1,917,959	349,006
2.22 Employee benefit expenses		
Salaries and wages	146,241,310	62,500,262
Contribution to provident and other funds (refer note 2.28)	4,233,530	1,480,257
Staff welfare expenses	2,358,657	1,341,282
	152,833,497	65,321,801
2.23 Finance costs		
Interest on debentures	216,752,821	200,433,589
Interest on term loan	669,963,670	510,258,834
Interest on cash credit facilities	16,800,907	12,709,392
Interest on loan from holding/ultimate holding company	89,636,152	26,297,736
Interest on loan from fellow subsidiary	-	26,244,969
Discount on commercial paper	59,143,300	61,524,030
Financial and bank charges	9,875,695	7,697,031
Interest - others	1,314,581	1,008,529
	1,063,487,126	846,174,110

For and on behalf of the Board

Edelweiss Housing Finance Limited

Notes to the financial statements (Continued)

(Currency : Indian rupees)

	For the year ended 31 March 2015	For the year ended 31 March 2014
2.24 Other expenses		
Advertisement and business promotion (refer note 2.31)	2,892,246	5,688,241
Auditors' remuneration	1,292,450	1,159,957
Bad- debts and advances written off	-	228,164
Commission and brokerage	1,464,259	1,175,761
Communication	2,877,408	1,054,642
Computer expenses	628,973	120,175
Computer software	4,207,967	3,852,177
Directors' sitting fees	140,000	60,000
Electricity charges	4,584,400	3,879,720
Legal and professional fees	9,540,805	6,449,681
Loss on sale/ write-off of fixed assets (net)	-	289,800
Membership and subscription	2,526,213	88,717
Loan origination costs	85,291,931	40,095,195
Office expenses	5,857,467	3,323,956
Postage and courier	1,025,455	540,053
Printing and stationery	2,226,813	1,786,871
Provision for standard asset	22,557,470	23,452,298
Provision for non performing assets	21,199,545	993,785
Rates and taxes	3,745,335	568,563
Rating support fees	16,350,000	34,200,000
Rent (refer note 2.31)	23,765,473	20,862,466
Repairs and maintenance - others	2,236,480	1,354,790
Service tax expenses	6,700,713	7,343,146
Stamp duty	3,312,391	3,580,050
Travelling and conveyance	5,634,399	4,273,291
Miscellaneous expenses	426,546	168,753
	230,484,739	166,590,252
Auditors' remuneration:		
As auditor	700,000	700,000
For other services	505,000	459,957
For reimbursement of expenses	87,450	-
	1,292,450	1,159,957

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Edelweiss Housing Finance Limited

Notes to the financial statements (*Continued*)

(Currency: Indian Rupees)

2.25 *Segment reporting*

The Company's main business is to provide loans for purchase or construction of residential houses. All other activities of the Company revolve around the main business. Since the business operations of the Company are primarily concentrated in India, the Company is considered to operate only in the domestic segment.

As the Company's business activity falls within a primary business segment, the financial statements are reflective of the information required under Accounting Standard 17 on Segment Reporting notified under section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules 2014, the provisions of the Companies Act, 2013 (to the extent notified) and the Companies Act, 1956 (to the extent applicable),

2.26 *Related Parties as per AS 18*

(i) List of related parties and relationship:

Name of related parties by whom control is exercised :	
Holding Company	Edelweiss Commodities Services Limited
Ultimate Holding Company	Edelweiss Financial Services Limited
Fellow Subsidiaries (with whom transactions have taken place)	Edelweiss Finance & Investments Limited
	ECL Finance Limited
	Edelweiss Investment Adviser Limited
	Edelweiss Web Services Limited
	Edelweiss Retail Finance Limited
	Edelweiss Broking Limited
	Auris Corporate Centre Limited (From 31 October 2014 to 3 December 2014)
Key Management Personnel (with whom transactions have taken place)	Anil Kothuri (From 1 April 2014 to 25 February 2015)

Edelweiss Housing Finance Limited

Notes to the financial statements (Continued)

(Currency : Indian rupees)

(ii) Transactions with related parties :

Transactions with related parties			Amount	Amount
Sr. No.	Nature of Transaction	Related Party Name	31 March 2015	31 March 2014
<u>Capital Account Transaction during the year</u>				
1	Investment in Equity Shares of	Auris Corporate Centre Limited	500,000	-
2	Sale of Investment in Equity Shares to	Edelweiss Broking Limited	500,000	-
3	Infusion of Share Capital issued (including securities premium)	Edelweiss Commodities Services Limited	1,100,000,000	850,000,000
		Edelweiss Financial Services Limited	50,000,000	-
4	Short term loans taken from (refer note 2.26 A)	Edelweiss Financial Services Limited	3,052,276,929	1,002,293,585
		ECL Finance Limited	-	60,000,000
		Edelweiss Commodities Services Limited	706,230,003	1,051,599,998
5	Short term loans given to (refer note 2.26 A)	Edelweiss Financial Services Limited	2,940,026,688	1,168,724,242
		ECL Finance Limited	-	60,000,000
		Edelweiss Commodities Services Limited	755,400,000	1,268,800,000
<u>Current Account Transaction during the year</u>				
6	Interest Expenses on loan from	Edelweiss Financial Services Limited	76,836,851	26,297,736
		ECL Finance Limited	-	197,260
		Edelweiss Commodities Services Limited	12,799,301	26,047,709
7	Cost reimbursement paid to	Edelweiss Financial Services Limited	1,317,732	-
		Edelweiss Commodities Services Limited	10,280,640	11,700,151
8	Reimbursement paid to	Edelweiss Financial Services Limited	21,162,906	36,952,438
9	Rating support fees paid to	Edelweiss Financial Services Limited	16,350,000	34,200,000
10	Commission and brokerage paid to	Edelweiss Investment Adviser Limited	1,275,093	1,175,761
11	Advertisement and Buisness Promotion Expenses paid to	Edelweiss Financial Services Limited	-	1,404,000
12	Legal & Professional Charges paid to	Edelweiss Web Services Limited	174,670	32,700
13	Remuneration paid to	Anil Kothuri	1,125,232	1,625,221
14	Advisory fees earned from	ECL Finance Limited	16,768,573	35,776,000
		Edelweiss Retail Finance Limited	24,907,633	6,234,700
		Edelweiss Retail Finance Limited	24,907,634	6,234,701
15	Directors nomination received from	Edelweiss Commodities Services Limited	100,000	-
<u>Balances with related party</u>				
16	Short term loans taken from	Edelweiss Financial Services Limited	68,432,192	6,181,951
		Edelweiss Commodities Services Limited	530,001	49,699,998
17	Trade Payables to	Edelweiss Financial Services Limited	1,589,886	1,988,530
		Edelweiss Commodities Services Limited	68,975	1,610,643
		Edelweiss Securities Limited	-	11,486
		Edelweiss Web Services Limited	178,792	33,471
18	Trade Receivables from	ECL Finance Limited	17,164,312	44,397,913
		Edelweiss Financial Services Limited	125,569	125,569
		Edelweiss Retail Finance Limited	25,495,453	7,005,309
		Edelweiss Finance & Investments Limited	516,000	-
		Edelweiss Web Services Limited	48,097	-
19	Accrued interest expense on Short term loans taken from	Edelweiss Financial Services Limited	2,058,640	-
		Edelweiss Commodities Services Limited	3,019	-
20	Nomination Deposit received from	Edelweiss Commodities Services Limited	100,000	-
<u>Off Balancesheet</u>				
21	Corporate Guarantee taken	Edelweiss Financial Services Limited	11,236,958,336	-
		Edelweiss Commodities Services Limited	2,055,050,000	-

Note

2.26 A Loan given/taken to/from parties and margin money placed / refund received with/ from related parties are disclosed based on the maximum incremental amount given/taken and placed / refund received during the reporting period.

Edelweiss Housing Finance Limited

Notes to the financial statements (*Continued*)

(Currency: Indian Rupees)

2.27 *Earnings per share*

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

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
a) Shareholders earnings (as per statement of profit and loss)	211,043,885	47,427,079
b) Weighted average number of equity shares outstanding during the year/period (based on the date of issue of shares)	38,034,932	30,859,589
c) Number of dilutive potential equity shares	-	-
d) Basic earnings per share (in rupees) (a/b)	5.55	1.54
e) Diluted earnings per share (in rupees) {a/(b+c)}	5.55	1.54

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

A) Defined contribution plan (Provident fund):

Amount of Rs. 3,894,444 (Previous year: Rs. 1,478,478) is recognised as expense and included in "Employee benefit expenses" (refer note 2.22) in the statement of profit and loss for the year ended 31 March, 2015.

B) Defined benefit plan (Gratuity):

The following tables summarize the components of the net benefit expenses recognised in the statement of profit and loss and the unfunded status and amounts recognised in the balance sheet for the gratuity benefit plan

Statement of profit and loss

Net employee benefit expenses

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
Current service cost	430,000	370,000
Past service cost	-	-
Interest cost	172,000	94,000
Expected return on plan asset	-	-
Curtailment cost	-	-
Settlement cost	-	-
Actuarial (gain) or loss recognized in the year	1,529,000	(194,000)
Expense recognized in statement of profit/(loss)	2,131,000	270,000

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Edelweiss Housing Finance Limited

Notes to the financial statements (*Continued*)

(Currency: Indian Rupees)

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

Balance Sheet

Details of provision for gratuity

Particulars	As at 31 March 2015	As at 31 March 2014
Liability at the end of the year	4,107,500	1,460,500
Fair value of plan assets at the end of the year	-	-
Difference	-	-
Unrecognized past service cost	-	-
Unrecognized transition liability	-	-
Amount in Balance Sheet	4,107,500	1,460,500

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

Particulars	As at 31 March 2015	As at 31 March 2014
Present value of obligation at the beginning of the year	1,460,500	1,190,500
Interest cost	172,000	94,000
Past service cost	-	-
Current service cost	430,000	370,000
Curtailment cost	-	-
Settlement cost	516,000	-
Benefits paid	-	-
Actuarial (gain)/loss on obligation	1,529,000	(194,000)
Liability at the end of the year	4,107,500	1,460,500

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Edelweiss Housing Finance Limited

Notes to the financial statements (Continued)

(Currency: Indian Rupees)

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

Balance Sheet Reconciliations

Particulars	As at 31 March 2015	As at 31 March 2014
Opening net liability(incl. transfer in/out)	1,976,500	1,190,500
Expense as above	2,131,000	270,000
Employers contribution	-	-
Closing net liability	4,107,500	1,460,500
Closing provision at the end of the year	4,107,500	1,460,500

Experience Adjustment:

Particulars	As at 31 March 2015	As at 31 March 2014	As at 31 March 2013	As at 31 March 2012	As at 31 March 2011
On Plan Liabilities: (Gain)/ Loss	1,057,000	(132,000)	(437,335)	222,304	83,757
On Plan Assets: Gain/ (Loss)	-	-	-	-	-
Estimated Contribution for next year	Nil	Nil	Nil	Nil	Nil

Principal actuarial assumptions at the balance sheet date:

Particulars	As at 31 March 2015	As at 31 March 2014
Discount rate	7.8%	8.7%
Salary escalation	7%	6 %
Employee attrition rate	13% to 60%	13% to 60%

2.29 Contingent liabilities and commitments

a. Contingent liabilities: Rs. Nil (previous year Rs Nil)

b. Commitments:

- Capital Commitment Rs 567,000 (previous year Rs. Nil)
- Loans sanctioned pending disbursement: Rs. 201,018,393; (Previous year Rs.150,084,040)

Edelweiss Housing Finance Limited

Notes to the financial statements *(Continued)*

(Currency: Indian Rupees)

2.30 Details of Debenture

(A) Details of Secured Non - Convertible Debentures

- a. The debentures are secured by way of pari passu charge on an immovable property and an exclusive charge on standard loan assets to the extent of 110% of the outstanding amount of the debentures.

Description	Issue Date	Redemption Date	Nos.	Amount
EHFL/NCD/4Dec2017	4-Dec-12	4-Dec-17	1,500	1,500,000,000

- b. The debentures are secured by way of pari passu charge on an immovable property and standard loan assets to the extent of 100% of the outstanding amount of the debentures.

Description	Issue Date	Redemption Date	Nos.	Amount
EHFL/NCD/27Nov2015*	06-Dec-13	27-Nov-15	500	500,000,000
EHFL/NCD/28Apr2016	28-May-14	28-Apr-16	250	250,000,000
EHFL/NCD/23Jun2016	12-Sep-14	23-Jun-16	30	30,000,000
EHFL/NCD/17Nov2016*	19-Dec-13	17-Nov-16	400	400,000,000
EHFL/NCD/23Mar2017*	28-Mar-14	23-Mar-17	250	250,000,000
EHFL/NCD/24Apr2017*	20-Feb-14	24-Apr-17	250	250,000,000
EHFL/NCD/24Apr17	28-May-14	24-Apr-17	60	60,000,000
EHFL/NCD/17Aug17	12-Sep-14	17-Aug-17	50	50,000,000
EHFL/NCD/12Sep17	12-Sep-14	12-Sep-17	100	100,000,000
EHFL/NCD/24Oct17	27-Oct-14	24-Oct-17	60	60,000,000
EHFL/NCD/05Dec17	12-Dec-14	05-Dec-17	100	100,000,000
EHFL/NCD/19Jan18	27-Oct-14	19-Jan-18	70	70,000,000
EHFL/NCD/10Mar18	05-Mar-15	10-Mar-18	80	80,000,000
EHFL/NCD/26Apr18	09-Mar-15	26-Apr-18	320	320,000,000
			2,520	2,520,000,000

*These NCDs are Zero Coupon Debentures issued at par and redeemable at premium.

Note: Coupon rate of "NCDs" outstanding as on March 31, 2015 varies from 10.00% to 11.75%.

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Edelweiss Housing Finance Limited

Notes to the financial statements *(Continued)*

(Currency: Indian Rupees)

2.30 *Details of Debentures (continued)*

(B) *Details of Unsecured Subordinated Debentures*

Description	Issue Date	Redemption Date	Nos	Amount
EHFL/NCD/3May2025	04-Feb-15	03-May-25	500	500,000,000

Note: Coupon rate of "NCDs" outstanding as on March 31, 2015 is 11.25%

2.31 *Cost sharing*

During the year the Company carried out its operations out of premises leased from Edelweiss Commodities Services Limited, the holding company. The Company has entered into Memorandum of Understanding with this entity for reimbursement of costs on the basis of number of employees, area occupied, time spent by employees for other companies, actual identifications etc.

Similarly, Edelweiss Financial Services Limited, being the ultimate holding company incurs advertisement cost which is for the common benefit of itself and certain fellow subsidiary companies. This cost so expended is reimbursed by the Company on the basis of actual identifications.

Accordingly, and as identified by management, the expenditure heads in note 2.24 are net of the reimbursements made.

2.32 *Operating leases*

The Company has taken various premises on operating lease. Gross rental expenses for the year ended 31 March 2015 aggregated to Rs.23,765,473 (Previous Year Rs. 20,862,466) which has been included under the head Other expenses – Rent in the statement of profit and loss.

Details of future minimum lease payments for the non-cancellable operating leases are as follows:

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
Minimum lease payments for non cancellable lease		
- not later than one year	2,534,673	440,000
- later than one year and not later than five years	1,403,180	-
- later than five years	-	-
	3,937,853	440,000

Edelweiss Housing Finance Limited

Notes to the financial statements (*Continued*)

(Currency: Indian Rupees)

2.32 *Operating leases (continued)*

Future minimum lease payments for the non-cancellable operating leases are gross of sharing of expenses with group companies.

2.33 The Company has securitized/ assigned pool of certain housing loans and loan against property aggregating to Rs. 1,657,970,756/-, at par (Previous Year Rs.67,318,833/-) and managed servicing of such loan accounts. These assets have been derecognized in the books of the Company. The Company is responsible for collection and servicing of these loan portfolios on behalf of buyer/investors. In terms of the said securitization agreement, the Company pays buyer/investor on a monthly basis the pro-rata collection amount as per individual agreement terms.

2.34 *Premium on redemption of non - convertible debentures*

In respect of non - convertible debentures (NCDs) issued by the company, the premium on redemption for the year ended March 31, 2015, net of tax amounting to Rs. 110,094,932/- has been adjusted to the Securities Premium Account as permitted under section 52 of the Companies Act, 2013.

2.35 *Fraud Reporting*

The company has reported a case of fraud of Rs. 2,405,260; (Previous Year Rs. Nil)

2.36 *Details of dues to micro, small and medium 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

2.37 *Disclosure pursuant to the circular no. NHB/ND/DRS/Pol-No.35/2010-11 dated October 11, 2010 issued by the National Housing Bank.*

I. **Capital to Risk Assets Ratio (CRAR)**

Items	As at 31 March 2015	As at 31 March 2014
i) CRAR (%)	29.13%	23.50%
ii) CRAR - Tier I capital (%)	24.47%	22.83%
iii) CRAR - Tier II Capital (%)	4.67%	0.67%

Edelweiss Housing Finance Limited

Notes to the financial statements *(Continued)*

(Currency: Indian Rupees)

2.37 *Disclosure pursuant to the circular no. NHB/ND/DRS/Pol-No.35/2010-11 dated October 11, 2010 issued by the National Housing Bank. (Continued)*

II. Exposure to Real Estate Sector

Category		As at 31 March 2015	As at 31 March 2014
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 Rs.845,589,903/- (Previous Year 301,045,172)	13,069,783,555	10,640,230,259
	(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;	2,017,980,807	911,935,204
	(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures –		
	a. Residential	-	-
	b. Commercial Real Estate	-	-
b)	Indirect Exposure		
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	-	-

Edelweiss Housing Finance Limited

Notes to the financial statements (Continued)

(Currency: Indian Rupees)

2.37 Disclosure pursuant to the circular no. NHB/ND/DRS/Pol-No.35/2010-11 dated October 11, 2010 issued by the National Housing Bank. (Continued)

III. Asset Liability Management

Maturity pattern of certain items of assets and liabilities – Current Year

Maturity Bucket	Term Money Borrowing	Other Borrowing	Advances	Investments
1 to 14 days	-	-	127,642,775	250,000,000
Over 14 days to 1 Month	68,577,777	-	122,106,345	-
Over 1 to 2 Months	187,931,944	-	225,496,620	-
Over 2 to 3 Months	206,077,777	-	225,980,202	-
Over 3 to 6 Months	445,977,329	-	670,824,180	-
Over 6 Months to 1 Year	1,480,154,658	1,018,105,830	3,456,577,179	-
Over 1 Year to 3 Years	6,423,548,529	-	1,537,740,626	-
Over 3 to 5 Years	1,655,743,644	-	1,143,337,124	-
Over 5 to 7 Years	155,118,644	-	1,190,897,096	-
Over 7 to 10 Years	46,927,966	-	1,974,297,173	-
Over 10 Years	567,796,610	-	4,412,398,214	-
Total	11,237,854,880	1,018,105,830	15,087,297,532	250,000,000

Edelweiss Housing Finance Limited

Notes to the financial statements (Continued)

(Currency: Indian Rupees)

2.37 Disclosure pursuant to the circular no. NHB/ND/DRS/Pol-No.35/2010-11 dated October 11, 2010 issued by the National Housing Bank. (Continued)

Asset Liability Management (Continued)

Maturity pattern of certain items of assets and liabilities (Previous Year)

Maturity Bucket	Term Money Borrowing	Other Borrowing	Advances	Investments
1 to 14 days	-	-	19,926,433	-
Over 14 days to 1 Month	61,633,334	-	105,974,017	-
Over 1 to 2 Months	90,800,000	-	130,353,481	-
Over 2 to 3 Months	206,276,190	-	260,788,270	-
Over 3 to 6 Months	358,709,524	-	394,221,967	-
Over 6 Months to 1 Year	948,835,712	484,011,672	1,901,769,429	-
Over 1 Year to 3 Years	4,042,609,513	55,881,949	583,788,566	-
Over 3 to 5 Years	3,131,559,537	-	725,085,333	-
Over 5 to 7 Years	176,265,633	-	864,306,119	-
Over 7 to 10 Years	-	-	1,644,659,317	-
Over 10 Years	-	-	4,920,244,418	-
Total	9,016,689,443	539,893,621	11,552,165,463	-

In computing the above information, certain estimates assumptions and adjustments have been made by the management which are consistent with the guidelines provided by the National Housing Bank.

Edelweiss Housing Finance Limited

Notes to the financial statements (*Continued*)

(Currency: Indian Rupees)

2.38 *Details of single borrower limit (SGL), group borrower limit (GBL)*

During the year ended March 31, 2015, the Company has complied with the National Housing Bank guidelines on single borrower and group borrower limits.

As per our report of even date attached

For B S R & Associates LLP

Chartered Accountants

Firm Registration No. 116231 W/W - 100024



N Sampath Ganesh

Partner

Membership No: 042554

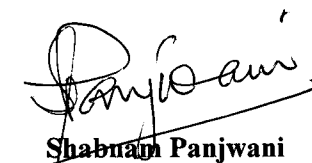
For and on behalf of the Board of Directors



Anurag Madan

Director

DIN : 00010324



Shabnam Panjwani

Director

DIN : 2057371



Anil Kothari

Chief Executive Officer



Gaurang Tailor

Chief Financial Officer

Mumbai

14 May 2015

Mumbai

14 May 2015