

**INDEPENDENT AUDITOR'S REPORT**

To the Members of Edelweiss Finvest Private Limited

**Report on the Audit of the Standalone Ind AS Financial Statements****Opinion**

We have audited the accompanying standalone Ind AS financial statements of Edelweiss Finvest Private Limited ("the Company"), which comprise the Balance sheet as at March 31 2019, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, its profit including other comprehensive income its cash flows and the changes in equity for the year ended on that date.

**Basis for Opinion**

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

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements for the financial year ended March 31, 2019. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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



# S.R. BATLIBOI & Co. LLP

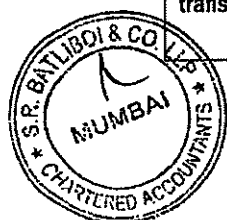
Chartered Accountants

Edelweiss Finvest Private Limited

Independent Auditor's Report for the year ended March 31, 2019

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Key audit matters	How our audit addressed the key audit matter
<b>Impairment of receivables from financing business</b> (as described in note 12 of the standalone Ind AS financial statements)	
<p>The Company's impairment provision for receivables from financing business is based on the expected credit loss approach laid down under Ind AS 109. Under this approach, the management has been required to exercise significant judgement in areas such as;</p> <ul style="list-style-type: none"><li>• calculation of past default rates</li><li>• assigning rating grades to loans for which external rating is not available</li><li>• calibrating external ratings-linked probability of default to align with past default rates</li><li>• applying macro-economic factors to arrive at forward looking probability of default</li><li>• significant assumptions regarding the probability of various scenarios and discounting rates for different loan products</li></ul> <p>In view of the high degree of estimation involved in the process of calculating impairment provision and considering its significance to the overall financial statements, whereby any error or omission in estimation may give rise to a material misstatement of the standalone Ind AS financial statements, it is considered as a key audit matter.</p>	<ul style="list-style-type: none"><li>• Our audit procedures included considering the appropriateness of the Company's accounting policies for impairment of financial assets and assessing compliance with Ind AS 109.</li><li>• We performed test of controls on classification of receivables into various stages through inspection of evidence and re-performance of those controls.</li><li>• We performed tests of details, on a sample basis and inspected the repayment schedule from the underlying borrower agreements and collections made on the due dates which formed the basis of the staging of loans.</li><li>• We assessed<ul style="list-style-type: none"><li>• the Company's expected credit loss provisioning methodology</li><li>• the models used in determining the impairment provision</li><li>• the appropriateness of the historical data and the external rating considered for calculating the default and loss given default rates</li><li>• the key assumptions especially in respect of the macro-economic factors and discounting rates</li></ul></li><li>• We tested the arithmetical accuracy of the models.</li><li>• Performed analytical procedures by determining various ratios or percentage based measures to review overall reasonableness of the estimate determined by the management.</li><li>• We reviewed the relevant disclosures made in the standalone Ind AS financial statements in accordance with the requirements of Ind AS 109 and Ind AS 107.</li></ul>
<b>Transition to IND AS accounting framework</b> (as described in note 49 of the standalone Ind AS financial statements)	
<p>The standalone IND AS financial statements are the first financial statements the Company has prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2018, the Company prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP or previous GAAP). Accordingly, for transition to Ind AS, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March 2019, together with the comparative period data as at and for the year ended 31 March 2018. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1 April 2017, the Company's date of transition to Ind AS.</p>	<p>Our audit procedures included considering the appropriateness of the processes laid down by the management to implement such transition combined with procedures performed as follows:</p> <ul style="list-style-type: none"><li>• We reviewed the nature of the Ind AS adjustments based on the applicable Ind AS and previous period accounting policies prepared in accordance with IGAAP.</li><li>• We reviewed the first-time adoption exemptions availed by the Company as per 'Ind AS 101 First-Time Adoption of Indian Accounting Standards'.</li><li>• Performed test of details by inspection of contracts, documents and policies to assess the appropriateness of the Ind AS adjustments</li><li>• We tested the arithmetical accuracy of the Ind AS adjustments</li><li>• We reviewed the disclosures with respect to the transition in accordance with the requirements of Ind AS 101.</li></ul>



Key audit matters	How our audit addressed the key audit matter
<p>Some of the key Ind AS impact items in case of the Company are;</p> <ul style="list-style-type: none"> <li>• Impairment provisioning as per expected credit loss approach</li> <li>• Recognition of interest income/ expense as per the effective interest rate method</li> <li>• Fair valuation of financial instruments</li> </ul> <p>In view of the material impact and the complexity of implementation of the Ind AS framework, the transition to Ind AS was of particular importance for our audit as any error could lead to material misstatement in the preparation and presentation of the standalone Ind AS financial statements.</p>	
<p><b>IT systems</b></p> <p>The reliability and security of IT systems play a key role in the financial reporting process of the Company. The Company's key financial accounting and reporting processes are highly automated, whereby any gaps in the IT control environment could result in a material misstatement of the financial accounting and reporting records.</p> <p>Therefore, the assessment of the general IT controls and the application controls specific to the accounting and preparation of financial information is considered to be a key audit matter.</p>	<p>Our audit procedures assisted by our IT specialists, included;</p> <p>General IT controls: We tested the governance and other higher controls operating over the IT environment of the Company, including system access and system change management. We considered the appropriateness of the access rights granted to applications relevant to financial accounting and reporting systems and the operating effectiveness of controls over granting, removal and appropriateness of access rights.</p> <p>Application controls: We tested the design and operating effectiveness of automated controls critical to financial accounting and reporting. For any identified deficiencies, tested the design and operating effectiveness of compensating controls and, where necessary, extended the scope of our substantive audit procedures.</p>

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

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

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

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

**Responsibilities of Management and those Charged with Governance for the standalone Ind AS Financial Statements**

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



accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements for the financial year ended March 31, 2019 and are



therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Other Matter**

1. The comparative financial information of the Company for the year ended March 31, 2018 and the transition date opening balance sheet as at April 01, 2017 included in these standalone Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 ('IGAAP') audited by the predecessor auditor whose report for the year ended March 31, 2018 and March 31, 2017 dated May 02, 2018 and May 16, 2017 respectively, expressed an unmodified opinion on those financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.
2. The transition date opening balance sheet of the Company as at April 01, 2017 include the financial information on account of merger impact of transfer of assets and liabilities from Edelweiss Finance and Investment with effective date August 01, 2017 [refer Note 51.1 to the standalone Ind AS financial statements]. The said financial information included in these standalone Ind AS financial statements are based on financial information previously prepared in accordance with the Companies (Accounting Standards) Rules, 2006, audited by the other auditors, and have been restated to comply with Ind AS Adjustments made to the financial information previously prepared in accordance with the Companies (Accounting Standards) Rules, 2006 to comply with Ind AS, which have been audited by us.

**Report on Other Legal and Regulatory Requirements**

3. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
4. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
  - (e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act;
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
  - (g) In our opinion, the managerial remuneration for the year ended March 31, 2019 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;



# **S.R. BATLIBOI & CO. LLP**

Chartered Accountants

Edelweiss Finvest Private Limited

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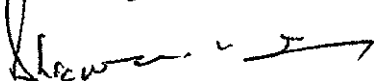
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- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 41 to the Ind AS financial statements;
  - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 51.4 to the standalone Ind AS financial statements;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005



per **Shrawan Jalan**

Partner

Membership Number: 102102

Place of Signature: Mumbai

Date: May 13, 2019



# S.R. BATLIBOI & Co. LLP

Chartered Accountants

Edelweiss Finvest Private Limited

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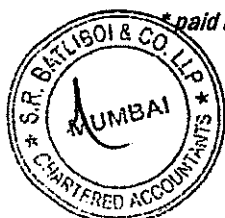
Annexure 1 referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date

Re: Edelweiss Finvest Private Limited

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment/ fixed assets are held in the name of the company.
- (ii) The Company's business does not involve inventories and, accordingly, the requirements under clause 3(ii) of the Order are not applicable to the Company and hence not commented upon.
- (iii) (a) According to the information and explanations given to us and audit procedures performed, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Act are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under section 148(1) of the Act, for the services of the Company.
- (vii) (a) Undisputed statutory dues including provident fund, income-tax, goods and service tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases. As informed, the provisions of sales tax, wealth tax, value added tax, excise duty and customs duty are currently not applicable to the Company.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, the dues outstanding of income tax, sales-tax, service tax, customs duty, excise duty, value added tax and cess which have not been deposited on account of any dispute, are as follows:

Name of the statute	Nature of disputed dues	Amount under dispute (Rs. in crore)	Amount paid* (Rs. in crore)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	8.38	2.42	AY 2014-15	The Commissioner of Income Tax (Appeals)

\* paid under protest



# **S.R. BATLIBOI & CO. LLP**

Chartered Accountants

Edelweiss Finvest Private Limited

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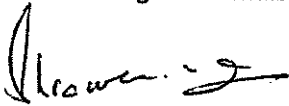
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- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowings to a financial institution or bank or dues to debenture holders.
- (ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer or further public offer.
- Further, monies raised by the Company by way of term loans were applied for the purpose for which those were raised, though idle/surplus funds which were not required for immediate utilization were gainfully invested in liquid assets payable on demand.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, 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 notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of the Act.
- (xvi) According to the information and explanations given to us, we report that the Company has registered as required, under section 45-IA of the Reserve Bank of India Act, 1934.

For S.R. Batliboi & CO. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005



per Shrawan Jalan

Partner

Membership Number: 102102

Place of Signature: Mumbai

Date: May 13, 2019





**Annexure 2 referred to in paragraph 2 (f) under the heading "Report on other legal and regulatory requirements" of our report of even date**

**Report on 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 Finvest Private Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

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

**Auditor's Responsibility**

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

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

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

**Meaning of Internal Financial Controls Over Financial Reporting with Reference to these standalone Ind AS Financial Statements**

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



**Inherent Limitations of Internal Financial Controls Over Financial Reporting with Reference to these standalone Ind AS Financial Statements**

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

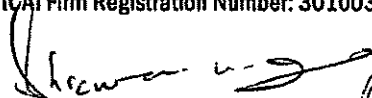
**Opinion**

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these standalone Ind AS financial statements and such internal financial controls over financial reporting with reference to these standalone Ind AS financial statements were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005



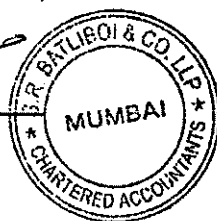
per Shrawan Jalan

Partner

Membership Number: 102102

Place of Signature: Mumbai

Date: May 13, 2019



**Edelweiss Finvest Private Limited**
**Balance Sheet as at March 31, 2019**

(Currency: Indian rupees in million)

	Note	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
<b>ASSETS</b>				
<b>Financial assets</b>				
(a) Cash and cash equivalents	8	4,670.11	363.75	70.20
(b) Derivative financial instruments	9	706.85	287.70	259.68
(c) Securities held for trading	10	1,142.86	1,699.74	1,230.94
(d) Receivables				
(i) Trade receivables	11	21.34	12.85	0.02
(ii) Other receivables	11	26.46	10.60	69.76
(e) Loans	12	24,560.55	27,977.43	14,363.67
(f) Investments	13	1,862.01	4,617.50	3,859.03
(g) Other financial assets	14	668.12	19.33	460.66
		<b>33,658.30</b>	<b>34,988.90</b>	<b>20,313.96</b>
<b>Non-financial assets</b>				
(a) Current tax assets (net)	15	147.32	146.82	106.05
(b) Deferred tax assets (net)	16	114.22	286.97	51.90
(c) Property, Plant and Equipment	17	1.35	1.13	1.10
(d) Other intangible assets	17	6.35	-	-
(e) Other non-financial assets	18	101.56	58.90	17.10
		<b>370.80</b>	<b>493.82</b>	<b>176.15</b>
<b>TOTAL ASSETS</b>		<b>34,029.10</b>	<b>35,482.72</b>	<b>20,490.11</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Liabilities</b>				
<b>Financial liabilities</b>				
(a) Derivative financial instruments	9	422.49	212.44	266.32
(b) Trade payables				
(i) total outstanding dues of micro enterprises and small enterprises		-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	19	323.89	345.54	74.35
(c) Debt securities	20	22,275.76	17,970.76	12,945.64
(d) Borrowings (other than debt securities)	21	337.18	8,198.80	12.01
(e) Subordinated liabilities	22	161.17	161.26	161.12
(f) Other financial liabilities	23	22.74	16.54	58.65
		<b>23,543.23</b>	<b>26,905.34</b>	<b>13,518.09</b>
<b>Non-financial liabilities</b>				
(a) Current tax liabilities (net)	24	263.93	252.98	42.59
(b) Provisions	25	14.90	2.36	1.68
(c) Other non-financial liabilities	26	42.07	18.65	5.05
		<b>320.90</b>	<b>273.99</b>	<b>49.32</b>
<b>Equity</b>				
(a) Equity share capital	27	333.26	333.26	28.06
(b) Instruments entirely equity in nature	28	-	-	222.41
(c) Other equity	29	9,831.71	7,970.13	6,672.23
		<b>10,164.97</b>	<b>8,303.39</b>	<b>6,922.70</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>34,029.10</b>	<b>35,482.72</b>	<b>20,490.11</b>

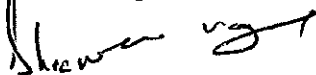
The accompanying notes are an integral part of the financial statements 1 to 52

As per our report of even date attached

For S. R. Batliboi &amp; Co. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

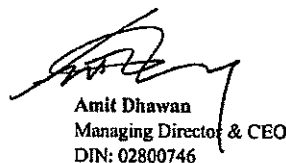


per Shrawan Jalan

Partner

Membership No: 102102

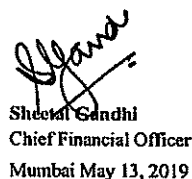
For and on behalf of the Board of Directors



Amit Dhawan  
Managing Director & CEO  
DIN: 02800746



Ashish Kehar  
Director  
DIN: 07789972



Sheetal Gandhi  
Chief Financial Officer  
Mumbai May 13, 2019



Niket Joshi  
Company Secretary

Mumbai May 13, 2019



**Edelweiss Finvest Private Limited**

**Statement of Profit and Loss for the year ended March 31, 2019**

(Currency: Indian rupees in million)

	Note	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>Revenue from operations</b>			
Interest income	30	4,702.61	3,212.29
Dividend income	31	170.18	762.16
Fee income	32	119.39	84.75
Net gain / (loss) on fair value changes (including treasury income)	33	265.60	(184.84)
<b>Other income</b>	34	0.01	-
<b>Total Revenue</b>		<b>5,257.79</b>	<b>3,874.36</b>
<b>Expenses</b>			
Finance costs	35	2,264.01	1,504.49
Impairment on financial instruments	36	119.59	917.43
Employee benefits expense	37	112.76	36.10
Depreciation, amortisation and impairment	17	0.89	0.11
Other expenses	38	217.48	134.84
<b>Total expenses</b>		<b>2,714.73</b>	<b>2,592.97</b>
<b>Profit before tax</b>		<b>2,543.06</b>	<b>1,281.39</b>
<b>Tax expenses</b>			
(1) Current tax	39	670.17	477.90
(2) Deferred tax expense / (credit) (net)	39	164.87	(260.35)
<b>Profit for the year</b>		<b>1,708.02</b>	<b>1,063.84</b>
<b>Other comprehensive income</b>			
(a) Items that will not be reclassified to profit or loss			
Remeasurement gain / (loss) on defined benefit plans (OCI)		(1.89)	0.08
Income tax - OCI - that will not be reclassified		0.66	(0.03)
<b>Total</b>		<b>(1.23)</b>	<b>0.05</b>
<b>Total comprehensive income</b>		<b>1,706.79</b>	<b>1,063.89</b>
<b>Earnings per equity share (Face value of Rs. 10 each):</b>			
(1) Basic (INR)	40	51.25	94.49
(2) Diluted (INR)	40	51.25	34.81

The accompanying notes are an integral part of the financial statements

1 to 52

As per our report of even date attached

For S. R. Batliboi & Co. LLP

Chartered Accountants

CAI Firm Registration Number: 301003E/E300005

*[Signature]*

per Shrawan Jalan

Partner

Membership No: 102102



Mumbai May 13, 2019

For and on behalf of the Board of Directors

*[Signature]*  
Amit Dhawan  
Managing Director & CEO  
DIN: 02800746

*[Signature]*  
Ashish Kehair  
Director  
DIN: 07789972

*[Signature]*  
Sheetal Gandhi  
Chief Financial Officer

Mumbai May 13, 2019

*[Signature]*  
Niket Joshi  
Company Secretary



**Edelweiss Finvest Private Limited**

**Statement of Changes in Equity for the year ended March 31, 2019**

(Currency: Indian rupees in million)

**A. Equity Share Capital**

	For the year ended March 31, 2019			For the year ended March 31, 2018		
	Outstanding as on April 1, 2018	Issued during the year	Outstanding as on March 31, 2019	Outstanding as on April 1, 2017	Issued during the year	Outstanding as on March 31, 2018
Issued, subscribed and paid up (Equity shares of Rs.10 each, fully paid-up)	333.26	-	333.26	28.06	305.20	333.26

**B. Instruments entirely equity in nature**

	For the year ended March 31, 2019			For the year ended March 31, 2018		
	Outstanding as on April 1, 2018	Issued during the year	Outstanding as on March 31, 2019	Outstanding as on April 1, 2017	Converted during the year	Outstanding as on March 31, 2018
Compulsorily convertible non- cumulative preference shares Issued, subscribed and fully paid up of Rs. 10 each						
Series A	-	-	-	3.34	(3.34)	-
Series B	-	-	-	113.45	(113.45)	-
Series C	-	-	-	105.62	(105.62)	-

**B. Other Equity**

	Share capital pending allotment *	Capital redemption reserve	Securities Premium	Statutory Reserve	Retained Earnings	Deemed Capital Contribution - Equity	Total Attributable to equity holders
Balance as at 1st April 2017	82.79	84.34	3,743.44	534.56	2,226.42	0.68	6,672.23
Profit for the year	-	-	-	-	1,063.84	-	1,063.84
Other comprehensive income	-	-	-	-	0.05	-	0.05
	82.79	84.34	3,743.44	534.56	3,290.31	0.68	7,736.12
Shares issued during the year	(82.79)	-	-	-	-	-	(82.79)
Premium received on issue of debentures	-	-	9.11	-	-	-	9.11
Income tax impact on ESOPs	-	-	-	-	6.12	-	6.12
Transfer to statutory reserve	-	-	-	266.44	(266.44)	-	-
ESOPs charged during the year	-	-	-	-	-	1.57	1.57
Deemed distribution during the year	-	-	-	-	300.00	-	300.00
Balance as at March 31, 2018	-	84.34	3,752.55	801.00	3,329.99	2.25	7,970.13
Profit for the year	-	-	-	-	1,708.02	-	1,708.02
Other comprehensive income	-	-	-	-	(1.23)	-	(1.23)
	-	84.34	3,752.55	801.00	5,036.78	2.25	9,676.92
Premium received on issue of debentures	-	-	163.33	-	-	-	163.33
Income tax impact on ESOPs	-	-	-	-	(8.54)	-	(8.54)
Transfer to statutory reserve	-	-	-	341.60	(341.60)	-	-
Balance as at March 31, 2019	-	84.34	3,915.88	1,142.60	4,686.64	2.25	9,831.71

\* Share capital pending allotment on account of merger (Refer note 51.1)

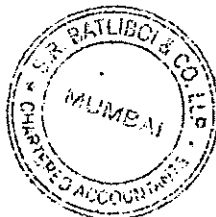
As per our report of even date attached.

For S. R. Batliboi & Co. LLP

Chartered Accountants

CAI Firm Registration Number: 301003E/E300005

per Shrawan Jalan  
Partner  
Membership No: 102102



Mumbai May 13, 2019

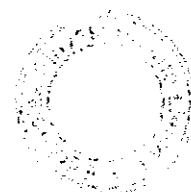
For and on behalf of the Board of Directors

*Amit Dhawan*  
Amit Dhawan  
Managing Director & CEO  
DIN: 02800746

*Shashi Gandhi*  
Shashi Gandhi  
Chief Financial Officer  
Mumbai May 13, 2019

*Arish Kehair*  
Arish Kehair  
Director  
DIN: 07789972

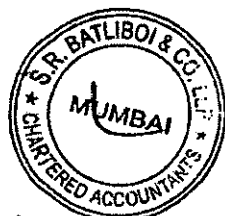
*Niket Joshi*  
Niket Joshi  
Company Secretary



**Edelweiss Finvest Private Limited**
**Statement of Cash flows for the year ended March 31, 2019**

(Currency: Indian rupees in million)

	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>A Cash flow from operating activities</b>		
Profit before tax	2,543.06	1,281.39
<i>Adjustments to reconcile profit before tax to net cash flows:</i>		
Depreciation and amortisation	0.89	0.11
Impairment on financial instruments (net)	119.59	917.43
Fair value of financial instruments (net)	(167.73)	925.99
Interest income on preference shares	-	(7.33)
Provision for gratuity and compensated absences	10.65	0.76
Expense on employee stock option scheme	-	1.57
Loss on sale of of fixed assets (net)	(0.19)	-
<b>Working capital changes (net)</b>	<b>2,506.27</b>	<b>3,119.92</b>
Trade and other receivables	(23.42)	46.31
Securities held for trading	529.37	(1,220.28)
Other financial assets	(1,005.96)	409.72
Loans	3,296.36	(14,531.17)
Investments	2,888.75	(590.69)
Other non financial assets	(42.66)	(41.80)
Trade payables	(21.65)	271.19
Non financial liabilities	23.42	13.60
Other financial liability	438.37	(212.78)
	<b>8,588.85</b>	<b>(12,735.98)</b>
Income taxes paid	(659.72)	(308.28)
<b>Net cash generated from / (used in) operating activities - A</b>	<b>7,929.13</b>	<b>(13,044.26)</b>
<b>B Cash flow from investing activities</b>		
Purchase of property, plant and equipment and intangible assets	(8.13)	(0.14)
Sale of property, plant and equipment and intangible assets	0.86	-
<b>Net cash used in investing activities - B</b>	<b>(7.27)</b>	<b>(0.14)</b>
<b>C Cash flow from financing activities</b>		
Increase in debt securities (refer note 1 below)	4,246.27	5,150.79
(Decrease) / increase in borrowings other than debt securities (refer note 1 below)	(7,861.77)	8,187.16
<b>Net cash (used in) / generated from financing activities - C</b>	<b>(3,615.50)</b>	<b>13,337.95</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>4,306.36</b>	<b>293.55</b>
Cash and cash equivalent as at the beginning of the year	363.75	70.20
Cash and cash equivalent as at the end of the year	4,670.11	363.75
	<b>For the year ended March 31, 2019</b>	<b>For the year ended March 31, 2018</b>
<b>Operational cash flows from interest and dividends</b>		
Interest paid	2,058.56	1,646.59
Interest received	4,213.58	2,846.79
Dividend received	170.18	809.10



**Edelweiss Finvest Private Limited**

**Statement of Cash flows for the year ended March 31, 2019**

(Currency: Indian rupees in million)

**Cash Flow Statement (continued)**

Notes:

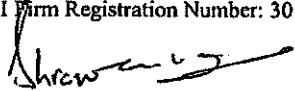
- 1 Net figures have been reported on account of volume of transactions.
- 2 Refer note 43 for disclosure relating to changes in liabilities arising from financing activities

As per our report of even date attached

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

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

  
per Shrawan Jalan

Partner

Membership No: 102102



Mumbai May 13, 2019

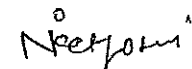
**For and on behalf of the Board of Directors**

  
Amit Dhawan  
Managing Director & CEO  
DIN: 02800746

  
Shital Gandhi  
Chief Financial Officer

Mumbai May 13, 2019

  
Ashish Kehair  
Director  
DIN: 07789972

  
Niket Joshi  
Company Secretary



**1. Corporate information:**

Edelweiss Finvest Private Limited ('the Company') a private limited company domiciled and incorporated under the provisions of the Companies Act applicable in India is subsidiary of ECap Equities Limited. The Company was incorporated on August 23, 2006, and is registered with the Reserve Bank of India ('RBI') as a Systemically Important Non-Deposit taking Non-Banking Financial Company (NBFC-ND-SI).

The Company is primarily engaged in the business of corporate credit and retail credit. Under the corporate credit vertical it offers structured collateralised credit to corporates and real estate finance to developers and under the retail credit vertical it offers loan against securities.

**2. Basis of preparation:**

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

For all periods up to and including the year ended March 2018, the Company prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP or previous GAAP). These financial statements for the year ended March 31, 2019 are the first financial statements of the Company prepared under Ind AS. Refer to note 49 for information on how the Company has adopted Ind AS.

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

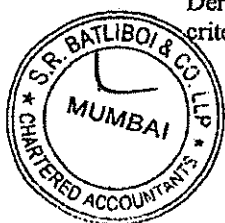
**3. Presentation of financial statements:**

The Company presents its balance sheet in order of liquidity in compliance with the Division III of the Schedule III to the Companies Act, 2013. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in "Note 44-Maturity Analysis of assets and liabilities".

Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:

- The normal course of business
- The event of default
- The event of insolvency or bankruptcy of the Company and or its counterparties

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





#### 4. Significant accounting policies

##### 4.1 Recognition of interest income and dividend income

###### 4.1.1 Effective interest rate (EIR):

Under Ind AS 109 interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortised cost and debt instrument measured at FVOCI. The EIR is the rate that exactly discounts estimated future cash flows through the expected life of the financial instrument or, when appropriate a shorter period to the gross carrying amount of financial instrument.

The EIR is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Company recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the financial asset. Hence, it recognises the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle including prepayments penalty interest and charges.

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

###### 4.1.2 Interest income:

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

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

###### 4.1.3 Dividend income:

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

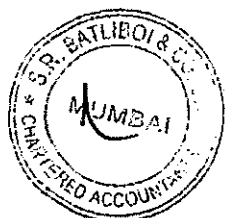
##### 4.2 Financial instruments:

###### 4.2.1 Date of recognition:

Financial assets and liabilities with exception of loans and borrowings are initially recognised on the trade date, i.e. the date the Company becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Loans are recognised when funds are transferred to the customers' account. The Company recognises borrowings when funds are available for utilisation to the Company.

###### 4.2.2 Initial measurement of financial instruments:

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.



#### 4.2.3 Day 1 profit and loss:

When the transaction price of the financial instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Company recognises the difference between the transaction price and fair value in net gain on fair value changes. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in profit or loss when the inputs become observable, or when the instrument is derecognised.

#### 4.2.4 Classification & measurement categories of financial assets and liabilities:

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

##### Financial assets carried at amortised cost (AC)

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The changes in carrying value of financial assets is recognised in profit and loss account.

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

A financial asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The changes in fair value of financial assets is recognised in Other Comprehensive Income.

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

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

#### 4.3 Financial assets and liabilities:

##### 4.3.1 Amortized cost and effective interest method

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

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.



**4.3.2 Financial assets held for trading:**

The Company classifies financial assets as held for trading when they have been purchased primarily for short-term profit making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there is evidence of a recent pattern of short-term profit taking. Held-for-trading assets are recorded and measured in the balance sheet at fair value. Changes in fair value are recognised in net gain on fair value changes.

**4.3.3 Investment in equity instruments:**

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

**4.3.4 Financial liabilities:**

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

**4.3.5 Derivative financial instruments:**

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

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

**4.3.6 Debt securities and other borrowed funds:**

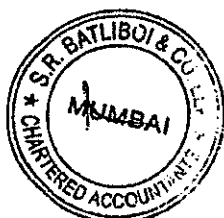
The Company measures debt issued and other borrowed funds at Amortised cost at each reporting date. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the EIR.

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

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

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

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



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

Financial assets and financial liabilities at FVTPL are recorded in the balance sheet at fair value. Changes in fair value are recorded in profit and loss with the exception of movements in fair value of liabilities designated at FVTPL due to changes in the Company's own credit risk. Such changes in fair value are recorded in the Own credit reserve through OCI and do not get recycled to the profit or loss. Interest earned or incurred on instruments designated at FVTPL is accrued in interest income or finance cost, respectively, using the EIR, taking into account any discount/premium and qualifying transaction costs being an integral part of instrument. Interest earned on assets mandatorily required to be measured at FVTPL is recorded using contractual interest rate.

#### 4.3.8 Loan commitments:

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

#### 4.3.9 Financial liabilities and equity instruments

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

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

#### 4.4 Reclassification of financial assets and liabilities

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. The Company didn't reclassify any of its financial assets or liabilities in current period and previous period.

#### 4.5 Derecognition of financial Instruments:

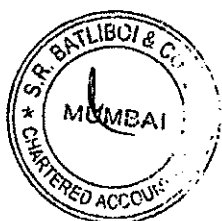
##### 4.5.1 Derecognition of financial asset

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

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

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

Pass-through arrangements are transactions whereby the Company retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a



contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following conditions are met:

- The Company has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates.
- The Company cannot sell or pledge the original asset other than as security to the eventual recipients.

The Company has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Company is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

- The Company has transferred substantially all the risks and rewards of the asset; or
- The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

The Company also derecognises a financial asset, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new financial asset, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised financial assets are classified as Stage 1 for ECL measurement purposes, unless the new financial asset is deemed to be POCI.

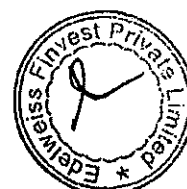
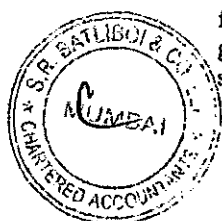
If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Company records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

#### 4.5.2 Derecognition of financial liabilities

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

#### 4.6 Impairment of financial assets:

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



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

#### **Simplified approach**

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. The Company uses a provision matrix to determine impairment loss allowance on portfolio of its receivables. The provision matrix is based on its historically observed default rates over the expected life of the receivables. However, if receivables contain a significant financing component, the Company chooses as its accounting policy to measure the loss allowance by applying general approach to measure ECL.

#### **General approach**

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk (SICR) since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses (12m ECL). The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of an evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12m ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The measurement of expected credit losses is a function of the probability of default (PD), loss given default (LGD) (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. As for the exposure at default (EAD), for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for loan commitments and financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

Company categories its financial assets as follows:

##### **Stage 1 assets:**

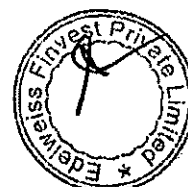
Stage 1 assets includes financial instruments that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date. For these assets, 12-month ECL (resulting from default events possible within 12 months from reporting date) are recognised.

##### **Stage 2 assets:**

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

##### **Stage 3 assets:**

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



Notes to the financial statement for the year ended March 31, 2019

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

Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

The expected credit losses on the loan commitment have been recognised together with the loss allowance for the financial asset.

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

**4.7 Collateral valuation:**

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

To the extent possible, the Company uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market value are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as mortgage brokers, or based on housing price indices.

**4.8 Collateral repossessed:**

The Company's policy is to determine whether a repossessed asset can be best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category at the lower of their repossessed value or the carrying value of the original secured asset. Assets for which selling is determined to be a better option are transferred to assets held for sale at their fair value (if financial assets) and fair value less cost to sell for non-financial assets at the repossession date in, line with the Company's policy.

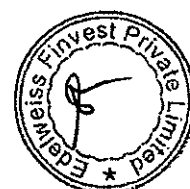
In its normal course of business, the Company does not physically repossess properties or other assets in its retail portfolio, but engages external agents to recover funds, generally at auction, to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, the residential properties under legal repossession processes are not recorded on the balance sheet.

**4.9 Write-offs:**

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

**4.10 Determination of fair value:**

The Company measures financial instruments, such as, derivatives at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either;



Notes to the financial statement for the year ended March 31, 2019

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

**Level 1 financial instruments:**

Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.

**Level 2 financial instruments:**

Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life.

**Level 3 financial instruments:**

Those that include one or more unobservable input that is significant to the measurement as whole. For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. The Company periodically reviews its valuation techniques including the adopted methodologies and model calibrations.

Therefore, the Company applies various techniques to estimate the credit risk associated with its financial instruments measured at fair value, which include a portfolio-based approach that estimates the expected net exposure per counterparty over the full lifetime of the individual assets, in order to reflect the credit risk of the individual counterparties for non-collateralised financial instruments.

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

**4.11 Operating leases:**

The determination of whether an arrangement is lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset.

Lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term, unless the increase is in line with expected general inflation, in which case lease payments are recognised based on contractual terms. Contingent rental payable is recognised as an expense in the period in which they it is incurred.

**4.12 Earnings per share:**

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





Notes to the financial statement for the year ended March 31, 2019

Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted earnings per share is computed by dividing the net profit after tax attributable to the equity shareholders for the year by weighted average number of equity shares considered for deriving basic earnings per share and weighted average number of equity shares that could have been issued upon conversion of all potential equity shares.

**4.13 Foreign currency transaction:**

The Standalone Financial Statements are presented in Indian Rupees which is also functional currency of the Company. Transactions in currencies other than Indian Rupees (i.e. foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

**4.14 Retirement and other employee benefit:**

**4.14.1 Provident fund:**

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.

**4.14.2 Gratuity:**

The Company's gratuity scheme is a defined benefit plan. The Company's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that the employees have earned in return for their service in the current and prior periods, that benefit is discounted to determine its present value, and the fair value of any plan assets, if any, is deducted. The present value of the obligation under such benefit plan is determined based on independent actuarial valuation using the Projected Unit Credit Method.

Re-measurement, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability, are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur.

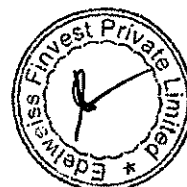
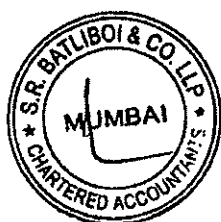
Remeasurement are not reclassified to profit or loss in subsequent periods.

**4.14.3 Compensated absences:**

The eligible employees of the Company are permitted to carry forward certain number of their annual leave entitlement to subsequent years, subject to a ceiling. The Company recognises the charge in the statement of profit and loss and corresponding liability on such non-vesting accumulated leave entitlement based on a valuation by an independent actuary. The cost of providing annual leave benefits is determined using the projected unit credit method.

**4.14.4 Deferred bonus:**

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



#### 4.14.5 Share-based payment arrangements:

Equity-settled share-based payments to employees and others providing similar services that are granted by the ultimate parent Company are measured by reference to the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

#### 4.15 Property, plant and equipment:

Property plant and equipment is stated at cost excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates.

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

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

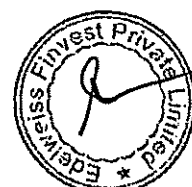
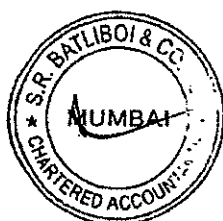
As per the requirement of Schedule II of the Companies Act, 2013, the Company has evaluated the useful lives of the respective fixed assets which are as per the provisions of Part C of the Schedule II for calculating the depreciation. The estimated useful lives of the fixed assets are as follows:

Nature of assets	Estimated useful lives
Building (other than factory building)	60 years
Vehicles	8 years
Office equipment	5 years
Computers - servers and networks	6 years
Computers - end user devices, such as desktops, laptops, etc.	3 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The carrying amount of those components which have been separately recognised as assets is derecognised at the time of replacement thereof. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

For transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as of 1 April 2017 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.



**4.16 Intangible assets:**

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

Intangibles such as software are amortised over a period of 3 years based on its estimated useful life. For transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets recognised as of 1 April 2017 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

**4.17 Impairment of non-financial assets:**

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired based on internal/external factors. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of cash generating unit which the asset belongs to is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the statement of profit and loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the impairment is reversed subject to a maximum carrying value of the asset before impairment.

**4.18 Provisions and other contingent liabilities:**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows to net present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A present obligation that arises from past events, where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made, is disclosed as a contingent liability. Contingent liabilities are also disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Claims against the Company, where the possibility of any outflow of resources in settlement is remote, are not disclosed as contingent liabilities.

Contingent assets are not recognised in the financial statements since this may result in the recognition of income that may never be realised. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and is recognised.

**4.19 Income tax expenses:**

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

**4.19.1 Current tax:**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

**4.19.2 Deferred tax:**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the



Notes to the financial statement for the year ended March 31, 2019

computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

**4.19.3 Current and deferred tax for the year:**

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

**4.20 Cash and cash equivalents:**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less.

**5. Significant accounting judgements, estimates and assumptions :**

In the application of the Company's accounting policies, which are described in note 4, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

**Critical judgements in applying accounting policies:**

The following are the critical judgements, apart from those involving estimations, that the management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

**5.1 Business model assessment :**

Classification and measurement of financial assets depends on the results of the sole payments of principal and interest (SPPI) and the business model test. The Company determines the business model at a level that reflects how Company's of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance is measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost that are derecognised prior to their maturity to understand the quantum, the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial



Notes to the financial statement for the year ended March 31, 2019

assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

**5.2 Significant increase in credit risk:**

As explained in note 48.D.1, ECL is measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. In assessing whether the credit risk of an asset has significantly increased the Company takes into account qualitative and quantitative reasonable and supportable forward-looking information.

**Key sources of estimation uncertainty:**

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, as described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

**5.3 Fair value of financial instruments:**

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility.

**5.4 Effective Interest Rate (EIR) Method:**

The Company's EIR methodology, as explained in Note 4.1.1, recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle including prepayments and penalty interest and charges.

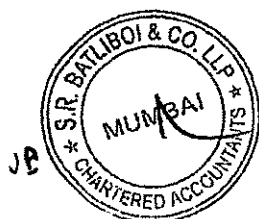
This estimation, by nature requires an element of judgement regarding the expected behaviour and life cycle of the instrument, as well expected changes India's base rate and other fee income, expenses that are integral part of the instrument

**5.5 Impairment of Financial assets:**

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

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

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



Notes to the financial statement for the year ended March 31, 2019

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

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

**5.6 Impairment of Non-Financial assets:**

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

**5.7 Provisions and contingent liabilities:**

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

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

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

**5.8 Provisions for Income Taxes:**

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

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

**6. Standards issued but not yet effective :**

**Ind AS 116 Leases:**

Ind AS 116 Leases replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after 1 April 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. As the Company does not have any material leases, therefore the adoption of this standard is not likely to have a material impact in its Financial Statements.



**Prepayment Features with Negative Compensation (Amendments to Ind AS 109):**

The amendments to Ind AS 109 clarify that for the purpose of assessing whether a prepayment feature meets the SPPI condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, prepayment features with negative compensation do not automatically fail SPPI. These amendments are to be applied for annual periods beginning on or after 1 April, 2019.

The application of these amendments is not likely to have a material impact on the Financial Statements.

**Annual Improvements to Ind AS (2018):**

**Ind AS 12 Income taxes:**

The amendments clarify that an entity should recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits. These amendments are to be applied for annual periods beginning on or after 1 April 2019.

**Plan Amendment, Curtailment or Settlement (Amendments to Ind AS 19):**

The amendments clarify that the past service cost (or of the gain or loss on settlement) is calculated by measuring the defined benefit liability (asset) using updated assumptions and comparing benefits offered and plan assets before and after the plan amendment (or curtailment or settlement) but ignoring the effect of the asset ceiling (that may arise when the defined benefit plan is in a surplus position). The change in the effect of the asset ceiling that may result from the plan amendment (or curtailment or settlement) is determined in a second step and is recognised in the normal manner in other comprehensive income.

An entity is also now required to use the updated assumptions from this remeasurement to determine current service cost and net interest for the remainder of the reporting period after the change to the plan. In the case of the net interest, for the period post plan amendment, the net interest is calculated by multiplying the net defined benefit liability (asset) as remeasured under Ind AS 19 with the discount rate used in the remeasurement (also taking into account the effect of contributions and benefit payments on the net defined benefit liability (asset)).

These amendments are to be applied to plan amendments, curtailments or settlements occurring on or after 1 April 2019. The application of these amendments is not likely to have a material impact on the Financial Statements.

**Uncertainty over Income Tax Treatments (Appendix C of Ind AS 12):**

This Appendix sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The Appendix requires an entity to:

- determine whether uncertain tax positions are assessed separately or as a group; and
- assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings:

If yes, the entity should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings.

If no, the entity should reflect the effect of uncertainty in determining its accounting tax position.

The Appendix is effective for annual periods beginning on or after 1 April 2019.

Accounts for the previous year ended March 31, 2018 were audited by previous auditors – Price Waterhouse & Co LLP.



**Edelweiss Finvest Private Limited**

**Notes to the financial statements for the year ended March 31, 2019**

(Currency: Indian rupees in million)

**8. Cash and cash equivalents**

Cash in hand  
Cash in hand

**Balances with banks**

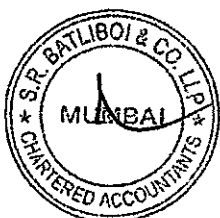
- in current accounts  
- in fixed deposits with banks  
- in fixed deposits with banks to the extent held as security against borrowings (refer note 8.A below)

Fixed deposit balances with banks earn interest at fixed rate

**8.A Encumbrances on fixed deposits held by the Company :**

Fixed deposits pledged against overdraft facility  
RBL Bank Limited

	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Cash in hand	-	0.01	0.01
Balances with banks			
- in current accounts	118.19	313.73	20.18
- in fixed deposits with banks	4,501.91	-	-
- in fixed deposits with banks to the extent held as security against borrowings (refer note 8.A below)	50.01	50.01	50.01
	<b>4,670.11</b>	<b>363.75</b>	<b>70.20</b>
Fixed deposits pledged against overdraft facility			
RBL Bank Limited	50.01	50.01	50.01
	<b>50.01</b>	<b>50.01</b>	<b>50.01</b>





**Edelweiss Finvest Private Limited**
**Notes to the financial statements for the year ended March 31, 2019**

(Currency: Indian rupees in million)

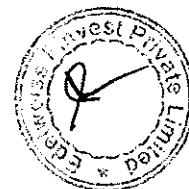
**9. Derivative financial instruments**

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

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

Particulars	March 31, 2019							
	Unit	Currency	Notional amount	Fair value Asset	Unit	Currency	Notional amount	Fair value liability
(i) Equity linked derivatives								
Stock Futures	No of Shares	INR	947,349	13.79	No of Shares	INR	107,525	1.24
Less: amounts offset				(13.79)				(1.24)
(Refer Note 9.A)								
Subtotal(i)				-				-
(ii) Index linked derivatives								
Index Futures	Index Units	INR	191,175	20.55				-
Options purchased	Index Units	INR	213,150	379.35				-
Options sold (written)				-	Index Units	INR	214,950	1.33
Less: amounts offset				(20.55)				(1.33)
(Refer Note 9.A)								
Subtotal(ii)				379.35				-
(iii) Embedded derivatives								
In market linked debentures				327.50				422.49
Subtotal(iii)				327.50				422.49
<b>Total Derivative Financial Instruments</b>				<b>706.85</b>				<b>422.49</b>

Particulars	March 31, 2018							
	Unit	Currency	Notional amount	Fair value Asset	Unit	Currency	Notional amount	Fair value liability
(i) Equity linked derivatives								
Stock Futures	No of Shares	INR	211,725	1.10	No of Shares	INR	168,250	0.56
Less: amounts offset				(1.10)				(0.56)
(Refer Note 9.A)								
Subtotal(i)				-				-
(ii) Index linked derivatives								
Index Futures	Index Units	INR	38,925	0.77				-
Options purchased	Index Units	INR	44,475	0.03				-
Options sold (written)				-	Index Units	INR	45,750	10.56
Less: amounts offset				(0.77)				(10.56)
(Refer Note 9.A)								
Subtotal(ii)				0.03				-
(iii) Embedded derivatives								
In market linked debentures				287.67				212.44
Subtotal(iii)				287.67				212.44
<b>Total Derivative Financial Instruments</b>				<b>287.70</b>				<b>212.44</b>



**Edelweiss Finvest Private Limited**
**Notes to the financial statements for the year ended March 31, 2019**

(Currency: Indian rupees in million)

**9. Derivative financial instruments (continued)**

Particulars	April 01, 2017							
	Unit	Currency	Notional	Fair value Asset	Unit	Currency	Notional	Fair value liability
<b>(i) Equity linked derivatives</b>								
Stock Futures	No of Shares	INR	1,353,600	2.31	No of Shares	INR	2,886,000	16.27
Less: amounts offset				(2.31)				(16.27)
(Refer Note 9.A)								
<b>Subtotal(i)</b>				-				-
<b>(ii) Index linked derivatives</b>								
Index Futures	Index Units	INR	157,800	18.51				-
Options purchased	Index Units	INR	95,625	40.96				-
Options sold (written)				-	Index Units	INR	94,050	8.07
Less: amounts offset				(18.51)				(8.07)
(Refer Note 9.A)								
<b>Subtotal(ii)</b>				40.96				-
<b>(iii) Embedded derivatives</b>								
In market linked debentures				218.72				266.32
<b>Subtotal(iii)</b>				218.72				266.32
<b>Total Derivative Financial Instruments</b>				<b>259.68</b>				<b>266.32</b>

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

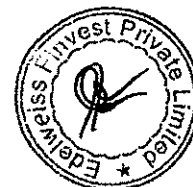
\*An embedded derivative is a component of a hybrid instrument that also includes a non-derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. Refer Note 4.3.6 and 4.3.7 for further details.

**Hedging activities and derivatives**

The Company is exposed to certain risks relating to its ongoing business operations. The primary risks managed using derivative instruments are interest rate risk and equity index risk. The Company's risk management strategy and how it is applied to manage risk are explained in Note 48.

**Derivatives designated as hedging instruments**

The Company has not designated any derivatives as hedging instruments



# Edelweiss Finvest Private Limited

Notes to the financial statements for the year ended March 31, 2019

(Currency: Indian rupees in million)

## 9.A Offsetting

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

### Financial Assets subject to offsetting, netting arrangements

As at 31-Mar-19	Offsetting recognised in balance sheet			Netting potential not recognised in balance sheet			Assets not subject to netting arrangements	Total Assets	Maximum Exposure to Risk
	Gross asset before offset	Amount offset	Net asset recognised on the balance sheet	Financial assets	Collaterals paid	Assets after consideration of netting potential			
Derivative Assets	34.34	(34.34)	-	-	-	-	706.85	706.85	706.85
Margin placed with broker*	634.57	31.77	666.34	-	-	666.34	-	666.34	666.34

### Financial Liabilities subject to offsetting, netting arrangements

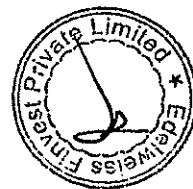
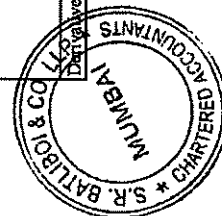
As at 31-Mar-19	Offsetting recognised in balance sheet			Netting potential not recognised in balance sheet			Liabilities not subject to netting arrangements	Total Liabilities	Maximum Exposure to Risk
	Gross Liabilities before offset	Amount offset	Net Liabilities recognised on the balance sheet	Financial Assets	Collaterals Paid	Liabilities after consideration of netting potential			
Derivative Liabilities	2.57	(2.57)	-	-	-	-	422.49	422.49	422.49

### Financial Assets subject to offsetting, netting arrangements

As at 31-Mar-18	Offsetting recognised in balance sheet			Netting potential not recognised in balance sheet			Assets not subject to netting arrangements	Total Assets	Maximum Exposure to Risk
	Gross asset before offset	Amount offset	Net asset recognised on the balance sheet	Financial assets	Collaterals paid	Assets after consideration of netting potential			
Derivative Assets	1.87	(1.87)	-	-	-	-	287.70	287.70	287.70
Margin placed with broker*	28.58	(9.25)	19.33	-	-	19.33	-	19.33	19.33

### Financial Liabilities subject to offsetting, netting arrangements

As at 31-Mar-18	Offsetting recognised in balance sheet			Netting potential not recognised in balance sheet			Liabilities not subject to netting arrangements	Total Liabilities	Maximum Exposure to Risk
	Gross Liabilities before offset	Amount offset	Net Liabilities recognised on the balance sheet	Financial Assets	Collaterals Paid	Liabilities after consideration of netting potential			
Derivative Liabilities	11.12	(11.12)	-	-	-	-	212.44	212.44	212.44



# Edelweiss Finvest Private Limited

Notes to the financial statements for the year ended March 31, 2019

(Currency: Indian rupees in million)

## 9.A Offsetting (continued)

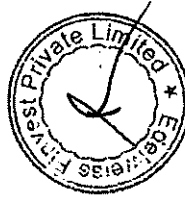
### Financial Assets subject to offsetting, netting arrangements

As at 31-Mar-17	Offsetting recognised in balance sheet			Netting potential not recognised in balance sheet			Assets not subject to netting arrangements	Total Assets	Maximum Exposure to Risk
	Gross asset before offset	Amount offset	Net asset recognised on the balance sheet	Financial assets	Collaterals paid	Assets after consideration of netting potential			
Derivative Assets	20.82	(20.82)	-	-	-	-	259.68	259.68	259.68
Margin placed with broker*	399.78	(3.52)	396.26	-	-	396.26	-	396.26	396.26

### Financial Liabilities subject to offsetting, netting arrangements

As at 31-Mar-17	Offsetting recognised in balance sheet			Netting potential not recognised in balance sheet			Liabilities not subject to netting arrangements	Total Liabilities	Maximum Exposure to Risk
	Gross Liabilities before offset	Amount offset	Net Liabilities recognised on the balance sheet	Financial Assets	Collaterals Paid	Liabilities after consideration of netting potential			
Derivative Liabilities	24.34	(24.34)	-	-	-	-	266.32	266.32	266.32

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



# Edelweiss Finvest Private Limited

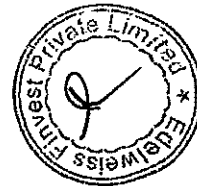
Notes to the financial statements for the year ended March 31, 2019

(Currency/Indian rupees in million)

## 10. Securities held for trading:

	As at March 31, 2019			As at March 31, 2018			As at April 01, 2017		
	Face Value (in Rs.)	Quantity	Amount	Face Value (in Rs.)	Quantity	Amount	Face Value (in Rs.)	Quantity	Amount
<i>At fair value through profit and loss account</i>									
<b>Debt Securities</b>									
10.70% Dewan Housing Finance Limited 10.06.2021 Bonds	1,000,000	100	104.59	-	-	-	-	-	-
8.90% Dewan Housing Finance Corporation Limited 04.06.2021 Bonds	1,000	300,000	300.36	-	-	-	-	-	-
9.00% Dewan Housing Finance Corporation Limited 04.06.2021 Bonds	1,000	446,000	417.56	-	-	-	-	-	-
9.60% SREI Equipment Finance Limited 25.05.2028 Bonds	1,000	314,673	320.35	-	-	-	-	-	-
10.60% ECL Finance Limited 11.03.2020 NCD - Yearly	-	-	-	1,000	315	0.37	-	-	-
10.60% ECL Finance Limited 11.03.2020 NCD - Yearly Cumulative	-	-	-	1,000	7,471	13.11	-	-	-
11.85% ECL Finance Limited 28.01.2019 NCD - Monthly Cumulative	-	-	-	1,000	53,305	87.53	-	-	-
<b>Total Debt Securities (A)</b>			<b>1,142.86</b>			<b>101.01</b>			
<b>Mutual Fund (Unquoted)</b>									
JM Equity Fund - Monthly Dividend Option - Payout	-	-	-	20.95	83,517,071	998.73	-	-	-
BOI Axa Treasury Advantage Fund - Direct Plan - Growth	-	-	-	2,125.00	235,293	500.00	-	-	-
<b>Total Mutual Fund (B)</b>						<b>1,498.73</b>			
<b>Equity Instruments (Quoted)</b>									
ICICI Securities Limited	-	-	-	10	192,304	100.00	289.00	1,333,600	390.92
Hindustan Zinc Limited	-	-	-	-	-	-	145.00	1,218,000	177.71
Power Finance Corporation Limited	-	-	-	-	-	-	10.00	1,260,000	662.31
Hindustan Petroleum Corporation Limited	-	-	-	-	-	-	-	-	-
<b>Total Equity Instruments (C)</b>						<b>100.00</b>			<b>1,230.94</b>
<b>Total (A+B+C)</b>			<b>1,142.86</b>			<b>1,699.74</b>			<b>1,230.94</b>

Refer note 47 - Fair value measurement for valuation methodologies for securities held for trading



**Edelweiss Finvest Private Limited**
**Notes to the financial statements for the year ended March 31, 2019**

(Currency: Indian rupees in million)

**11. Receivables**
**a) Trade receivables**

	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Receivables considered good - unsecured	21.34	12.85	0.02
Receivables - credit impaired	56.49	57.43	57.40
	77.83	70.28	57.42
Allowance for expected credit losses			
Receivables - credit impaired	(56.49)	(57.43)	(57.40)
Trade receivables (a)	21.34	12.85	0.02

**b) Other receivables**

Receivables considered good - unsecured \$	26.46	10.60	69.76
Other receivables (b)	26.46	10.60	69.76
Total receivables (a+b)	47.80	23.45	69.78

\$ Includes receivables from companies in the same group. The Company has no history of defaults and expects no default on these receivables, accordingly no allowance for ECL has been recognised on these receivables.

**c) Reconciliation of impairment allowance on trade receivables:**

	As at March 31, 2019	As at March 31, 2018
Impairment allowance measured as per simplified approach		
Impairment allowance - opening balance	57.43	57.40
Add/ (less): asset originated or acquired (net)	(0.94)	0.03
Impairment allowance - closing balance	56.49	57.43

**Notes:**

1) No trade or other receivables are due from directors or other officers of the company either severally or jointly with any other person

2) No trade or other receivables are due from firms or private companies in which directors is partner, a director or a member.

**d) Trade receivables days past due**

As at March 31, 2019	Current	1-90 days	91-180 days	181-360 days	> 360 days	Total
ECL Rates	0%	0%	0%	0%	100.0%	
Estimated total gross carrying amount at default *	-	21.34	-	-	56.49	77.83
ECL - Simplified approach	-	-	-	-	56.49	56.49
Net carrying amount	-	21.34	-	-	-	21.34
As at March 31, 2018	Current	1-90 days	91-180 days	181-360 days	> 360 days	Total
ECL Rates	0%	0%	0%	0%	100.0%	
Estimated total gross carrying amount at default *	-	12.85	-	-	57.43	70.28
ECL - Simplified approach	-	-	-	-	57.43	57.43
Net carrying amount	-	12.85	-	-	-	12.85
As at April 01, 2017	Current	1-90 days	91-180 days	181-360 days	> 360 days	Total
ECL Rates	0%	0%	0%	0%	100.0%	
Estimated total gross carrying amount at default *	-	0.02	-	-	57.40	57.42
ECL - Simplified approach	-	-	-	-	57.40	57.40
Net carrying amount	-	0.02	-	-	-	0.02

\*Includes receivables from stock exchanges / clearing house. The Company has no history of defaults and expects no default on these receivables, accordingly no allowance for ECL has been recognised on these receivables.

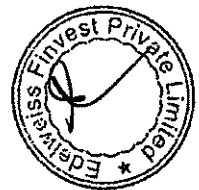


# Edelweiss Finvest Private Limited

Notes to the financial statements for the year ended March 31, 2019

(Currency: Indian rupees in million)

	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
<b>12. Loans (at amortised cost)</b>			
<b>Term Loans;</b>			
Corporate credit	19,733.51	27,000.13	14,468.66
Retail credit	5,308.69	1,821.98	112.79
<b>Total gross</b>	<b>25,042.20</b>	<b>28,822.11</b>	<b>14,581.45</b>
Less: Impairment loss allowance (Refer note 12.A)	(481.65)	(844.68)	(217.78)
<b>Total net</b>	<b>24,560.55</b>	<b>27,977.43</b>	<b>14,363.67</b>
<b>Collateral :</b>			
<b>Secured by</b>			
Secured by tangible assets (property including land & building)	12,676.39	15,182.08	5,911.59
Secured by inventories, unlisted securities, project receivables & other marketable securities	9,688.87	13,101.19	6,030.49
Unsecured	2,676.94	538.84	2,639.37
<b>Total gross</b>	<b>25,042.20</b>	<b>28,822.11</b>	<b>14,581.45</b>
Less: Impairment loss allowance (Refer note 12.A)	(481.65)	(844.68)	(217.78)
<b>Total net</b>	<b>24,560.55</b>	<b>27,977.43</b>	<b>14,363.67</b>
<b>Loans in India</b>			
Public sector	-	-	-
Others	25,042.20	28,822.11	14,581.45
<b>Total gross</b>	<b>25,042.20</b>	<b>28,822.11</b>	<b>14,581.45</b>
Less: Impairment loss allowance (Refer note 12.A)	(481.65)	(844.68)	(217.78)
<b>Total net</b>	<b>24,560.55</b>	<b>27,977.43</b>	<b>14,363.67</b>



## Edelweiss Finvest Private Limited

### Notes to the financial statements for the year ended March 31, 2019

(Currency: Indian rupees in million)

#### 12.A Credit quality of assets

The table below shows the credit quality and the maximum exposure to credit risk based on the Company's year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Company's internal grading for stage classification are explained in Note 48.D.1 and policies on ECL allowances are set out in Note 4.6

##### a) Credit quality of assets

	As at March 31, 2019			Total	As at March 31, 2018			Total	As at March 31, 2017			Total
	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	
Performing												
High grade	20,102.42	-	-	20,102.42	25,283.62	-	-	25,283.62	11,805.51	-	-	11,805.51
Standard grade	-	4,828.65	-	4,828.65	-	3,032.29	-	3,032.29	-	2,775.94	-	2,775.94
Non-performing	-	-	111.13	111.13	-	-	506.20	506.20	-	-	-	-
Individually impaired												
	20,102.42	4,828.65	111.13	25,042.20	25,283.62	3,032.29	506.20	28,822.11	11,805.51	2,775.94	-	14,581.45

##### b) Reconciliation of changes in gross carrying amount and corresponding ECL allowances for loans and advances to corporate and retail customers:

The following disclosure provides stage wise reconciliation of the Company's gross carrying amount and ECL allowances for loans and advances to corporate and retail customers. The transfers of financial assets represents the impact of stage transfers upon the gross carrying amount and associated allowance for ECL. The net remeasurement of ECL arising from stage transfers represents the increase or decrease due to these transfers.

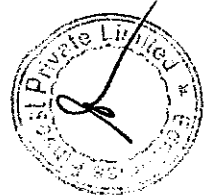
The 'New assets originated / repayments received (net)' represent the gross carrying amount and associated allowance ECL impact from transactions within the Company's lending portfolio.

##### Reconciliation / movement for the year ended March 31, 2019

Particulars	Non Credit Impaired			Credit Impaired			Total	
	Stage 1 Gross Carrying Amount	Stage 2 Allowance for ECL	Stage 3 Gross carrying Amount	Stage 2 Gross carrying Amount	Stage 3 Allowance for ECL	Stage 3 Gross carrying Amount	Gross carrying Amount	Allowance for ECL
Opening Balance	25,283.62	268.33	3,032.29	83.06	506.20	493.29	28,822.11	844.68
Transfer of financial assets:								
Stage 2 to Stage 1	273.53	0.01	(273.53)	(0.01)	-	-	-	-
Stage 1 to Stage 2	(1,997.08)	(21.34)	1,997.08	21.34	-	-	-	-
Stage 1 to Stage 3	(106.84)	(0.62)	-	106.84	0.62	-	-	-
Remeasurement of ECL arising from transfer of stage (net)	-	0.00	-	47.11	40.78	-	87.89	32.63
New assets originated / repayments received (net) *	(3,350.81)	26.65	72.81	4.16	(18.36)	1.82	(3,296.36)	(483.55)
Amounts written off	-	-	-	-	(483.55)	(483.55)	-	-
Closing Balance	20,102.42	273.03	4,828.65	155.66	111.13	52.96	25,042.20	481.65

\* Amount less than Rs. 50,000

\* Includes loans which were disbursed and subsequently classified as stage 2 / stage 3 within the same year.





# Edelweiss Finvest Private Limited

Notes to the financial statements for the year ended March 31, 2019

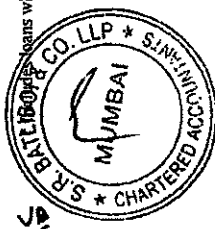
(Currency: Indian rupees in million)

## 12.A Credit quality of assets (continued)

Reconciliation / movement for the year ended March 31, 2018

Particulars	Non Credit Impaired			Credit Impaired		Total	
	Stage 1 Gross Carrying Amount	Stage 1 Allowance for ECL	Stage 2 Gross carrying Amount	Stage 2 Allowance for ECL	Stage 3 Gross carrying Amount	Stage 3 Allowance for ECL	Allowance for ECL
Opening Balance	11,805.52	99.75	2,775.94	118.03	-	14,581.46	217.78
Transfer of Financial Assets:							
Stage 2 to Stage 1	-	-	-	-	-	-	-
Stage 1 to Stage 2	-	-	-	-	-	-	-
Stage 1 to Stage 3	-	-	-	-	-	-	-
Remeasurement of ECL arising from transfer of stage (net)	-	-	-	-	-	-	-
New assets originated / repayments received (net) *	13,478.10	168.58	567.45	(28.50)	506.20	14,551.75	633.37
Amounts written off	-	-	(311.10)	(6.47)	-	(311.10)	(6.47)
ECL Allowance - Closing Balance	25,283.62	268.33	3,032.29	83.06	506.20	28,822.11	844.68

\* Represents the amount of assets which were disbursed and subsequently classified as stage 2 / stage 3 within the same year.



**Edelweiss Finvest Private Limited**
**Notes to the financial statements for the year ended March 31, 2019**

(Currency: Indian rupees in million)

**13. Investments**
**13.A Summary of Investments**

As at March 31, 2019	At Amortised cost (1)	At fair value			Subtotal 5 = (2+3+4)	At cost (subsidiaries, associates, and joint ventures) (6)	Total (7) = (1+5+6)
		Through OCI (2)	Through P&L (3)	Designated at fair value through Profit or loss (4)			
Equity instruments	-	-	6.58	-	6.58	590.14	596.72
Preference Shares	-	-	37.27	-	37.27	-	37.27
Security receipts	-	-	845.69	-	845.69	-	845.69
Units of AIF	-	-	290.68	-	290.68	-	290.68
Units of venture fund	-	-	91.65	-	91.65	-	91.65
<b>TOTAL - Gross (A)</b>	-	-	1,271.87	-	1,271.87	590.14	1,862.01
(i) Investments outside India	-	-	-	-	-	-	-
(ii) Investment in India	-	-	1,271.87	-	1,271.87	590.14	1,862.01
<b>Total (B)</b>	-	-	1,271.87	-	1,271.87	590.14	1,862.01
Less: Allowance for impairment (C)	-	-	-	-	-	-	-
<b>Total Net (A-C)</b>	-	-	1,271.87	-	1,271.87	590.14	1,862.01

As at March 31, 2018	At Amortised cost (1)	At fair value			Subtotal 5 = (2+3+4)	At cost (subsidiaries, associates, and joint ventures) (6)	Total (7) = (1+5+6)
		Through OCI (2)	Through P&L (3)	Designated at fair value through Profit or loss (4)			
Equity instruments	-	-	3.63	-	3.63	590.14	593.77
Preference Shares	-	-	25.69	-	25.69	-	25.69
Security receipts	-	-	3,692.00	-	3,692.00	-	3,692.00
Units of AIF	-	-	223.67	-	223.67	-	223.67
Units of venture fund	-	-	82.37	-	82.37	-	82.37
<b>TOTAL - Gross (A)</b>	-	-	4,027.36	-	4,027.36	590.14	4,617.50
(i) Investments outside India	-	-	-	-	-	-	-
(ii) Investment in India	-	-	4,027.36	-	4,027.36	590.14	4,617.50
<b>Total (B)</b>	-	-	4,027.36	-	4,027.36	590.14	4,617.50
Less: Allowance for impairment (C)	-	-	-	-	-	-	-
<b>Total Net (A-C)</b>	-	-	4,027.36	-	4,027.36	590.14	4,617.50

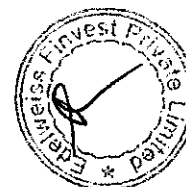
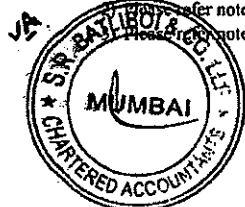
As at April 01, 2017	At Amortised cost (1)	At fair value			Subtotal 5 = (2+3+4)	At cost (subsidiaries, associates, and joint ventures) (6)	Total (7) = (1+5+6)
		Through OCI (2)	Through P&L (3)	Designated at fair value through Profit or loss (4)			
Equity instruments	-	-	811.43	-	811.43	590.14	1,401.57
Preference Shares (refer note 1 below)	66.67	-	25.69	-	25.69	-	92.36
Security receipts	-	-	2,173.04	-	2,173.04	-	2,173.04
Units of AIF	-	-	29.16	-	29.16	-	29.16
Units of venture fund	-	-	52.75	-	52.75	-	52.75
Warrants	-	-	11.49	-	11.49	-	11.49
Units of mutual fund	-	-	98.66	-	98.66	-	98.66
<b>TOTAL - Gross (A)</b>	66.67	-	3,202.22	-	3,202.22	590.14	3,859.03
(i) Investments outside India	-	-	-	-	-	590.14	590.14
(ii) Investment in India	66.67	-	3,202.22	-	3,202.22	-	3,268.89
<b>Total (B)</b>	66.67	-	3,202.22	-	3,202.22	590.14	3,859.03
Less: Allowance for impairment (C)	-	-	-	-	-	-	-
<b>Total Net (A-C)</b>	66.67	-	3,202.22	-	3,202.22	590.14	3,859.03

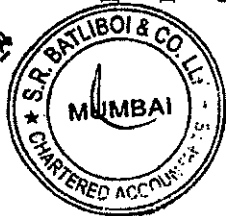
Notes:

1) No ECL is provided on the above preference shares, as they are issued by the same group company.

Please refer note 13.B - Investment details for further details

Please refer note 47 - Fair value measurement for valuation methodology





# Edelweiss Finvest Private Limited

Notes to the financial statements for the year ended March 31, 2019

(Currency: Indian rupees in million)

## 13. Investments (continued)

### 13.B Investments in preference shares measured at amortised cost:

#### i) Credit quality of assets:

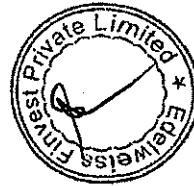
The table below shows the credit quality and the maximum exposure to credit risk based on the Company's year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Company's internal grading for stage classification are explained in Note 48.D.1 and policies on ECL allowances are set out in Note 4.6

Particulars	March 31, 2019				March 31, 2018				April 01, 2017			
	Stage I	Stage II	Stage III	Total	Stage I	Stage II	Stage III	Total	Stage I	Stage II	Stage III	Total
Performing	-	-	-	-	-	-	-	-	66.67	-	-	66.67
High grade	-	-	-	-	-	-	-	-	66.67	-	-	66.67

#### ii) Reconciliation of changes in gross carrying amount for investments in preference shares:

Particulars	March 31, 2019				March 31, 2018			
	Stage I	Stage II	Stage III	Total	Stage I	Stage II	Stage III	Total
Gross carrying amount - opening balance	-	-	-	-	66.67	-	-	66.67
Unwinding of discount (recognised in interest income)	-	-	-	-	7.33	-	-	7.33
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-	300.00	-	-	300.00
Assets derecognised or matured	-	-	-	-	(374.00)	-	-	(374.00)
Closing balance	-	-	-	-	-	-	-	-

No ECL is provided on the above preference shares, as they are issued by the same group company.



**Edelweiss Finvest Private Limited**

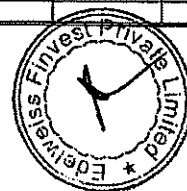
Notes to the financial statements for the year ended March 31, 2019

(Currency: Indian rupees in million)

**13. Investments (continued)**
**13.B Scrip wise details of Investments**

	As at March 31, 2019			As at March 31, 2018			As at April 01, 2017		
	Face Value (Rs.)	Quantity	Amount	Face Value (Rs.)	Quantity	Amount	Face Value (Rs.)	Quantity	Amount
<b>Equity Instruments (Fully paid up)</b>									
<i>At fair value through profit and loss account</i>									
<i>Quoted</i>									
Gail (India) Limited	-	-	-	-	-	-	10	407,333	153.54
BSE Limited	-	-	-	-	-	-	1	298,000	291.34
<i>Unquoted</i>									
Tamilnad Mercantile Bank Limited	10	36,072	6.58	10	36,072	3.63	10	36,072	3.63
The Catholic Syrian Bank Limited	-	-	-	-	-	-	10	1,913,452	276.78
Vini Cosmetics Private Limited	-	-	-	-	-	-	10	51,969	86.14
<b>Total (A)</b>			<b>6.58</b>			<b>3.63</b>			<b>811.43</b>
<b>Equity Instruments (Fully paid up)</b>									
<i>At Cost</i>									
<b>Associate Companies</b>									
Edelweiss Retail Finance Limited	10	3,000,000	264.00	10	3,000,000	264.00	10	3,000,000	264.00
Edelweiss Asset Reconstruction Company Limited	10	15,254,550	326.14	10	15,254,550	326.14	10	15,254,550	326.14
<b>Total (B)</b>			<b>590.14</b>			<b>590.14</b>			<b>590.14</b>
<b>Preference Shares (Fully paid up)</b>									
<i>At fair value through profit and loss account</i>									
Zero coupon Series D non-cumulative compulsorily convertible preference shares of Bright Lifecare Private Limited	7,664	5,219	37.27	7,664	5,219	25.69	7,664	5,219	25.69
<i>At Amortised Cost</i>									
11% Non Cumulative Optionally convertible Preference shares of Edelweiss Broking Limited	-	-	-	-	-	-	10	374,000	66.67
<b>Total (C)</b>			<b>37.27</b>			<b>25.69</b>			<b>92.36</b>
<b>Securities Receipts</b>									
<i>At fair value through profit and loss account</i>									
EARC Trust SC 3	-	-	-	-	-	-	1,000	218,500	0.22
EARC Trust SC 6	-	-	-	1,000	218,500	88.08	1,000	218,500	88.08
EARC Trust SC 43	-	-	-	1,000	54,000	27.00	1,000	54,000	40.50
EARC Trust SC 55	-	-	-	1,000	46,800	23.40	1,000	46,800	35.10
EARC Trust SC 57	-	-	-	-	-	-	1,000	72,250	80.86
EARC Trust SC 109	-	-	-	1,000	524,900	662.71	1,000	633,500	630.38
EARC Trust SC 112	-	-	-	1,000	296,000	273.78	1,000	340,000	394.78
EARC Trust SC 177	1,000	124,750	122.41	1,000	124,750	119.82	1,000	124,750	115.74
EARC Trust SC 245	-	-	-	1,000	540,940	448.36	1,000	255,000	467.76
EARC Trust SC 229	-	-	-	1,000	255,000	191.25	1,000	534,650	255.00
EARC Trust SC 262 - Series 1	1,000	263,500	292.68	1,000	374,000	231.78	-	-	-
EARC Trust SC 297 - Series 1	1,000	331,820	358.55	1,000	895,914	934.79	-	-	-
EARC Trust SC 327 - Series 1	-	-	-	1,000	642,855	642.86	-	-	-
EARC Trust SC 337	1,000	90,567	57.93	-	-	-	-	-	-
EARC Trust SC 340	-	-	0.95	-	-	-	-	-	-
EARC SAF -3 Trust - Series 1	1,000	19,500	12.52	1,000	19,500	20.01	1,000	19,000	22.42
Edelweiss ARF-I Trust Scheme-1	-	-	-	1,000	56,728	23.49	1,000	56,728	35.24
Edelweiss ARF-I Trust Scheme-2	1,000	530	0.53	1,000	31,324	4.56	1,000	31,324	6.85
Edelweiss ARF-I Trust Scheme-3	1,000	40	0.04	1,000	43,899	0.04	1,000	43,899	0.04
Edelweiss ARF-I Trust Scheme-4	1,000	30	0.03	1,000	32,679	0.03	1,000	32,679	0.03
Edelweiss ARF-I Trust Scheme-5	1,000	40	0.04	1,000	35,370	0.04	1,000	35,750	0.04
<b>Total (D)</b>			<b>845.69</b>			<b>3,692.00</b>			<b>2,173.04</b>
<b>Units of AIF</b>									
<i>At fair value through profit and loss account</i>									
Edelweiss Private Equity Tech fund	100,000	568.94	80.41	100,000	568.94	62.12	100,000	291.60	29.16
Edelweiss Value and Growth Fund	100,000	1,952.35	210.27	100,000	1,592.65	161.55	-	-	-
<b>Total (E)</b>			<b>290.68</b>			<b>223.67</b>			<b>29.16</b>
<b>Units of venture fund</b>									
<i>At fair value through profit and loss account</i>									
KAE Capital Fund (India)	100,000	50	31.44	100,000	50.00	29.49	100,000	50.00	6.23
KAE Capital Fund II (India)	100,000	650	60.21	100,000	433.33	52.88	100,000	433.33	46.52
<b>Total (F)</b>			<b>91.65</b>			<b>82.37</b>			<b>52.75</b>
<b>Others - Warrants</b>									
<i>At fair value through profit and loss account</i>									
Kompass Capital Advisors Private Limited.	-	-	-	-	-	-	100	50,000	5.00
AT InvoFin India Pvt. Ltd. (Rs 2.5 paid up)	-	-	-	10	320,000	-	10	320,000	-
Bhanti Shipyard Limited (Rs 5.5 paid up)	10	2,647,313	-	10	2,647,313	-	10	2,647,313	6.49
<b>Total (G)</b>									<b>11.49</b>
<b>Mutual Funds</b>									
<i>At fair value through profit and loss account</i>									
Reliance Money Manager Fund - Direct - Growth	-	-	-	-	-	-	1,000	34,927	98.66
<b>Total (H)</b>									<b>98.66</b>
<b>Total (A+B-C+D+E+F+G+H)</b>			<b>1,862.01</b>			<b>4,617.50</b>			<b>3,859.03</b>

Refer note 9 - Fair value measurement for valuation methodologies for investments



# Edelweiss Finvest Private Limited

Notes to the financial statements for the year ended March 31, 2019

(Currency: Indian rupees in million)

## 14. Other financial assets

Margin placed with broker (refer note 9.A)  
Accrued interest on margin  
Dividend receivable  
Other receivables  
Deposits- others

	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Margin placed with broker (refer note 9.A)	666.34	19.33	396.26
Accrued interest on margin	1.78	-	-
Dividend receivable	-	-	46.94
Other receivables	-	-	16.46
Deposits- others	-	-	1.00
	<b>668.12</b>	<b>19.33</b>	<b>460.66</b>

## 15. Current tax assets (net)

Advance income taxes

(Net of provision for tax Rs. 251.69 million, March 31, 2018 Rs. 357.11 million and April 1, 2017 Rs. 251.92 million)

Advance income taxes	147.32	146.82	106.05
	<b>147.32</b>	<b>146.82</b>	<b>106.05</b>

## 16. Deferred tax assets (net)

### Deferred tax assets

#### Loans

Provision for expected credit loss

168.31 303.74 182.69

#### Investments and other financial instruments

Long term capital loss

21.39 17.39 -

Unrealised loss on derivative transactions

0.50 5.93 11.99

Unrealised loss on investments

6.04 36.93 11.38

#### Employee benefit obligations

Disallowances under section 43B of the Income Tax Act, 1961

5.21 0.82 32.70

#### Fair valuation of employee stock options

- 8.54 2.42

#### Borrowings

Adjustment of effective interest rate on borrowings

66.83 64.69 -

**268.28 438.04 241.18**

### Deferred tax liabilities

#### Property, plant and equipment and intangibles

Difference between book and tax depreciation

0.37 0.07 0.08

#### Investments and other financial instruments

Unrealised gain on derivative transactions

22.16 0.68 9.89

Unrealised gain on investments

131.53 108.17 157.20

#### Borrowings

Adjustment of effective interest rate on Borrowings

- - 22.11

#### Others

- 42.15 -

**154.06 151.07 189.28**

**114.22 286.97 51.90**



# Edelweiss Finvest Private Limited

Notes to the financial statements for the year ended March 31, 2019

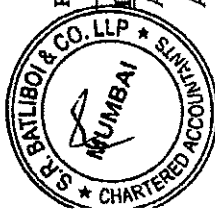
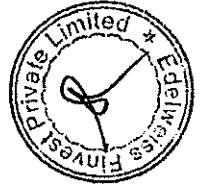
(Currency: Indian rupees in million)

## 17. Property, plant and equipment and intangible assets

Particulars	Property, plant and equipment				Intangible Assets	
	Building (Flat) <sup>s</sup>	Vehicles	Office equipment	Computers	Computer Software	Total
<b>Deemed cost*</b>						
As at April 1, 2017	1.10	-	-	-	-	1.10
Additions	-	-	-	0.14	-	0.14
Disposals	-	-	-	-	-	-
as at March 31, 2018	1.10	-	-	0.14	-	1.24
Additions	-	0.80	-	0.40	6.93	8.13
Disposals	-	(0.80)	-	-	-	(0.80)
as at March 31, 2019	1.10	-	-	0.54	6.93	8.57
<b>Depreciation / Amortisation:</b>						
As at April 1, 2017*	-	-	-	-	-	-
Depreciation/amortisation for the year	0.05	-	-	0.06	-	0.11
Disposals	-	-	-	-	-	-
as at March 31, 2018	0.05	-	-	0.06	-	0.11
Depreciation/amortisation for the year	0.05	0.13	-	0.13	0.58	0.89
Disposals	-	(0.13)	-	-	-	(0.13)
as at March 31, 2019	0.10	-	-	0.19	0.58	0.87
<b>Net Book Value</b>						
As at April 01, 2017	1.10	-	-	-	-	1.10
As at March 31, 2018	1.05	-	-	0.08	-	1.13
As at March 31, 2019	1.00	-	-	0.35	6.35	7.70

\* Charge against secured redeemable non-convertible debentures (Refer note 20.A)

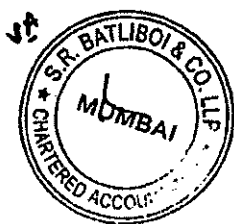
\*The Company has elected to continue with the carrying value of all of its plant and equipment, investment property, and intangible assets recognised as of 1 April 2017 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.



**Edelweiss Finvest Private Limited**
**Notes to the financial statements for the year ended March 31, 2019**

(Currency: Indian rupees in million)

	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
<b>18. Other non-financial assets</b> (Unsecured considered good, unless stated otherwise)			
Input tax credit	100.20	55.69	7.97
Prepaid expenses	0.50	0.50	1.76
Vendor Advances	0.85	2.70	6.32
Advances recoverable in cash or in kind or for value to be received	-	-	0.01
Advances to employees	0.01	0.01	0.01
Others	-	-	1.03
	<b>101.56</b>	<b>58.90</b>	<b>17.10</b>
<b>19. Trade Payables</b>			
Payable to :			
Trade payables to non-related parties (includes sundry creditors, provision for expenses, customer payables and net payable for settlement to clearing house)	84.44	45.66	49.50
Trade payables to related parties	239.45	299.88	24.85
	<b>323.89</b>	<b>345.54</b>	<b>74.35</b>
<b>19.A Details of dues to micro and small enterprises</b>			
Trade Payables includes Rs.Nil (March 31, 2018: Rs.Nil; March 31, 2017: Rs Nil) payable to "Suppliers" registered under the Micro, Small and Medium Enterprises Development Act, 2006. No interest has been paid / is payable by the Company during the year to "Suppliers" registered under this act. The aforementioned is based on the responses received by the Company to its inquiries with suppliers with regard to applicability under the said Act.			
<b>20. Debt securities</b>			
At amortised cost (Refer note 20.A and 20.B)			
<u>Secured</u>			
Non-convertible redeemable debentures			
Privately placed	3,487.74	3,475.51	1,823.41
Benchmark linked debentures	15,798.30	12,373.73	10,282.32
<u>Unsecured</u>			
Non-convertible redeemable debentures			
Privately placed	-	-	291.66
Benchmark linked debentures	2,989.72	2,121.52	548.25
	<b>22,275.76</b>	<b>17,970.76</b>	<b>12,945.64</b>
Debt Securities in India	22,275.76	17,970.76	12,945.64
Debt Securities outside India	-	-	-
	<b>22,275.76</b>	<b>17,970.76</b>	<b>12,945.64</b>



**Edelweiss Finvest Private Limited**
**Notes to the financial statements for the year ended March 31, 2019**

(Currency: Indian rupees in million)

**20 Debt securities (continued)**
**20.A Details of debt securities :**
**Secured non-convertible redeemable debentures**
**Privately placed:**

Privately placed debentures are secured by charge on immovable property and floating charge on receivables from financing business, securities held for trading.

**Benchmark linked debentures**

Benchmark linked debentures are secured by way of a pari passu mortgage and charge over the mortgage premises, a charge on the receivables from financing business and securities held for trading and corporate guarantee from the ultimate holding company.

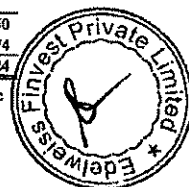
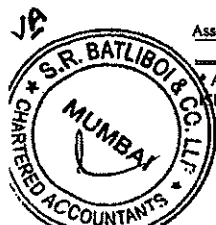
In case of benchmark linked debentures, the interest rate is linked to the performance of the underlying indices and is fluctuating in nature.

Certain benchmark linked debentures have a clause for an early redemption event which is automatically triggered on the achievement of pre determined benchmark index level (s).

**20.B Maturity profile and rate of interest of debt securities are set out below:**

Maturity Month	Secured Benchmark Linked Debentures			Unsecured Benchmark Linked Debentures		
	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2019	March 31, 2018	March 31, 2017
Apr-2017	-	-	99.50	-	-	-
May-2017	-	-	106.00	-	-	-
Jun-2017	-	-	18.00	-	-	-
Jul-2017	-	-	25.00	-	-	-
Aug-2017	-	-	108.00	-	-	-
Sep-2017	-	-	243.00	-	-	-
Oct-2017	-	-	670.20	-	-	-
Nov-2017	-	-	61.50	-	-	-
Dec-2017	-	-	180.00	-	-	-
Jan-2018	-	-	381.10	-	-	-
Feb-2018	-	-	121.00	-	-	-
Mar-2018	-	-	1,816.50	-	-	-
Apr-2018	-	91.00	81.00	-	-	-
May-2018	-	563.30	563.30	-	-	-
Jun-2018	-	264.00	264.00	-	-	-
Jul-2018	-	549.00	474.00	-	-	-
Aug-2018	-	2,344.30	114.20	-	200.00	-
Sep-2018	-	405.30	142.80	-	15.00	-
Oct-2018	-	1,098.00	98.00	-	-	-
Nov-2018	-	28.50	38.50	-	-	-
Dec-2018	-	335.00	335.00	-	-	-
Jan-2019	-	140.20	140.20	-	-	-
Feb-2019	-	47.50	47.50	-	-	-
Mar-2019	-	337.00	225.00	-	-	-
Apr-2019	95.60	147.10	147.10	-	-	-
May-2019	652.90	658.10	658.10	-	-	-
Jun-2019	108.00	118.00	108.00	-	-	-
Jul-2019	287.00	298.00	234.50	-	-	-
Aug-2019	227.30	230.10	42.60	10.00	10.00	-
Sep-2019	724.70	184.90	59.90	10.00	10.00	-
Oct-2019	3,060.30	97.00	57.00	-	-	-
Nov-2019	30.00	36.00	30.00	-	-	-
Jan-2020	177.90	180.50	180.50	-	-	-
Feb-2020	129.50	132.00	132.00	-	-	-
Mar-2020	770.90	199.10	199.10	50.00	50.00	50.00
Apr-2020	-	-	10.00	-	-	-
May-2020	119.00	119.00	119.00	-	-	-
Jun-2020	544.40	546.40	544.40	-	-	-
Jul-2020	1,085.30	446.50	364.00	-	-	-
Aug-2020	108.00	108.00	10.00	380.00	380.00	380.00
Sep-2020	325.50	325.50	60.00	10.00	10.00	-
Oct-2020	45.50	57.50	-	32.50	32.50	-
Nov-2020	-	-	-	10.00	10.00	-
Dec-2020	10.00	12.00	-	20.00	20.00	-
Jan-2021	-	10.00	-	-	-	-
Jul-2021	434.90	94.50	-	-	-	-
Sep-2021	874.00	212.50	50.00	-	-	-
Oct-2021	-	-	-	280.00	-	-
Dec-2021	12.50	-	-	-	-	-
Jan-2022	27.50	15.00	15.00	28.50	28.50	28.50
Feb-2022	760.80	650.30	17.50	10.00	10.00	10.00
Mar-2022	1,143.00	3.00	3.00	-	-	-
May-2022	271.50	4.00	-	-	-	-
Jun-2022	2,348.60	-	-	-	-	-
Aug-2022	47.90	-	-	-	-	-
Sep-2022	10.00	-	-	-	-	-
Mar-2024	300.00	300.00	300.00	-	-	-
Jun-2027	170.00	170.00	-	-	-	-
Jan-2027	-	-	-	40.00	40.00	40.00
Jan-2028	-	-	-	1,924.00	1,235.00	-
Associated accruals *	14,902.50	11,558.10	9,695.00	2,805.00	2,051.00	508.50
Total	15,798.30	12,373.73	10,282.32	184.72	70.52	39.74
				2,989.72	2,121.52	548.24

\* Associated accruals include interest accrued &amp; effective interest rate amortisation. Interest accrued but not due is payable on next interest payment date for respective INs.





**Edelweiss Finvest Private Limited**

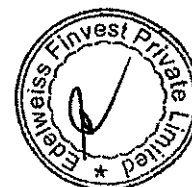
Notes to the financial statements for the year ended March 31, 2019

(Currency: Indian rupees in million)

**20. Debt securities (continued)****20.B Maturity profile and rate of interest of debt securities are set out below:**

Maturity Month	Secured non convertible debentures Amount outstanding as at			Unsecured non convertible debentures Amount outstanding as at		
	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2019	March 31, 2018	March 31, 2017
Rate of Interest	9.10% p.a.	9.10% p.a.	10.65% p.a.	-	-	17.00% p.a.
Dec-2017	-	-	-	-	-	268.87
Mar-2018	-	-	1,500.00	-	-	-
Apr-2019	3,500.00	3,500.00	-	-	-	-
	3,500.00	3,500.00	1,500.00	-	-	268.87
Associated accruals *	(12.26)	(24.49)	323.41	-	-	22.79
<b>Total</b>	<b>3,487.74</b>	<b>3,475.51</b>	<b>1,823.41</b>	<b>-</b>	<b>-</b>	<b>291.66</b>

\* Associated accruals include interest accrued & effective interest rate amortisation, Interest accrued but not due is payable on next interest payment date for respective ISINs.



**Edelweiss Finvest Private Limited**

Notes to the financial statements for the year ended March 31, 2019

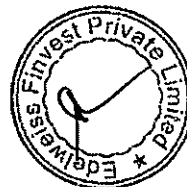
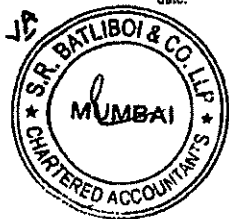
(Currency: Indian rupees in million)

	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
<b>21. Borrowings other than Debt Securities</b>			
<i>At amortised cost</i>			
<u>Secured</u>			
Term loan from bank	324.78	424.63	-
(First Pari Passu charge on the current assets of the Company which includes trade and other receivables, loans and cash and cash equivalents with Letter of Comfort) (Refer note 21.A)			
<u>Unsecured</u>			
Inter corporate loan from others (Repayable on demand, carry interest at 5.5% p.a., March 31, 2018 5.5% p.a., March 31, 2017 5.5% p.a.)	12.40	12.21	12.01
Loan and advances from related parties (Repayable on demand, carry interest at 10% p.a. (Previous year 9% p.a.))	-	7,761.96	-
	<b>337.18</b>	<b>8,198.80</b>	<b>12.01</b>
Borrowings in India	337.18	8,198.80	12.01
Borrowings outside India	-	-	-
	<b>337.18</b>	<b>8,198.80</b>	<b>12.01</b>

**21.A Details of Borrowings other than Debt Securities**

Maturity Month	Loan from banks - Amount outstanding as at		
	March 31, 2019	March 31, 2018	March 31, 2017
Rate of interest	9.70% p.a.	8.55% p.a.	-
Jun-2018	-	25.00	-
Sep-2018	-	25.00	-
Dec-2018	-	25.00	-
Mar-2019	-	25.00	-
Jun-2019	25.00	25.00	-
Sep-2019	25.00	25.00	-
Dec-2019	25.00	25.00	-
Mar-2020	25.00	25.00	-
Jun-2020	25.00	25.00	-
Sep-2020	25.00	25.00	-
Dec-2020	25.00	25.00	-
Mar-2021	25.00	25.00	-
Jun-2021	25.00	25.00	-
Sep-2021	25.00	25.00	-
Dec-2021	25.00	25.00	-
Jun-2022	25.00	25.00	-
Mar-2022	25.00	25.00	-
	325.00	425.00	-
Associated accruals *	(0.22)	(0.37)	-
<b>Total</b>	<b>324.78</b>	<b>424.63</b>	<b>-</b>

\* Associated accruals include interest accrued & effective interest rate amortisation. Interest accrued but not due is payable on next interest payment date.



**Edelweiss Finvest Private Limited**
**Notes to the financial statements for the year ended March 31, 2019**

(Currency: Indian rupees in million)

	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
<b>22. Subordinated Liabilities</b>			
<i>At amortised cost</i>			
<i>(Refer note 22.A)</i>			
<u>Unsecured</u>			
Subordinated debentures			
Privately placed redeemable non-convertible debentures	161.17	161.26	161.12
	<b>161.17</b>	<b>161.26</b>	<b>161.12</b>
Subordinated liabilities in India	161.17	161.26	161.12
Subordinated liabilities outside India	-	-	-
	<b>161.17</b>	<b>161.26</b>	<b>161.12</b>

**22.A Maturity profile and rate of interest of subordinated liabilities are set out below:**

Maturity Month	Unsecured subordinated liabilities - Interest Rate 11.00 % p.a. Amount outstanding as at		
	March 31, 2019	March 31, 2018	March 31, 2017
Jul-2025	150.00	150.00	150.00
	150.00	150.00	150.00
Add: interest accrued*	11.17	11.26	11.12
Total	<b>161.17</b>	<b>161.26</b>	<b>161.12</b>

\* Interest accrued but not due is payable on next interest payment date.

**23. Other financial liabilities**

Accrued salaries and benefits	20.05	16.54	51.74
Bank overdraft	2.69	-	6.91
	<b>22.74</b>	<b>16.54</b>	<b>58.65</b>

**24. Current tax liabilities (net)**

Provision for taxation (Net of advance tax Rs. 1,306.23, March 31, 2018 Rs. 672.51 million, April 01, 2017 Rs. 577.28 million)	263.93	252.98	42.59
	<b>263.93</b>	<b>252.98</b>	<b>42.59</b>

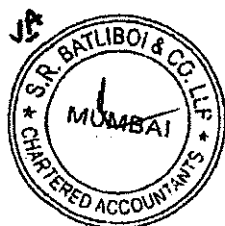
**25. Provisions**

Provision for employee benefits			
Gratuity (Refer note 37.A)	12.66	2.11	0.85
Compensated leave absences	2.24	0.25	0.83
	<b>14.90</b>	<b>2.36</b>	<b>1.68</b>

**26. Other non-financial liabilities**

Statutory liabilities*	36.94	18.17	4.57
Others	5.13	0.48	0.48
	<b>42.07</b>	<b>18.65</b>	<b>5.05</b>

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



# Edelweiss Finvest Private Limited

## Notes to the financial statements for the year ended March 31, 2019

(Currency: Indian rupees in million)

	As at March 31, 2019		As at March 31, 2018		As at April 01, 2017	
	No of shares	Amount	No of shares	Amount	No of shares	Amount
<b>27. Equity share capital</b>						
Authorised :						
Equity Shares of Rs.10 each	35,000,000	350.00	35,000,000	350.00	11,500,000	115.00
Preference Shares of Rs.10 each	-	-	-	-	23,500,000	235.00
	<b>35,000,000</b>	<b>350.00</b>	<b>35,000,000</b>	<b>350.00</b>	<b>35,000,000</b>	<b>350.00</b>
Issued, Subscribed and Paid up:						
Equity Shares of Rs.10 each	33,325,875	333.26	33,325,875	333.26	2,805,998	28.06
	<b>33,325,875</b>	<b>333.26</b>	<b>33,325,875</b>	<b>333.26</b>	<b>2,805,998</b>	<b>28.06</b>

### 27.A Reconciliation of number of shares

	As at March 31, 2019		As at March 31, 2018		As at April 01, 2017	
	No of shares	Amount	No of shares	Amount	No of shares	Amount
Outstanding at the beginning of the year	33,325,875	333.26	2,805,998	28.06	2,805,998	28.06
Shares issued during the year	-	-	30,519,877	305.20	-	-
Outstanding at the end of the year	<b>33,325,875</b>	<b>333.26</b>	<b>33,325,875</b>	<b>333.26</b>	<b>2,805,998</b>	<b>28.06</b>

#### Notes:

During the financial year 2017-18 the Company has issued 8,279,275 fully paid-up equity shares of Rs.10 each at a premium of Rs 168.35 each aggregating to Rs. 1,476.61 million to Edelweiss Financial Services Limited as part of consideration for acquisition of lending & investment business of Edelweiss Finance & Investments Limited (refer note 51.1)

During the financial year 2017-18, the Company has issued 22,240,602 fully paid-up equity shares of Rs.10 each at par aggregating to Rs. 222.41 million for conversion of preference shares in to equity.

### 27.B Terms/rights attached to equity shares :

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

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

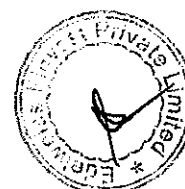
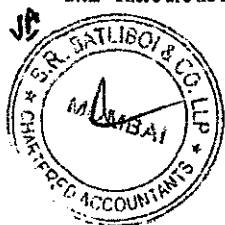
### 27.C Shares held by holding/ultimate holding company and/or their subsidiaries/associates

	As at March 31, 2019		As at March 31, 2018		As at April 01, 2017	
	No of shares	% holding	No of shares	% holding	No of shares	% holding
<b>Ultimate Holding company</b>						
Edelweiss Financial Services Limited	8,279,275	24.84%	8,279,275	24.84%	-	-
<b>Holding company</b>						
ECap Equities Limited	22,459,720	67.39%	22,459,720	67.39%	1,700,812	60.61%
<b>Fellow subsidiary company</b>						
Edelweiss Securities Limited	1,259,394	3.78%	1,259,394	3.78%	1,105,186	39.39%
Edelweiss Rural & Corporate Services Limited (Formerly known as Edelweiss Commodities Services Limited)	1,327,486	3.98%	1,327,486	3.98%	-	-
	<b>33,325,875</b>	<b>100.00%</b>	<b>33,325,875</b>	<b>100.00%</b>	<b>2,805,998</b>	<b>100.00%</b>

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

	As at March 31, 2019		As at March 31, 2018		As at April 01, 2017	
	No of shares	% holding	No of shares	% holding	No of shares	% holding
ECap Equities Limited	22,459,720	67.39%	22,459,720	67.39%	1,700,812	60.61%
Edelweiss Financial Services Limited	8,279,275	24.84%	8,279,275	24.84%	-	-
Edelweiss Securities Limited	-	-	-	-	1,105,186	39.39%
	<b>30,738,995</b>	<b>92.24%</b>	<b>30,738,995</b>	<b>92.24%</b>	<b>2,805,998</b>	<b>100.00%</b>

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



# Edelweiss Finvest Private Limited

Notes to the financial statements for the year ended March 31, 2019

(Currency: Indian rupees in million)

## 28. Instruments entirely equity in nature

	As at March 31, 2019		As at March 31, 2018		As at April 01, 2017	
	No of shares	Amount	No of shares	Amount	No of shares	Amount
Issued, Subscribed and Paid up:						
Compulsorily convertible non-cumulative preference shares						
a) Series A	-	-	-	-	333,700	3.34
b) Series B	-	-	-	-	11,345,363	113.45
c) Series C	-	-	-	-	10,561,539	105.62
	-	-	-	-	22,240,602	222.41

## 28.A Reconciliation of number of shares

### a) 0.01% Compulsorily convertible non-cumulative preference shares - Series A

	As at March 31, 2019		As at March 31, 2018		As at April 01, 2017	
	No of shares	Amount	No of shares	Amount	No of shares	Amount
Outstanding at the beginning of the year	-	-	333,700	3.34	800,000	8.00
Less: Shares cancelled on account of demerger (Refer note 51.1)	-	-	-	-	466,300	4.66
Less: Shares converted into equity shares	-	-	333,700	3.34	-	-
Outstanding at the end of the year	-	-	-	-	333,700	3.34

### b) 0.01% Compulsorily convertible non-cumulative preference shares - Series B

	As at March 31, 2019		As at March 31, 2018		As at April 01, 2017	
	No of shares	Amount	No of shares	Amount	No of shares	Amount
Outstanding at the beginning of the year	-	-	11,345,363	113.45	11,345,363	113.45
Less: Shares converted into equity shares	-	-	11,345,363	113.45	-	-
Outstanding at the end of the year	-	-	-	-	11,345,363	113.45

### c) 0.01% Compulsorily convertible non-cumulative preference shares - Series C

	As at March 31, 2019		As at March 31, 2018		As at April 01, 2017	
	No of shares	Amount	No of shares	Amount	No of shares	Amount
Outstanding at the beginning of the year	-	-	10,561,539	105.62	10,561,539	105.62
Less: Shares converted into equity shares	-	-	10,561,539	105.62	-	-
Outstanding at the end of the year	-	-	-	-	10,561,539	105.62

## 28.B Terms/rights attached to preference shares :

### a) Terms/rights attached to 0.01% Compulsorily convertible non-cumulative preference shares - Series A (CCPS - A)

The tenure of CCPS-A was upto 31 December 2017. With the required consent of the CCPS-A holders, the term of issue of the CCPS-A had been changed and accordingly the holders of CCPS-A can convert any or all the CCPS-A held by them into 1 equity share of the Company of Rs.10 each at par. All the CCPS-A outstanding as on 31 December 2017 have been converted into equity shares.

### b) Terms/rights attached to 0.01% Compulsorily convertible non-cumulative preference shares - Series B (CCPS - B)

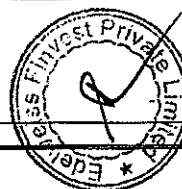
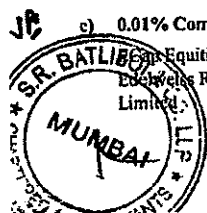
The tenure of CCPS-B was upto 31 December 2017. During the term of the CCPS-B, the holder can convert any or all the CCPS-B held by them into 1 equity share of the Company of Rs. 10 each at face value. All the CCPS-B outstanding as on 31 December 2017 have been converted into equity shares.

### c) Terms/rights attached to 0.01% Compulsorily convertible non-cumulative preference shares - Series C (CCPS - C)

The tenure of CCPS-C was upto 31 March 2018. During the term of the CCPS-C, the holder can convert any or all the CCPS-C held by them into 1 equity share of the Company of Rs. 10 each at face value. All the CCPS-C outstanding as on 31 March 2018 have been converted into equity shares.

## 28.C Details of preference shareholders holding more than 5% shares in the company:

	As at March 31, 2019		As at March 31, 2018		As at April 01, 2017	
	No of shares	% holding in the class	No of shares	% holding in the class	No of shares	% holding in the class
a) 0.01% Compulsorily convertible non-cumulative preference shares - Series A						
Edelweiss Rural & Corporate Services Limited	-	-	-	-	179,492	53.79
Edelweiss Securities Limited	-	-	-	-	154,208	46.21
	-	-	-	-	333,700	100.00
b) 0.01% Compulsorily convertible non-cumulative preference shares - Series B						
ECap Equities Limited	-	-	-	-	11,345,363	100.00
	-	-	-	-	11,345,363	100.00
c) 0.01% Compulsorily convertible non-cumulative preference shares - Series C						
ECap Equities Limited	-	-	-	-	9,413,545	89.13
Edelweiss Rural & Corporate Services Limited	-	-	-	-	1,147,994	10.87
	-	-	-	-	10,561,539	100.00



**Edelweiss Finvest Private Limited**

Notes to the financial statements for the year ended March 31, 2019

(Currency: Indian rupees in million)

**29. Other Equity**

	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
a. Capital redemption reserve	84.34	84.34	84.34
b. Securities premium reserve	3,915.88	3,752.55	3,743.44
c. Statutory reserve	1,142.60	801.00	534.56
d. Retained earnings	4,686.64	3,329.99	2,226.42
e. Deemed capital contribution - Equity	2.25	2.25	0.68
f. Share capital pending allotment on account of merger (refer note 51.1)	-	-	82.79
	<b>9,831.71</b>	<b>7,970.13</b>	<b>6,672.23</b>

**29.A Nature and purpose of Reserves****a. Capital redemption reserve**

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

**b. Securities premium reserve**

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

**c. Statutory reserve**

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

**d. Retained earnings**

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

**e. Deemed capital contribution - Equity**

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

**f. Share capital pending allotment on account of merger**

Shares allotted to the equity shareholders of Edelweiss Finance & Investments Limited pursuant to the merger of its lending and investment business with the Company (refer note 51.1).



**Edelweiss Finvest Private Limited**
**Notes to the financial statements for the year ended March 31, 2019**

(Currency: Indian rupees in million)

**29.B Movement in other equity**

	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
<b>a. Capital redemption reserve</b>			
Opening balance	84.34	84.34	84.34
Add : Additions during the year	-	-	-
	<u>84.34</u>	<u>84.34</u>	<u>84.34</u>
<b>b. Securities premium reserve</b>			
Opening balance	3,752.55	3,743.44	2,461.53
Add : Premium Received on issue of Debentures	163.33	9.11	-
Add : Addition on account of merger (Refer note 51.1)	-	-	1,393.82
Less: Reduction on account of cancellation of preference shares acquired due to merger (Refer note 51.1)	-	-	(111.91)
	<u>3,915.88</u>	<u>3,752.55</u>	<u>3,743.44</u>
<b>c. Statutory reserve</b>			
Opening balance	801.00	534.56	441.94
Add : Reserve created for the year	341.60	266.44	92.62
	<u>1,142.60</u>	<u>801.00</u>	<u>534.56</u>
<b>d. Retained earnings</b>			
Opening balance	3,329.99	2,226.42	1,690.93
Add: Profit for the year	1,708.02	1,063.84	463.10
Less/Add : Other comprehensive income	(1.23)	0.05	-
Less/Add : Income tax effect of ESOPs	(8.54)	6.12	2.42
Add/Less : Deemed distribution during the year	-	300.00	(327.81)
Add: Impact on first time adoption of Ind AS	-	-	204.39
Add : Profit on account of merging business from the appointed date (refer note 51.1)	-	-	286.01
	<u>5,028.24</u>	<u>3,596.43</u>	<u>2,319.04</u>
<b>Amount available for appropriation</b>			
<b>Appropriations:</b>			
Transfer to statutory reserve	(341.60)	(266.44)	(92.62)
	<u>(341.60)</u>	<u>(266.44)</u>	<u>(92.62)</u>
	<u>4,686.64</u>	<u>3,329.99</u>	<u>2,226.42</u>
<b>e. Deemed capital contribution - Equity</b>			
Opening balance	2.25	0.68	-
Add : ESOPs charged during the year	-	1.57	0.68
	<u>2.25</u>	<u>2.25</u>	<u>0.68</u>
<b>f. Share capital pending allotment on account of merger</b>			
Opening balance	-	82.79	-
Add: Consideration payable on merger (refer note 51.1)	-	-	82.79
Less: Issue of equity shares	-	(82.79)	-
	<u>-</u>	<u>-</u>	<u>82.79</u>
<b>Total = (a+b+c+d+e+f)</b>	<u>9,831.71</u>	<u>7,970.13</u>	<u>6,672.23</u>



**Edelweiss Finvest Private Limited**

Notes to the financial statements for the year ended March 31, 2019

(Currency: Indian rupees in million)

**30. Interest Income****on financial assets measured at amortised cost**

Interest on loans	4,654.55	3,170.81
Interest on fixed deposits with banks	5.71	4.05
Interest income on preference shares	-	7.33
Other interest Income		
On margin with brokers	1.86	3.46
On others	-	0.25

**on financial assets measured at fair value through profit or loss**

Interest income on debt securities	40.49	26.39
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<b>4,702.61</b>	<b>3,212.29</b>
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**31. Dividend Income**

Dividend on securities held for trading	170.11	758.16
Dividend on investment	0.07	4.00

<b>170.18</b>	<b>762.16</b>
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**32. Fee Income**

Processing and other fees	119.39	84.75
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<b>119.39</b>	<b>84.75</b>
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**33. Net gain on fair value changes (including treasury income)****Net gain/ (loss) on financial instruments at fair value through profit or loss**

On investments and securities held for trading	(161.30)	(789.25)
On derivatives financial instrument	47.24	(49.65)
On security receipts	379.66	654.06

<b>265.60</b>	<b>(184.84)</b>
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**Fair value changes**

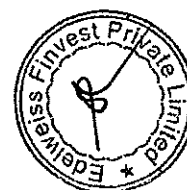
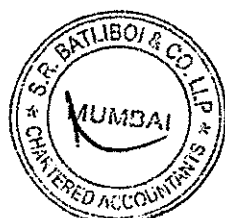
Realised	97.87	741.15
Unrealised	167.73	(925.99)

<b>265.60</b>	<b>(184.84)</b>
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**34. Other income**

Miscellaneous income	0.01	-
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<b>0.01</b>	<b>-</b>
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# Edelweiss Finvest Private Limited

## Notes to the financial statements for the year ended March 31, 2019

(Currency: Indian rupees in million)

	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>35. Finance costs</b>		
<b>On financial liabilities measured at amortised cost</b>		
Interest on borrowings other than debt securities	456.46	191.96
Interest on debt securities	1,633.64	1,171.38
Interest on subordinated liabilities	16.45	16.64
Other finance cost and bank charges	157.46	124.51
	<b>2,264.01</b>	<b>1,504.49</b>
<b>36. Impairment on financial instruments</b>		
<b>On financial instruments measured at amortised cost</b>		
<b>Expected credit loss</b>		
Loans (including undrawn commitments)	120.52	917.41
Trade receivables	(0.93)	0.02
	<b>119.59</b>	<b>917.43</b>
<b>37. Employee benefits expense</b>		
Salaries and wages (refer note 38.D)	101.24	33.25
Contribution to provident and other funds	6.16	0.95
Expense on Employee Stock Option Scheme (ESOP) (refer note below)	4.65	1.57
Staff welfare expenses	0.71	0.33
	<b>112.76</b>	<b>36.10</b>

### Notes:

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

### 37.A Employee Benefits

#### a) Defined contribution plan - Provident funds

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

The Company recognised Rs. 3.56 million (Previous year : Rs. 0.55 million) for provident fund and other contributions in the Statement of profit and loss.

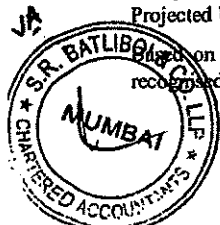
The Supreme Court has recently, delivered its ruling on the composition of basic wages for the purposes of deduction and contribution to the Employees Provident and Pension funds. The company, in the interest of its employees, awaits clarity on the complexities revolving around the application of the said order, the ambiguity reflected by the divergent views of legal experts and the response/direction from the authorities, including on representations made by an industry association in this regard.

#### b) Defined benefit plan - Gratuity

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

The most recent actuarial valuation of the present value of the defined benefit obligation for gratuity were carried out as at March 31, 2019. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

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



**Edelweiss Finvest Private Limited**
**Notes to the financial statements for the year ended March 31, 2019**

(Currency: Indian rupees in million)

**37.A Employee Benefits (continued)**
**b) Defined benefit plan - Gratuity**
**Movement in defined benefit liability**

The following table shows a reconciliation from the opening balances to the closing balances for defined benefit liability and its components:

Particulars	Defined Benefit obligation	
	March 31, 2019	March 31, 2018
Opening Balance	2.11	0.85
Current service cost	1.95	0.21
Interest cost	0.64	0.13
	4.70	1.19
Other comprehensive Income		
Remeasurement loss (gain):		
Actuarial loss (gain) arising from:		
Experience	1.67	(0.01)
Financial assumptions	0.22	(0.07)
	1.89	(0.08)
Others		
Transfer In/ (Out)	6.69	1.00
Benefits paid	(0.62)	-
Closing Balance	12.66	2.11

**Components of defined benefit plan cost:**

Particulars	For the year ended	For the year ended
	March 31, 2019	March 31, 2018
Recognised in Statement of profit or loss		
Current service cost	1.95	0.21
Interest cost	0.64	0.13
Total	2.59	0.34
Recognised in other comprehensive Income		
Remeasurement of net defined benefit liability/(asset)	1.89	(0.08)
Total	1.89	(0.08)

**Actuarial assumptions:**

The following were the principal actuarial assumptions at the reporting date:

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Discount Rate	7.00%	7.30%	6.80%
Salary Growth Rate	7.00%	7.00%	7.00%
Withdrawal/Attrition Rate (based on categories)	13% - 25%	13% - 25%	13% - 25%
Interest Rate on Net DBO (% p.a.)	7.30%	6.80%	7.40%
Mortality Rate	IALM 2012-14 (Ultimate)	IALM 2006-08 (Ultimate)	IALM 2006-08 (Ultimate)
Expected weighted average remaining working lives of employees	5	6	6

**Notes:**

- a) The discount rate are based on the benchmark yields available on Government Bonds at the valuation date with terms matching that of the liabilities.  
 b) The estimates of future salary increases takes into account the inflation, seniority, promotion and other relevant factors.  
 c) Assumptions regarding future mortality experience are set in accordance with the statistics published by the Life Insurance Corporation of India.

**Sensitivity analysis:**

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	As at March 31, 2019		As at March 31, 2018	
	Increase	Decrease	Increase	Decrease
Salary Growth Rate (+/- 1%)	0.81	(0.74)	0.14	(0.13)
Discount Rate (+/- 1%)	(0.73)	0.82	(0.13)	0.14
Withdrawal Rate (+/- 1%)	(0.05)	0.05	-	-

The above sensitivity analysis have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the reporting date. In practice, generally it does not occur. When we change one variable, it affects to others. In calculating the sensitivity, project unit credit method at the end of the reporting period has been applied.

**c) Compensated absences :**

The Company provides for accumulated compensated absences as at the balance sheet date using projected unit credit method based on actuarial valuation. The leave encashment on separation is paid on basic salary.



# Edelweiss Finvest Private Limited

## Notes to the financial statements for the year ended March 31, 2019

(Currency: Indian rupees in million)

	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>38. Other expenses</b>		
Advertisement and business promotion	0.05	0.27
Auditors' remuneration (refer note 38.A)	1.78	1.79
Commission and brokerage	31.33	9.96
Communication	1.43	0.73
Directors' sitting fees	0.51	0.26
Insurance	-	0.02
Legal and professional fees	79.38	100.44
Printing and stationery	0.01	0.10
Rates and taxes	3.66	5.97
Rent (refer note 38.C and 38.D)	8.93	1.37
Repairs and maintenance (refer note 38.D)	0.11	0.47
Electricity charges (refer note 38.D)	0.89	0.64
Computer software	0.23	0.49
Corporate social responsibility -Donation (refer note 38.B)	5.00	-
Clearing & custodian charges	0.16	0.16
Rating support fees	0.18	0.21
Membership and subscription	0.03	0.10
Office expenses	53.30	19.22
ROC Expenses	0.07	0.05
Seminar & Conference	-	0.02
Goods & Service tax expenses	27.73	(24.54)
Stamp duty	(5.80)	15.74
Travelling and conveyance	4.97	0.48
Miscellaneous expenses	1.50	0.85
Housekeeping and security charges (refer note 38.D)	2.03	0.04
	<b>217.48</b>	<b>134.84</b>

### 38.A Auditors' remuneration:

As a Auditor		
Audit fees	1.36	0.50
Limited Review	0.39	0.88
Certification and Consultation	-	0.12
Reimbursement of expenses	0.03	0.29
	<b>1.78</b>	<b>1.79</b>

### 38.B Details of CSR Expenditure:

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

	23.94	-
Amount Spent (paid in cash)		
i) Construction/ acquisition of any assets	-	-
ii) On purpose other than (i) above	5.00	-
Amount Spent (yet to be paid in cash)		
i) Construction/ acquisition of any assets	-	-
ii) On purpose other than (i) above	-	-
	<b>5.00</b>	<b>-</b>
Amount paid to EdelGive Foundation (refer note 43 related party disclosure)	5.00	-
Paid to external parties	-	-
	<b>5.00</b>	<b>-</b>

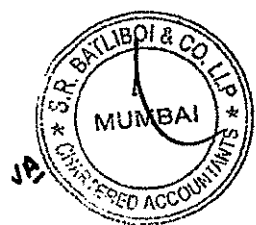
The Company is a wholly owned subsidiary of Edelweiss Financial Services Limited. Edelweiss group is conscious of its Corporate Social Responsibility and, had accordingly established a CSR arm, "EdelGive Foundation" in the year 2008. As an amount of Rs. 225.19 million (Previous year: Rs. 177.84 million) (representing more than 2% of the consolidated profit of the group) was spent by the group as a whole towards CSR activities during the year ended 31 March 2019, the Company has not incurred the prescribed CSR expenditure on a standalone basis during the year ended 31 March 2019.

### 38.C Operating leases

The Company has not taken premises on operating lease. Rental expenses for the year ended 31 March 2019 aggregated to Rs. 8.93 million (Previous year: Rs. 1.37 million) which has been included under the head other expenses – Rent in the Statement of profit and loss are allocations from the fellow subsidiaries.

### 38.D Cost sharing

Edelweiss Financial Services Limited, being the holding company along with fellow subsidiaries incurs expenditure like Group mediclaim, insurance, rent, electricity charges etc. which is for the common benefit of itself and its certain subsidiaries, fellow 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, employees' costs expended (if any) by the Company for the benefit of fellow subsidiaries is recovered by the Company. Accordingly, and as identified by the management, the expenditure heads in note 37 and 38 include reimbursements paid and are net of reimbursements received based on the management's best estimate are Rs. 11.51 million (previous year Rs. 1.96 million).



**Edelweiss Finvest Private Limited**

Notes to the financial statements for the year ended March 31, 2019

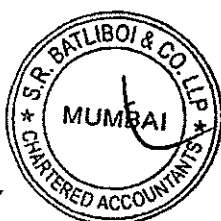
(Currency: Indian rupees in million)

**39. Income Tax****Component of income tax expenses**

	For the year ended March 31, 2019	For the year ended March 31, 2018
Current tax	680.12	374.84
Adjustment in respect of current income tax of prior years	(9.95)	103.06
Deferred tax relating to temporary differences	164.87	(260.35)
<b>Total tax charge for the year (refer note 39.A)</b>	<b>835.04</b>	<b>217.55</b>
<b>Current tax</b>	<b>670.17</b>	<b>477.90</b>
<b>Deferred tax (refer note 39.B)</b>	<b>164.87</b>	<b>(260.35)</b>

**39.A The income tax expenses for the year can be reconciled to the accounting profit as follows:**

	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>Profit / (Loss) before taxes</b>	<b>2,543.06</b>	<b>1,281.39</b>
Statutory Income Tax rate	34.94%	34.61%
<b>Tax charge at statutory rate</b>	<b>888.65</b>	<b>443.46</b>
Adjustment in respect of current income tax of prior year	(9.95)	103.06
<b>Tax effect of :</b>		
Income / Items not subject to tax or chargeable at lower tax rate		
Dividend Income	(59.47)	(263.76)
Sale of non current investments	-	(6.98)
<b>Non deductible expenses</b>		
Effect of indexed cost being available as deduction	-	(92.10)
Others	8.16	3.20
<b>Impact of tax rate changes (between two accounting periods)</b>	<b>6.90</b>	<b>8.87</b>
<b>Impact of certain items being taxed at different rates - capital gains</b>	<b>-</b>	<b>12.70</b>
<b>Others</b>		
Profit from EARC Trusts (taxed on realisation)	0.75	9.10
<b>Current Tax Expenses Reported in Statement of Profit and Loss</b>	<b>835.04</b>	<b>217.55</b>
<b>Effective Income Tax Rate</b>	<b>32.84%</b>	<b>16.98%</b>



Notes to the financial statements for the year ended March 31, 2019  
(Currency: Indian rupees in million)

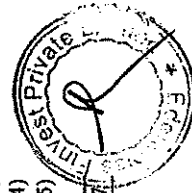
## 39.B Movement of Deferred Tax assets

## Financial Year 2018-19

	As on March 31, 2018	Movement for the period (2018-19)			As on March 31, 2019
		Recognised in profit or loss	Recognised in OCI	Recognised in other equity	Total movement
<b>Deferred tax assets</b>					
Employee benefits obligations	0.82	3.73	0.66	-	4.39
Effective interest rate on financial liabilities	64.69	2.14	-	-	2.14
Tax break on employee stock option scheme	8.54	-	-	(8.54)	(8.54)
Expected credit loss provision	303.74	(135.43)	-	-	(135.43)
Unused tax losses	17.39	4.00	-	-	4.00
<b>Deferred tax liabilities</b>					
Property, plant and equipment & intangible assets	(0.07)	(0.30)	-	-	(0.30)
Fair valuation of financial assets	(71.24)	(54.25)	-	-	(54.25)
Fair valuation of derivatives	5.25	(26.91)	-	-	(26.91)
Others	(42.15)	42.15	-	-	42.15
<b>Deferred Tax Asset (net)</b>	<b>286.97</b>	<b>(164.87)</b>	<b>0.66</b>	<b>(8.54)</b>	<b>(172.75)</b>
					<b>114.22</b>

## Financial Year 2017-18

	As on April 1, 2017	Movement for the period (2017-18)			As on March 31, 2018
		Recognised in profit or loss	Recognised in OCI	Recognised in other equity	Total movement
<b>Deferred Tax Assets</b>					
Employee benefits obligations	32.70	(31.85)	(0.03)	-	(31.88)
Effective interest rate on financial liabilities	(22.11)	86.80	-	-	86.80
Fair valuation of derivatives	2.10	3.15	-	-	3.15
Tax break on employee stock option scheme	2.42	-	-	6.12	6.12
Expected credit loss provision	182.69	121.05	-	-	121.05
Unused tax losses	-	17.39	-	-	17.39
<b>Deferred Tax Liabilities</b>					
Property, plant and equipment & intangible assets	(0.08)	0.01	-	-	0.01
Fair valuation of financial assets	(145.82)	74.58	-	-	74.58
Others	-	(10.78)	-	(31.37)	(42.15)
<b>Deferred Tax Asset (net)</b>	<b>51.90</b>	<b>260.35</b>	<b>(0.03)</b>	<b>6.12</b>	<b>235.07</b>
					<b>286.97</b>



**40. Earnings per Share**

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

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

		For the year ended March 31, 2019	for the year ended March 31, 2018
Net profit attributable to equity holders of the Company	(A)	1,708.02	1,063.84
Weighted average number of shares			
- Number of equity shares outstanding at the beginning of the year		33,325,875	2,805,998
- Number of equity shares issued during the year		-	30,519,877
Total number of equity shares outstanding at the end of the year		33,325,875	33,325,875
Weighted average number of equity shares outstanding during the year (based on the date of issue of shares)	(B)	33,325,875	11,258,656
Weighted average number of diluted equity shares outstanding during the year	(C)	33,325,875	30,558,556
Adjusted net profit for diluted EPS	(D)	1,708.02	1,063.84
Basic earnings per share (in rupees)	(A / B)	51.25	94.49
Diluted earnings per share (in rupees)	(D / C)	51.25	34.81

The basic and diluted earnings per share are the same as there are no dilutive/ potential equity shares issued or outstanding as at March 31, 2019. (Previous year, dilution in earnings per share is on account of compulsorily convertible non-cumulative preference shares).

**41. Contingent Liability & Commitment:****Contingent Liability**

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

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

**Details of contingent liability**

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Taxation matters of assessment year 2014-15 in respect of which appeal is pending with tax authorities	46.38	46.38	-

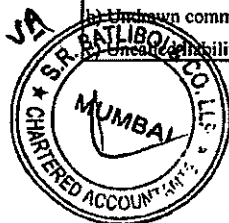
The Company has received demand notices from tax authorities on account of disallowance of expenditure for earning exempt income under Section 14A of Income Tax Act 1961 read with Rule 8D of the Income Tax Rules, 1962. The company has filed appeal/s and is defending its position. Based on the favourable outcome in Appellate proceedings in the past and as advised by the tax advisors, company is reasonably certain about sustaining its position in the pending cases, hence the possibility of outflow of resources embodying economic benefits on this ground is remote."

**Commitment**

To meet the financial needs of customers, the Company enters into various irrevocable commitments, which primarily consist of undrawn commitment to lend.

**Details of commitment**

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
a) Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for	0.06	1.96	-
b) Undrawn committed credit lines	8,823.44	828.12	212.94
c) Undrawn committed liabilities on non-current investments	233.87	269.84	154.51



## 42. Segment reporting

## Primary Segment (Business segment)

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

Segment	Activities covered
Capital based business	Income from treasury operations, income from investments and dividend income
Financing business	Wholesale and retail financing

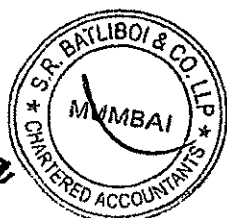
Income for each segment has been specifically identified. Expenditure, assets and liabilities are either specifically identified with individual segments or have been allocated to segments on a systematic basis. Based on such allocations, segment disclosures relating to revenue, results, assets and liabilities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

## Secondary Segment

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

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

Particulars	Financing business	Capital based business	Unallocated	Total
Revenue from operations				
Interest income	4,656.13	46.48	-	4,702.61
Other operating income	119.39	435.78	0.01	555.18
Total revenue from operations	4,775.52	482.26	0.01	5,257.79
Interest expenses	1,927.72	336.25	0.04	2,264.01
Other expenses	394.70	51.02	5.00	450.72
Total expenses	2,322.43	387.26	5.04	2,714.73
Segment profit/(loss) before taxation	2,453.10	94.99	(5.03)	2,543.06
Income tax expenses	-	-	(835.04)	(835.04)
Profit for the year	2,453.10	94.99	(840.07)	1,708.02
Other comprehensive income	(1.05)	(0.18)	-	(1.23)
Total comprehensive income	2,452.05	94.81	(840.07)	1,706.79
Segment assets	29,863.73	3,903.83	261.54	34,029.10
Segment liabilities	20,135.14	3,465.06	263.93	23,864.13
Capital expenditure	7.95	0.18	-	8.13
Depreciation and amortisation	0.76	0.13	-	0.89
Significant non-cash items (net)	(128.66)	166.15	-	37.49



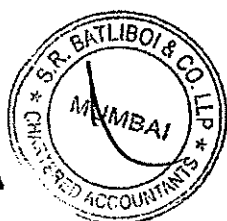
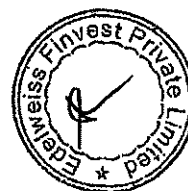
42. Segment reporting (continued)

Segment information as at and for the year ended March 31, 2018

Particulars	Financing business	Capital based business	Unallocated	Total
Revenue from operations				
Interest income	3,173.62	38.67	-	3,212.29
Other operating income	84.75	577.32	-	662.07
Total revenue from operations	3,258.37	615.99	-	3,874.36
Interest expenses	1,212.71	282.54	9.24	1,504.49
Other expenses	1,057.59	30.89	0.00	1,088.48
Total expenses	2,270.30	313.43	9.24	2,592.97
Segment profit/(loss) before taxation	988.07	302.56	(9.24)	1,281.39
Income tax expenses	-	-	(217.55)	(217.55)
Profit for the year	988.07	302.56	(226.79)	1,063.84
Other comprehensive income	0.04	0.01	-	0.05
Total comprehensive income	988.11	302.57	(226.79)	1,063.89
Segment assets	28,604.73	6,444.20	433.79	35,482.72
Segment liabilities	21,903.74	5,022.61	252.98	27,179.33
Capital expenditure	0.11	0.03	-	0.14
Depreciation and amortisation	0.09	0.02	-	0.11
Significant non-cash items (net)	(919.32)	(919.10)	-	(1,838.42)

Segment information as at April 1, 2017

Particulars	Financing business	Capital based business	Unallocated	Total
Segment assets	15,164.43	5,167.70	157.98	20,490.11
Segment liabilities	12,204.83	1,319.99	42.59	13,567.41





# Edelweiss Finvest Private Limited

Notes to the financial statements for the year ended March 31, 2019

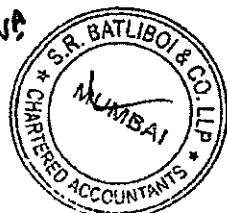
(Currency: Indian rupees in million)

## 43. Change in liabilities arising from financing activities

Particulars	As at April 01, 2018	Cash Flows	Changes in Fair value	Others (net)*	As at March 31, 2019
Debt securities	17,970.76	4,246.27	-	58.73	22,275.76
Borrowings other than debt securities	8,198.80	(7,861.77)	-	0.15	337.18
Subordinated liabilities	161.26	-	-	(0.09)	161.17
	<b>26,330.82</b>	<b>(3,615.50)</b>	<b>-</b>	<b>58.79</b>	<b>22,774.11</b>

Particulars	As at April 01, 2017	Cash Flows	Changes in Fair value	Others (net)*	As at March 31, 2018
Debt securities	12,945.64	5,150.79	-	(125.67)	17,970.76
Borrowings other than debt securities	12.01	8,187.16	-	(0.37)	8,198.80
Subordinated liabilities	161.12	-	-	0.14	161.26
	<b>13,118.77</b>	<b>13,337.95</b>	<b>-</b>	<b>(125.90)</b>	<b>26,330.82</b>

\* Includes the effect of accrued but not paid interest on borrowing, securities premium on issue of debt securities



# Edelweiss Finvest Private Limited

Notes to the financial statements for the year ended March 31, 2019

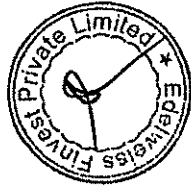
(Currency: Indian rupees in million)

## 44. Maturity Analysis of assets and liabilities

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

	As at March 31, 2019			As at March 31, 2018			As at April 01, 2017		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
<b>Financial Assets</b>									
Cash and cash equivalents	4,670.11	-	4,670.11	363.75	-	363.75	70.20	-	70.20
Derivative financial instruments	387.52	319.33	706.85	84.00	203.70	287.70	77.87	181.81	259.68
Securities held for trading	1,142.86	-	1,142.86	1,699.74	-	1,699.74	1,230.94	-	1,230.94
Trade receivables	21.34	-	21.34	12.85	-	12.85	0.02	-	0.02
Other receivables	26.46	-	26.46	10.60	-	10.60	69.76	-	69.76
Loans	5,527.12	19,515.08	25,042.20	2,351.95	26,470.16	28,822.11	6,693.30	7,888.15	14,581.45
Investments	-	1,862.01	1,862.01	-	4,617.50	4,617.50	-	3,859.03	3,859.03
Other financial assets	668.12	-	668.12	19.33	-	19.33	460.66	-	460.66
<b>Non-financial assets</b>									
Current tax assets (net)	-	147.32	147.32	-	146.82	146.82	-	106.05	106.05
Deferred tax assets (net)	-	114.22	114.22	-	286.97	286.97	-	51.90	51.90
Property, Plant and Equipment	-	1.35	1.35	-	1.13	1.13	-	1.10	1.10
Other intangible assets	-	6.35	6.35	-	-	-	-	-	-
Other non-financial assets	101.56	-	101.56	58.90	-	58.90	17.10	-	17.10
<b>Total Assets</b>	<b>12,545.09</b>	<b>21,965.66</b>	<b>34,510.75</b>	<b>4,601.12</b>	<b>31,726.28</b>	<b>36,327.40</b>	<b>8,619.85</b>	<b>12,088.94</b>	<b>20,707.89</b>
<b>Financial Liabilities</b>									
Derivative financial instruments	61.53	360.96	422.49	31.47	180.97	212.44	100.47	165.85	266.32
Trade payables	323.89	-	323.89	345.54	-	345.54	74.35	-	74.35
Debt securities	10,519.98	11,755.78	22,275.76	6,931.89	11,038.87	17,970.76	6,280.11	6,665.53	12,945.64
Borrowings (other than debt securities) *	112.40	224.78	337.18	7,874.17	324.63	8,198.80	12.01	-	12.01
Subordinated liabilities	11.17	150.00	161.17	11.26	150.00	161.26	11.12	150.00	161.12
Other financial liabilities	22.74	-	22.74	16.54	-	16.54	58.65	-	58.65
<b>Non-financial liabilities</b>									
Current tax liabilities (net)	-	263.93	263.93	-	252.98	252.98	-	42.59	42.59
Provisions	3.46	11.44	14.90	-	2.36	2.36	-	1.68	1.68
Other non-financial liabilities	42.07	-	42.07	18.65	-	18.65	5.05	-	5.05
<b>Total Liabilities</b>	<b>11,097.24</b>	<b>12,766.89</b>	<b>23,864.13</b>	<b>15,229.52</b>	<b>11,949.81</b>	<b>27,179.33</b>	<b>6,541.76</b>	<b>7,025.65</b>	<b>13,567.41</b>
<b>Net</b>	<b>1,447.85</b>	<b>9,198.77</b>	<b>10,646.62</b>	<b>(10,628.40)</b>	<b>19,776.47</b>	<b>9,148.07</b>	<b>2,078.09</b>	<b>5,062.39</b>	<b>7,140.48</b>

\* The Company had taken temporary loan from related parties aggregating to Rs. 7,761.96 million leading to a mismatch as at March 31, 2018. The Company as part of its ALCO activities has raised long term funds during the financial year 2018-19 and has a positive ALM position as at March 31, 2019



# Edelweiss Finvest Private Limited

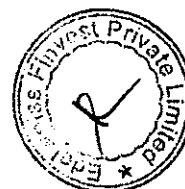
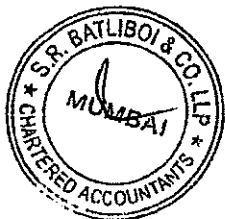
Notes to the financial statements for the year ended March 31, 2019  
(Currency: Indian rupees)

## 45 Disclosure of related party transactions pursuant to Ind AS 24 "Related Party Transactions"

### I. List of related parties and relationship:

Names of related parties by whom control is exercised	Edelweiss Financial Services Limited (Ultimate Holding company)
Holding Company	ECap Equities Limited
Fellow subsidiaries with whom the transactions have taken place	<p>Edelweiss Alternative Asset Advisors Limited</p> <p>Edelweiss Securities Limited</p> <p>Edelcap Securities Limited</p> <p>EdelGive Foundation</p> <p>Edelweiss Asset Reconstruction Company Limited</p> <p>Edelweiss Housing Finance Limited</p> <p>Edelweiss Global Wealth Management Limited</p> <p>Edelweiss Finance &amp; Investments Limited</p> <p>Edelweiss Rural &amp; Corporate Services Limited (Formerly Edelweiss Commodities Services Limited)</p> <p>Burlington Business Solutions Limited (Merged with Ecap Equities Limited)</p> <p>Edelweiss Custodial Services Limited</p> <p>Edelweiss Business Services Limited (Merged with Edelweiss Rural &amp; Corporate Services Limited (Formerly Edelweiss Commodities Services Limited w.e.f 1st August 2018)</p> <p>Edelweiss Broking Limited</p> <p>Edelweiss Tokio Life Insurance Company Limited</p> <p>Eternity Business Centre Limited (Merged with Ecap Equities Limited)</p> <p>EdelGive Foundation</p> <p>Auris Corporate Centre Limited (Merged with Ecap Equities Limited)</p> <p>Edelweiss Securities Limited</p> <p>Edelweiss Broking Limited</p> <p>Edel Commodities Limited</p> <p>EFSL Trading Limited</p> <p>ECL Finance Limited</p> <p>Edel Finance Company Limited</p> <p>Edelweiss Asset Management Limited</p> <p>EW Clover Scheme1</p>
Associates	<p>Edelweiss Private Equity Tech fund</p> <p>Edelweiss Value and Growth Fund</p> <p>Edelweiss Asset Reconstruction Company Limited</p> <p>Edelweiss Retail Finance Limited</p>
Key Management Personnel (KMP) (with whom transactions have taken place).	<p>Bhavin N Mehta (till 2 August 2018)</p> <p>Amit Dhawan (from 7 August 2018)</p> <p>Sheetal Gandhi</p> <p>Niket Joshi (from 2 May 2018)</p>

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

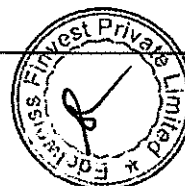
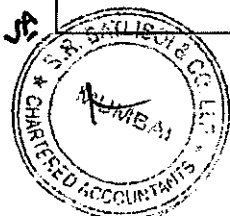


# Edelweiss Finvest Private Limited

Notes to the financial statements for the year ended March 31, 2019  
(Currency: Indian rupees)

## 45 Disclosure of related party transactions pursuant to Ind AS 24 "Related Party Transactions"(continued)

Sr. No.	Nature of Transaction	Related Party Name	2018-19	2017-18
<b>ii Transactions with related parties:</b>				
<b>(I) Capital account transactions</b>				
1	Investments in units of	Edelweiss Private Equity Tech fund	-	27.73
		Edelweiss Value and Growth Fund	35.97	159.27
2	Conversion of Compulsorily convertible non-cumulative preference shares by	Edelweiss Rural & Corporate Services Limited	-	13.27
		Edelweiss Securities Limited	-	1.54
		ECap Equities Limited	-	207.59
3	Compulsorily Convertible Debentures redeemed to	ECap Equities Limited	-	268.87
<b>(II) Current account transactions</b>				
1	Short term loans taken from (Refer note 1 below)	Edelweiss Rural & Corporate Services Limited	15,368.06	25,454.76
2	Short term loans repaid to (refer note 1 below)	Edelweiss Rural & Corporate Services Limited	23,129.52	17,692.80
3	Short term loans given to (refer note 1 below)	Edelweiss Rural & Corporate Services Limited	3,706.13	3,743.03
		Edelcap Securities Limited	-	924.18
		Edel Finance Company Limited	1,200.00	-
		Edelweiss Finance & Investments Limited	-	648.84
4	Short term loans given repaid by (refer note 1 below)	Edelweiss Rural & Corporate Services Limited	3,502.04	4,147.31
		Edelcap Securities Limited	-	930.77
		Edel Finance Company Limited	-	-
		Edelweiss Finance & Investments Limited	-	648.84
		Edel Commodities Limited	-	4.40
5	Issue of - benchmark linked debentures	Edelweiss Rural & Corporate Services Limited	40.00	1,290.00
6	Redemption - benchmark linked debentures	ECap Equities Limited	5,782.02	-
		Edelweiss Rural & Corporate Services Limited	68.94	-
7	Buyback - benchmark linked debentures	ECap Equities Limited	98.28	-
8	Interest expense on loans taken from	Edelweiss Rural & Corporate Services Limited	448.96	161.10
9	Interest expense on benchmark linked debentures	ECap Equities Limited	604.22	38.68
		Edelweiss Rural & Corporate Services Limited	13.94	-
10	Interest expense on subordinate debt	Edelweiss Tokio Life Insurance Company Limited	16.45	16.64
11	Interest income received from securities	Edelweiss Retail Finance Limited	21.88	-
12	Interest income on short term loan from	Edelcap Securities Limited	-	91.18
		Edelweiss Rural & Corporate Services Limited	40.97	171.20
		Edel Finance Company Limited	1.08	-
		Edelweiss Finance & Investments Limited	27.55	34.16
		EW Clover Scheme I	-	0.18
		Edel Commodities Limited	-	0.38
13	Interest income on margin from	Edelweiss Securities Limited	0.02	0.02
		Edelweiss Custodial Services Limited	1.84	3.12
14	Enterprise Service charges paid to	Edelweiss Business Services Limited	53.33	19.16



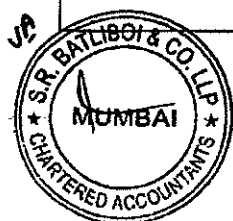
# Edelweiss Finvest Private Limited

Notes to the financial statements for the year ended March 31, 2019

(Currency: Indian rupees)

## 45 Disclosure of related party transactions pursuant to Ind AS 24 "Related Party Transactions"(continued)

Sr. No.	Nature of Transaction	Related Party Name	2018-19	2017-18
<b>(II) Current account transactions</b>				
15	Arranger fee paid to	ECL Finance Limited	17.36	45.29
16	Management fee paid to	Edelweiss Alternative Asset Advisors Limited	34.32	38.70
17	Legal and professional fees paid to	Edelweiss Asset Reconstruction Company Limited	-	8.17
18	Reimbursements paid to	Edelweiss Financial Services Limited	0.83	0.11
		Edelweiss Rural & Corporate Services Limited	0.29	0.45
		ECL Finance Limited	0.02	0.06
		Edelweiss Broking Limited	0.35	-
		Edelweiss Securities Limited	-	0.00
		EFSL Trading Limited	-	0.01
		Eternity Business Centre Limited	-	0.01
		ECap Equities Limited	0.41	0.01
		Edelweiss Asset Management Limited	0.07	-
		Edelweiss Alternative Asset Advisors Limited	0.63	-
19	Rent paid to	Edelweiss Rural & Corporate Services Limited	2.72	0.96
		Edelweiss Broking Limited	-	0.10
		ECap Equities Limited	4.73	0.15
		ECL Finance Limited	0.53	0.11
		Burlington Business Solutions Limited	-	0.03
		Eternity Business Centre Limited	-	0.01
		Auris Corporate Centre Limited	-	0.00
		Edelweiss Asset Management Limited	0.25	-
		Edelweiss Broking Limited	0.70	-
20	Rating Support fees paid to	Edelweiss Financial Services Limited	0.18	0.21
21	Corporate Social Responsibility	EdelGive Foundation	5.00	-
22	Corporate Guarantee support fee paid to	Edelweiss Financial Services Limited	121.52	79.78
23	Commission and Sub-brokerage paid to	Edelweiss Securities Limited	-	1.12
		Edelweiss Global Wealth Management Limited	26.77	9.91
24	Clearing charges paid to	Edelweiss Securities Limited	-	-
		Edelweiss Custodial Services Limited	0.14	0.11
25	ESOP Cost	Edelweiss Financial Services Limited	4.65	-
26	Remuneration to Key Management Personnel (refer note 2 below)	Bhavin N Mehta	-	1.76
		Amit Dhawan	10.98	-
<b>(III) Secondary market transactions</b>				
1	Sale of securities (Securities held for trading) to	ECL Finance Limited	3,592.75	641.31
		Edelweiss Finance & Investments Limited	102.42	668.81
		Edelweiss Rural & Corporate Services Limited	1,028.03	83.82
		Edelweiss Retail Finance Limited	244.34	-
		ECap Equities Limited	648.85	-
2	Purchase of securities (Securities held for trading) from	ECL Finance Limited	-	245.17
		ECap Equities Limited	-	1,012.27
		Edelweiss Finance & Investments Limited	-	480.15
		Edelweiss Rural & Corporate Services Limited	1,163.28	2,501.53



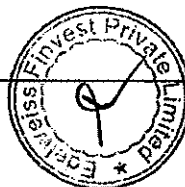
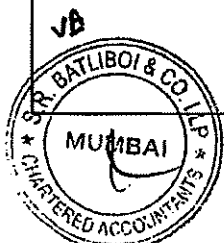
# Edelweiss Finvest Private Limited

Notes to the financial statements for the year ended March 31, 2019

(Currency: Indian rupees)

## 45 Disclosure of related party transactions pursuant to Ind AS 24 "Related Party Transactions"(continued)

Sr. No.	Nature of Transaction	Related Party Name	2018-19	2017-18
<b>(III) Secondary market transactions</b>				
3	Amount paid to Broker for trading in cash segment	Edelweiss Securities Limited	589.89	-
4	Amount received from Broker for trading in cash segment	Edelweiss Securities Limited	707.22	-
5	Margin placed with broker (refer note 1 below)	Edelweiss Custodial Services Limited Edelweiss Securities Limited	690.03 0.53	11.07 352.98
6	Margin withdrawn from broker (refer note 1 below)	Edelweiss Custodial Services Limited Edelcap Securities Limited Edelweiss Securities Limited	37.74 - 1.39	277.61 367.85 -
7	Sale of Securities receipts to	ECL Finance Limited	1,833.30	-
8	Purchase of property, plant and equipment	Edelweiss Broking Limited ECL Finance Limited Edelweiss Financial Services Limited Edelweiss Housing Finance Limited	0.88 0.19 0.00 0.00	- - - -
<b>(IV) Balances with related parties</b>				
1	Investments in equity shares	Edelweiss Retail Finance Limited Edelweiss Asset Reconstruction Company Limited	264.00 326.14	264.00 326.14
2	Investments in units of	Edelweiss Private Equity Tech fund Edelweiss Value and Growth Fund	80.41 210.27	56.89 159.27
3	Subordinate debt issued to	Edelweiss Tokio Life Insurance Company Limited	150.00	150.00
4	Benchmark Debentured held by	Ecap Equities Limited	195.55	-
5	Debenture and bonds (securities held for trading) of	ECL Finance Limited	-	63.29
6	Non-convertible redeemable debentures	Ecap Equities Limited Edelweiss Rural & Corporate Services Limited	- -	3,302.64 55.00
7	Interest accrue but not due on benchmark linked debentured held by	Ecap Equities Limited	1.78	-
8	Interest accrued on subordinate debt	Edelweiss Tokio Life Insurance Company Limited	11.17	11.26
9	Short term loans taken from	Edelweiss Commodities Services Limited	-	7,761.96
10	Short term loans given to	Edelweiss Commodities Services Limited Edel Finance Company Limited	203.60 1,200.00	- -
11	Trade Payables to	Edelweiss Financial Services Limited  Edelweiss Business Services Limited  Edelweiss Securities Limited ECL Finance Limited Ecap Equities Limited Edelweiss Alternative Asset Advisors Limited Edelweiss Global Wealth Management Limited Edelweiss Finance & Investments Limited Edelweiss Asset Reconstruction Company Limited Edelweiss Rural & Corporate Services Limited Edelweiss Asset Management Limited Edelweiss Broking Limited Eternity Business Centre Limited	142.90  30.29  0.25 24.01 2.23 34.92 8.04 - - - 1.19 0.09 0.18 0.00	90.90  8.59  94.13 48.92 0.17 44.09 4.05 0.20 8.83 - - - -



# Edelweiss Finvest Private Limited

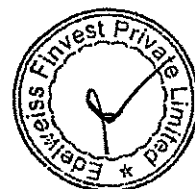
Notes to the financial statements for the year ended March 31, 2019  
(Currency: Indian rupees)

## 45 Disclosure of related party transactions pursuant to Ind AS 24 "Related Party Transactions"(continued)

Sr. No.	Nature of Transaction	Related Party Name	2018-19	2017-18
<b>(IV) Balances with related parties</b>				
12	Other receivables from	ECL Finance Limited	17.33	0.01
		Edelweiss Securities Limited	1.11	0.94
		Edelweiss Custodial Services Limited	1.78	0.78
		Edelweiss Rural & Corporate Services Limited	-	0.04
		Edelweiss Finance & Investments Limited	2.22	-
		Edelweiss Financial Services Limited	0.13	-
		ECap Equities Limited	0.02	-
		Edelweiss Alternative Asset Advisors Limited	0.03	-
		Edelweiss Business Services Limited	0.06	-
		Edelweiss Broking Limited	4.03	-
13	Interest receivable-Accrued & due-Group Company	Edelweiss Rural & Corporate Services Limited	17.57	-
		Edel Finance Company Limited	0.98	-
14	Interest accrued but not due on debentures and bonds of	ECL Finance Limited	-	34.49
15	Margin placed with broker	Edelweiss Custodial Services Limited	667.67	59.40
		Edelweiss Securities Limited	-	1.33
16	Corporate Guarantee taken from	Edelweiss Financial Services Limited	5,030.10	8,492.50

### Note

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



**Edelweiss Finvest Private Limited****Notes to the financial statements for the year ended March 31, 2019**

(Currency: Indian rupees in million)

**46. Capital Management**

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

**The Pillars of its policy are as follows:**

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

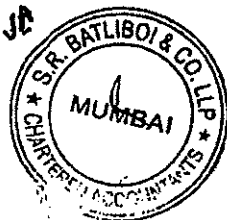
This framework is adjusted based on underlying macro-economic factors affecting business environment, financial market conditions and interest rates environment

**Regulatory capital**

The below regulatory capital is computed in accordance with Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 1, 2016 issued by Reserve Bank of India.

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
<b>Capital Funds</b>			
Net owned funds (Tier I capital)	8,744.79	7,875.63	4,327.38
Tier II capital	589.86	512.65	670.56
<b>Total capital funds</b>	<b>9,334.65</b>	<b>8,388.28</b>	<b>4,997.94</b>
<b>Total risk weighted assets/ exposures</b>	<b>32,828.41</b>	<b>35,933.69</b>	<b>18,150.75</b>
<b>% of capital funds to risk weighted assets/exposures:</b>			
Tier I capital	26.64%	21.92%	23.84%
Tier II capital	1.80%	1.43%	3.69%
Total capital Funds	28.44%	23.35%	27.53%

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





# Edelweiss Finvest Private Limited

## Notes to the financial statements for the year ended March 31, 2019

(Currency: Indian rupees in million)

### 47. Fair Value measurement:

#### 47.A Valuation Principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique. In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques:

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

Level 2 – valuation technique using observable inputs: Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life.

Level 3 – valuation technique with significant unobservable inputs: Those that include one or more unobservable input that is significant to the measurement as whole.

Refer note 4.10 for more details on fair value hierarchy

#### 47.B Valuation governance framework

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

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

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

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

As at March 31, 2019

Assets measured at fair value on a recurring basis

Derivative financial instruments

Exchange-traded derivatives

Embedded derivatives in benchmark-linked debentures

Total derivative financial instruments - A

Financial assets held for trading

Other debt securities

Total financial assets held for trading - B

Investments

Equity shares

Preference shares

Security receipts

Units of AIF

Units of venture fund

Total Investments measured at fair value - C

Total (A+B+C)

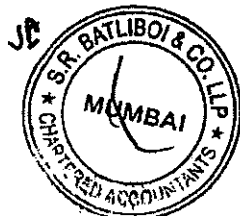
Liabilities measured at fair value on a recurring basis

Derivative financial instruments

Exchange-traded derivatives

Embedded derivatives in benchmark-linked debentures

	Level 1	Level 2	Level 3	Total
Assets measured at fair value on a recurring basis				
Derivative financial instruments				
Exchange-traded derivatives	413.69	-	-	413.69
Embedded derivatives in benchmark-linked debentures	-	-	327.50	327.50
Total derivative financial instruments - A	413.69	-	327.50	741.19
Financial assets held for trading				
Other debt securities	-	1,142.87	-	1,142.87
Total financial assets held for trading - B	-	1,142.87	-	1,142.87
Investments				
Equity shares	-	-	6.58	6.58
Preference shares	-	-	37.27	37.27
Security receipts	-	-	845.69	845.69
Units of AIF	-	-	290.68	290.68
Units of venture fund	-	-	91.65	91.65
Total Investments measured at fair value - C	-	-	1,271.87	1,271.87
Total (A+B+C)	413.69	1,142.87	1,599.37	3,155.93
Liabilities measured at fair value on a recurring basis				
Derivative financial instruments				
Exchange-traded derivatives	2.57	-	-	2.57
Embedded derivatives in benchmark-linked debentures	-	-	422.49	422.49
	2.57	-	422.49	425.06



# Edelweiss Finvest Private Limited

Notes to the financial statements for the year ended March 31, 2019

(Currency: Indian rupees in million)

## 47. Fair Value measurement: (Continued)

As at March 31, 2018

Assets measured at fair value on a recurring basis

Derivative financial instruments

Exchange-traded derivatives

Embedded derivatives in benchmark-linked debentures

Total derivative financial instruments - A

Financial assets held for trading

Other debt securities

Equity instruments

Mutual fund units

Total financial assets held for trading - B

Investments

Equity shares

Preference shares

Security receipts

Units of AIF

Units of venture fund

Total investments measured at fair value - C

Total (A+B+C)

Liabilities measured at fair value on a recurring basis

Derivative financial instruments

Exchange-traded derivatives

Embedded derivatives in benchmark-linked debentures

As at April 01, 2017

Assets measured at fair value on a recurring basis

Derivative financial instruments

Exchange-traded derivatives

Embedded derivatives in benchmark-linked debentures

Total derivative financial instruments - A

Financial assets held for trading

Government debt securities

Other debt securities

Mutual fund units

Equity instruments

Total financial assets held for trading - B

Investments

Equity shares

Preference shares

Security receipts

Units of AIF

Units of venture fund

Mutual fund units

Warrants

Total investments measured at fair value - C

Total (A+B+C)

Liabilities measured at fair value on a recurring basis

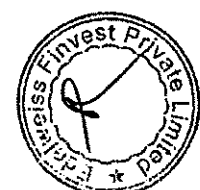
Derivative financial instruments

Exchange-traded derivatives

Embedded derivatives in benchmark-linked debentures

Total (A+B)

	Level 1	Level 2	Level 3	Total
<b>As at March 31, 2018</b>				
<b>Assets measured at fair value on a recurring basis</b>				
Derivative financial instruments				
Exchange-traded derivatives	1.90	-	-	1.90
Embedded derivatives in benchmark-linked debentures	-	-	287.67	287.67
<b>Total derivative financial instruments - A</b>	<b>1.90</b>	<b>-</b>	<b>287.67</b>	<b>289.57</b>
Financial assets held for trading				
Other debt securities	-	101.01	-	101.01
Equity instruments	100.00	-	-	100.00
Mutual fund units	1,498.73	-	-	1,498.73
<b>Total financial assets held for trading - B</b>	<b>1,598.73</b>	<b>101.01</b>	<b>-</b>	<b>1,699.74</b>
Investments				
Equity shares	-	-	3.63	3.63
Preference shares	-	-	25.69	25.69
Security receipts	-	-	3,692.00	3,692.00
Units of AIF	-	-	223.67	223.67
Units of venture fund	-	-	82.37	82.37
<b>Total investments measured at fair value - C</b>	<b>-</b>	<b>-</b>	<b>4,027.36</b>	<b>4,027.36</b>
<b>Total (A+B+C)</b>	<b>1,600.63</b>	<b>101.01</b>	<b>4,315.03</b>	<b>6,016.67</b>
<b>Liabilities measured at fair value on a recurring basis</b>				
Derivative financial instruments				
Exchange-traded derivatives	11.12	-	-	11.12
Embedded derivatives in benchmark-linked debentures	-	-	212.44	212.44
	<b>11.12</b>	<b>-</b>	<b>212.44</b>	<b>223.56</b>
<b>As at April 01, 2017</b>				
<b>Assets measured at fair value on a recurring basis</b>				
Derivative financial instruments				
Exchange-traded derivatives	61.78	-	-	61.78
Embedded derivatives in benchmark-linked debentures	-	-	218.72	218.72
<b>Total derivative financial instruments - A</b>	<b>61.78</b>	<b>-</b>	<b>218.72</b>	<b>280.50</b>
Financial assets held for trading				
Government debt securities	-	-	-	-
Other debt securities	-	-	-	-
Mutual fund units	-	-	-	-
Equity instruments	1,230.94	-	-	1,230.94
<b>Total financial assets held for trading - B</b>	<b>1,230.94</b>	<b>-</b>	<b>-</b>	<b>1,230.94</b>
Investments				
Equity shares	444.88	-	366.55	811.43
Preference shares	-	-	25.69	25.69
Security receipts	-	-	2,173.04	2,173.04
Units of AIF	-	-	29.16	29.16
Units of venture fund	-	-	52.75	52.75
Mutual fund units	98.66	-	-	98.66
Warrants	-	11.49	-	11.49
<b>Total investments measured at fair value - C</b>	<b>543.54</b>	<b>11.49</b>	<b>2,647.19</b>	<b>3,202.22</b>
<b>Total (A+B+C)</b>	<b>1,836.26</b>	<b>11.49</b>	<b>2,865.91</b>	<b>4,713.66</b>
<b>Liabilities measured at fair value on a recurring basis</b>				
Derivative financial instruments				
Exchange-traded derivatives	24.34	-	-	24.34
Embedded derivatives in benchmark-linked debentures	-	-	266.32	266.32
<b>Total (A+B)</b>	<b>24.34</b>	<b>-</b>	<b>266.32</b>	<b>290.66</b>



# Edelweiss Finvest Private Limited

## Notes to the financial statements for the year ended March 31, 2019

(Currency: Indian rupees in million)

### 47. Fair Value measurement: (Continued)

#### D. Valuation techniques:

##### Debt securities:

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

##### Security receipts

The market for these securities is not active. Therefore, the Company uses valuation techniques to measure their fair values. Since the security receipts are less liquid instruments therefore they are valued by discounted cash flow models. Expected cash flow levels are estimated by using quantitative and qualitative measures regarding the characteristics of the underlying assets including prepayment rates, default rates and other economic drivers. Securities receipts with significant unobservable valuation inputs are classified as Level 3.

##### Equity instruments, preference shares, warrants and units of mutual fund:

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

##### Units of AIF Fund and Venture Fund

Units held in AIF funds are measured based on their published net asset value (NAV), taking into account redemption and/or other restrictions. Such instruments are classified as Level 3.

##### Embedded derivative:

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

Company uses valuation models which calculate the present value of expected future cash flows, based upon 'no arbitrage' principles. Inputs to valuation models are determined from observable market (Indicés) data wherever possible, including prices available from exchanges, dealers, brokers. Company classify these embedded derivative as level 3 instruments.

##### Exchange traded derivatives:

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

E. There have been no transfers between levels during the year ended March 31, 2019 and March 31, 2018.

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

Financial year ended March 2019	Security receipts	Units of AIF	Units of venture fund	Equity instruments	Other debt securities	Total
Investments - at April 1, 2018	3,692.00	223.67	82.37	3.63	25.69	4,027.36
Purchase	5,302.21	35.97	-	-	-	5,338.18
Sale / redemption proceeds	(8,350.50)	-	-	-	-	(8,350.50)
Transfer into level 3	-	-	-	-	-	-
Transfer from level 3	-	-	-	-	-	-
Profit for the year recognised in profit or loss	201.98	31.04	9.28	2.95	11.58	256.83
Investments - at March 31, 2019	845.69	290.68	91.65	6.58	37.27	1,271.87
Unrealised gain/(Loss) related to balances held at the end of the year	311.21	38.56	21.66	4.84	(2.73)	373.54

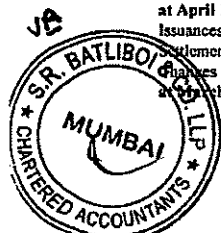
Financial year ended March 2018	Security receipts	Units of AIF	Units of venture fund	Equity instruments	Other debt securities	Total
Investments - at April 1, 2017	2,173.04	29.16	52.75	366.55	25.69	2,647.19
Purchase	2,263.38	187.00	21.67	-	-	2,472.05
Sale / redemption proceeds	(959.01)	-	-	(413.95)	-	(1,372.96)
Transfer into level 3	-	-	-	-	-	-
Transfer from level 3	-	-	-	-	-	-
Profit for the year recognised in profit or loss	214.59	7.51	7.95	51.03	-	281.08
Investments - at March 31, 2018	3,692.00	223.67	82.37	3.63	25.69	4,027.36
Unrealised gain/(Loss) related to balances held at the end of the year	229.73	7.51	12.37	1.89	(14.31)	237.19

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

Financial year ended March 2019	Embedded Options		Net Balance
	Assets	Liabilities	
at April 1, 2018	287.67	212.44	75.23
Issuances	244.04	208.91	35.13
Settlements	71.95	42.29	29.66
Changes in fair value recognised in profit or loss	(276.16)	(41.15)	(235.01)
Investments - at March 31, 2019	327.50	422.49	(94.99)

Financial year ended March 2018	Embedded Options		Net Balance
	Assets	Liabilities	
at April 1, 2017	218.37	223.17	(4.80)
Issuances	126.55	176.63	(50.08)
Settlements	(57.66)	(182.31)	124.65
Changes in fair value recognised in profit or loss	0.42	(5.05)	5.47
Investments - at March 31, 2018	287.68	212.44	75.24



# Edelweiss Finvest Private Limited

## Notes to the financial statements for the year ended March 31, 2019

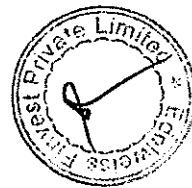
(Currency: Indian rupees in million)

### 47. Fair Value measurement: (Continued)

#### F. Impact on Fair value of level 3 financial instrument of changes to key unobservable inputs

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

Type of Financial Instruments	Fair value of asset as on 31 March 2019	Valuation Techniques	Significant Unobservable input	Range of estimates for unobservable input	Increase in the unobservable input	Change in fair value	Decrease in the unobservable input	Change in fair value
Security receipts	845.69	Discounted Cash flow. The present value of expected future economic benefits to be derived from the ownership of the underlying investments of the Trust.	Expected future cash flows	308.58	5% increase in Expected future Cash flow	41.53	5% Decrease in Expected future Cash flow	(41.53)
			Risk-adjusted discount rate	12%	0.5% increase in Risk-adjusted discount rate	(9.97)	0.5% Decrease in Risk-adjusted discount rate	10.19
Units of AIF	290.68	Net Asset approach	Fair value of underlying investments	Rs. 107,701 to Rs. 141,337 per unit	5% Increase in Fair value of Underlying Investment	14.53	5% Decrease in Fair value of Underlying Investment	(14.53)
Units of venture fund	91.65	Net Asset approach	Fair value of underlying investments	Rs. 125,966 to Rs. 195,558 per unit	5% Increase in Fair value of Underlying Investment	4.58	5% Decrease in Fair value of Underlying Investment	(4.58)
Unquoted equity shares	6.58	Comparable transaction and P/E	Fair value per share	Rs. 182 per share	5% Increase in Fair value	0.33	5% Decrease in Fair value	(0.33)
Unquoted preference shares	37.27	Comparable transaction and P/E	Fair value per share	Rs. 7.141 per share	5% Increase in Fair value	1.86	5% Decrease in Fair value	(1.86)
Embedded derivatives (net)	94.99	Discounted Cash flows: The present value of expected future cash flows estimated based on Nifty forward discounted at current risk adjusted discount rate	Market Index Curve	5%	5% increase in Market Index curve	(4.27)	5% Decrease in Market Index curve	4.27
			Risk-adjusted discount rate	10.25%	0.5% increase in Risk-adjusted discount rate	0.51	0.5% increase in Risk-adjusted discount rate	(0.51)



# Edelweiss Finvest Private Limited

Notes to the financial statements for the year ended March 31, 2019

(Currency/Indian rupees in million)

## Value measurement: (Continued)

Impact on fair value of level 3 financial instrument of changes to key unobservable inputs (continued)

Type of Financial Instruments	Fair value of asset as on 31 March 2018	Valuation Techniques	Significant Unobservable Input	Range of estimates for unobservable input	Increase in the unobservable input	Change in fair value	Decrease in the unobservable input	Change in fair value
Security receipts	3,692.00	Discounted Cash flow. The present value of expected future economic benefits to be derived from the ownership of the underlying investments of the Trust.	Expected future cash flows	277.14	5% increase in Expected future Cash flow	125.95	5% Decrease in Expected future Cash flow	(125.95)
			Risk-adjusted discount rate	12%	0.5% increase in Risk-adjusted discount rate	(34.56)	0.5% Decrease in Risk-adjusted discount rate	35.36
Unit of AIF	223.67	Net Asset approach	Fair value of underlying investments	Rs. 101,435 to Rs. 109,179 per unit	5% Increase in Fair value of Underlying Investment	11.18	5% Decrease in Fair value of Underlying Investment	(11.18)
Units of venture fund	82.37	Net Asset approach	Fair value of underlying investments	Rs. 114,692 to Rs. 156,471 per unit	5% Increase in Fair value of Underlying Investment	4.12	5% Decrease in Fair value of Underlying Investment	(4.12)
Unquoted equity shares	3.63	Comparable transaction and P/E	Fair value per share	Rs. 101 per share	5% Increase in Fair value	0.18	5% Decrease in Fair value	(0.18)
Unquoted preference shares	25.69	Comparable transaction and P/E	Fair value per share	Rs. 4,923 per share	5% Increase in Fair value	1.28	5% Decrease in Fair value	(1.28)
Embedded derivatives (net)	75.23	Discounted Cash flow: The present value of expected future cash flows estimated based on Nifty forward discounted at current risk adjusted discount rate	Market Index Curve	5%	5% increase in Market Index curve	(3.39)	5% Decrease in Market Index curve	3.39
			Risk-adjusted discount rate	10.25%	0.5% increase in Risk-adjusted discount rate	0.41	0.5% increase in Risk-adjusted discount rate	(0.41)



# Edelweiss Finvest Private Limited

## Notes to the financial statements for the year ended March 31, 2019

(Currency: Indian rupees in million)

### 47. Fair Value measurement: (Continued)

#### G. Fair value of financial instruments not measured at fair value:

The table below is a comparison, by class, of the carrying amounts and fair values of the Company's financial instruments that are not carried at fair value in the financial statements. This table does not include the fair values of non-financial assets and non-financial liabilities.

As at March 31, 2019	Carrying Value	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>					
Cash and cash equivalents	4,670.11	4,670.11	-	-	4,670.11
Trade Receivables	21.34	-	21.34	-	21.34
Other Receivables	26.46	-	26.46	-	26.46
Loans	24,560.55	-	-	24,817.05	24,817.05
Investments	590.14	-	590.14	-	590.14
Other financial assets	668.12	-	668.12	-	668.12
<b>Total Financial Assets</b>	<b>30,536.72</b>	<b>4,670.11</b>	<b>1,306.06</b>	<b>24,817.05</b>	<b>30,793.22</b>
<b>Financial Liabilities</b>					
Trade payables	323.89	-	323.89	-	323.89
Debt securities	22,275.76	-	18,867.53	-	18,867.53
Borrowings (other than debt securities)	337.18	-	342.34	-	342.34
Subordinated Liabilities	161.17	-	169.78	-	169.78
Other financial liabilities	22.74	-	22.74	-	22.74
<b>Total Financial Liabilities</b>	<b>23,120.74</b>	<b>-</b>	<b>19,726.28</b>	<b>-</b>	<b>19,726.28</b>
<b>Off balance-sheet items</b>					
Undrawn commitments	8,823.44	-	-	3,700.92	3,700.92
<b>Total Off balance-sheet items</b>	<b>8,823.44</b>	<b>-</b>	<b>-</b>	<b>3,700.92</b>	<b>3,700.92</b>
<b>As at March 31, 2018</b>	<b>Carrying Value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial Assets</b>					
Cash and cash equivalents	363.75	363.75	-	-	363.75
Trade Receivables	12.85	-	12.85	-	12.85
Other Receivables	10.60	-	10.60	-	10.60
Loans	27,977.43	-	-	27,904.85	27,904.85
Investments	590.14	-	590.14	-	590.14
Other financial assets	19.33	-	19.33	-	19.33
<b>Total Financial Assets</b>	<b>28,974.10</b>	<b>363.75</b>	<b>632.92</b>	<b>27,904.85</b>	<b>28,901.52</b>
<b>Financial Liabilities</b>					
Trade payables	345.54	-	345.54	-	345.54
Debt securities	17,970.76	-	15,883.42	-	15,883.42
Borrowings (other than debt securities)	8,198.80	-	8,321.57	-	8,321.57
Subordinated Liabilities	161.26	-	180.36	-	180.36
Other financial liabilities	16.54	-	16.54	-	16.54
<b>Total Financial Liabilities</b>	<b>26,692.90</b>	<b>-</b>	<b>24,747.43</b>	<b>-</b>	<b>24,747.43</b>
<b>Off balance-sheet items</b>					
Undrawn commitments	828.12	-	-	293.49	293.49
<b>Total Off balance-sheet items</b>	<b>828.12</b>	<b>-</b>	<b>-</b>	<b>293.49</b>	<b>293.49</b>



# Edelweiss Finvest Private Limited

## Notes to the financial statements for the year ended March 31, 2019

(Currency: Indian rupees in million)

### 47. Fair Value measurement: (Continued)

#### G. Fair value of financial instruments not measured at fair value (continued):

As at April 01, 2017	Carrying Value	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>					
Cash and cash equivalents	70.20	70.20	-	-	70.20
Trade Receivables	0.02	-	0.02	-	0.02
Other Receivables	69.76	-	69.76	-	69.76
Loans	14,363.67	-	-	14,518.22	14,518.22
Investments	656.81	-	656.81	-	656.81
Other financial assets	460.66	-	460.66	-	460.66
<b>Total Financial Assets</b>	<b>15,621.12</b>	<b>70.20</b>	<b>1,187.25</b>	<b>14,518.22</b>	<b>15,775.67</b>
<b>Financial Liabilities</b>					
Trade payables	74.35	-	74.35	-	74.35
Debt securities	12,945.64	-	11,513.04	-	11,513.04
Borrowings (other than debt securities)	12.01	-	12.01	-	12.01
Subordinated Liabilities	161.12	-	182.26	-	182.26
Other financial liabilities	58.65	-	58.65	-	58.65
<b>Total Financial Liabilities</b>	<b>13,251.77</b>	<b>-</b>	<b>11,840.31</b>	<b>-</b>	<b>11,840.31</b>
<b>Off balance-sheet items</b>					
Undrawn commitments	212.94	-	-	70.58	70.58
<b>Total Off balance-sheet items</b>	<b>212.94</b>	<b>-</b>	<b>-</b>	<b>70.58</b>	<b>70.58</b>

#### H. Valuation Methodologies of Financial Instruments not measured at fair value

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

##### Short Term Financial Assets and Liabilities

For financial assets and financial liabilities that have a short-term maturity (less than twelve months), the carrying amounts are a reasonable approximation of their fair value. Such instruments include: Trade receivables, balances other than cash and cash equivalents, trade payables and contract liability without a specific maturity. Such amounts have been classified as Level 2 on the basis that no adjustments have been made to the balances in the balance sheet.

##### Financial assets at amortised cost

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

##### Issued Debt

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

##### Off balance-sheet

Estimated fair values of off-balance sheet positions in form of undrawn commitment are estimated using a discounted cash flow model based on contractual committed cash flows after applying the credit conversion factor, using actual or estimated yields and discounting by yields incorporating the counterparties' credit risk.



# Edelweiss Finvest Private Limited

## Notes to the financial statements for the year ended March 31, 2019

(Currency: Indian rupees in million)

### 48. Risk Management

#### A. Introduction and risk profile

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

The Company believes that effective risk management requires:

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

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

#### B. Risk Management Structure

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

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

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

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

#### C. Risk mitigation and risk culture

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

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

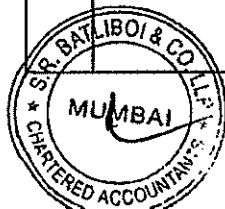
It is the Company's policy that a monthly briefing is given to the Board of Directors and all other relevant members of the Company in the utilisation of market limits, proprietary investments and liquidity, plus any other risk developments.

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

#### D. Types of Risks

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

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





## Edelweiss Finvest Private Limited

### Notes to the financial statements for the year ended March 31, 2019

(Currency: Indian rupees in million)

#### 48. Risk Management

##### 48.D.1 Credit Risk

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

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

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

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

##### Derivative financial instruments:

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

##### Impairment Assessment:

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

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

Internal rating grade	Internal grading description	Stages
Performing		
High grade	0 dpd and 1 to 30 dpd	Stage 1
Standard grade	31 to 90 dpd	Stage 2
Non-performing		
Individually impaired	90+ dpd	Stage 3

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

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

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

##### Significant increase in credit risk (SICR)

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

##### Probability of Default

Probability of default (PD) is an estimate of the likelihood of default over a given time horizon. PD estimation process is done based on historical internal data available with the Company. While arriving at the PD, the Company also ensures that the factors that affects the macro economic trends are considered to a reasonable extent, wherever necessary. Company calculates the 12 month PD by taking into account the past historical trends of the Loans/portfolio and its credit performance. In case of assets where there is a significant increase in credit risk / credit impaired assets, lifetime PD has been applied.

##### Loss Given Default (LGD)

The LGD represents expected losses on the EAD given the event of default, taking into account, among other attributes, the mitigating effect of collateral value at the time it is expected to be realised and the time value of money. The Loss Given Default (LGD) has been computed with workout methodology. Workout LGD is widely considered to be the most flexible, transparent and logical approach to build an LGD model. Along with actual recoveries, value of the underlying collateral has been factored in to estimate future recoveries in LGD computation. Workout LGD computation involves the actual recoveries as well as future recoveries (as a part of the workout process) on a particular facility, as a percentage of balance outstanding at the time of Default/Restructuring. The assessment of workout LGD was then performed. Principal outstanding for each loan was assessed, which went into the denominator of the LGD calculation. LGD computation has been done for each segment and sub-segment separately.



**Edelweiss Finvest Private Limited****Notes to the financial statements for the year ended March 31, 2019**

(Currency: Indian rupees in million)

**48. Risk Management (continued)****48.D.1 Credit Risk (continued)****Exposure at Default (EAD)**

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

$$\text{EAD} = \text{Drawn Credit Line} + \text{Credit Conversion Factor} \times \text{Undrawn Credit Line}$$

Where,

Drawn Credit Line = Current outstanding amount

Credit Conversion Factor (CCF) = Expected future drawdown as a proportion of undrawn amount

Undrawn Credit Line = Difference between the total amount which the Company has committed and the drawn credit line While the drawn exposure and limits for the customer are available, the modelling of CCF is required for computing the EAD

**Forward looking adjustments**

"A measure of ECL is an unbiased probability-weighted amount that is determined by evaluating a range of possible outcomes and using reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions."

To fulfil the above requirement Company has incorporated forward looking information into its measurement of ECL. The objective of developing a macroeconomic model using exogenous macroeconomic variables (MEVs) is to address the requirements of unbiased, probability weighted outcomes while taking into account current conditions as well as future economic conditions. This will be achieved by using the model output to adjust the PD risk component in order to make it forward looking and probability-weighted.

Exogenous macroeconomic parameters were used as independent (X) variables to predict the dependent (Y) variable. Keeping in mind Ind AS requirements around obtaining reliable and supportable information, without incurring undue cost or effort- based on advice of risk committee members and economic experts and consideration of a variety of external actual and forecast information, the Company formulates base case view of the future direction of relevant economic variable as well as a representative range of other possible forecast scenario. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome.

**Data sourcing**

The Company is expected to obtain reasonable and supportable information that is available without undue cost or effort. Keeping in mind the above requirement macroeconomic information was aggregated from Economic Intelligence Unit (EIU), Bloomberg, World Bank, RBI database. The EIU data has a database of around 150 macroeconomic variables as well as their forecasted values. Beyond 2022 macro-economic variables are forecasted by mean reverting the values to their long term average. External information includes economic data and forecasts published by governmental bodies and monetary authorities in the country, supranational organisations such as the OECD and the IMF, and selected private sector and academic forecasters.

**Probability weighted scenario creations:**

To incorporate macroeconomic impact into probability-weighted, each scenario has an associated probability. In order to ensure consistency across macroeconomic models, these probabilities were calculated at an overall level for both Retail and Non-Retail portfolios, keeping in mind that though the impact of a scenario across different portfolios may differ based on endogenous factors, the probability of a scenario unfolding is purely exogenous, and hence should not vary.

The Company has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and using an analysis of historical data, has estimated relationship between macro-economic variables and credit risk and credit losses.

The significant economic parameters scenarios used are as follows:

Key Economic Parameter	Base FY +1	Base FY +2
Debt-to-GDP ratio:	18.3-18.7%	18.7-19.2%
Total factor productivity	4-4.5	4.4-5.0
Labor productivity growth:	5.1-5.5%	5.5-6.3%
Unemployment rate	8.5-8.8%	8.5-8.8%
Gross Domestic Product	7.0-7.5%	7.5-8.0%

Apart from the above significant economic parameters, the Company has also identified and used few other economic parameter to build up the forward looking scenarios. These indicators include inflation, forecasted growth in real estate sector, expectation of industry performance, collateral coverage movement, conduct of accounts and expectation of market liquidity.

Above explained indicators have supported in measurement of ECL, and behaviours of such indicators will suitably support going forward in measurement of forward looking scenarios.

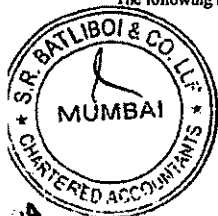
Predicted relationship between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analysing historical data over the past 5 years.

**48.D.2 Risk Concentration**

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

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

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



**Edelweiss Finvest Private Limited**
**Notes to the financial statements for the year ended March 31, 2019**

(Currency: Indian rupees in million)

**48. Risk Management (continued)**
**Credit Risk (continued)**
**48.D.2 Industry analysis - Risk concentration as at 31 March 2019**

Particulars	Financial Services	State & Central Government	Agriculture	Industry	Real Estate	Service Sector	Retail Loans	Others	Total
<b>Financial Assets</b>									
Cash and cash equivalents	4,670.11	-	-	-	-	-	-	-	4,670.11
Derivative financial instruments	706.85	-	-	-	-	-	-	-	706.85
Securities held for trading	1,142.86	-	-	-	-	-	-	-	1,142.86
Trade receivables	-	-	-	-	-	-	-	21.34	21.34
Other receivables	-	-	-	-	-	-	-	26.46	26.46
Loans	1,620.97	-	-	4,936.86	10,165.95	3,009.73	5,308.69	-	25,042.20
Investments	1,733.09	-	-	-	-	-	-	128.92	1,862.01
Other financial assets	668.12	-	-	-	-	-	-	-	668.12
<b>Total Assets</b>	<b>10,542.00</b>	<b>-</b>	<b>-</b>	<b>4,936.86</b>	<b>10,165.95</b>	<b>3,009.73</b>	<b>5,308.69</b>	<b>176.72</b>	<b>34,139.95</b>

**Industry analysis - Risk concentration as at 31 March 2018**

Particulars	Financial Services	State & Central Government	Agriculture	Industry	Real Estate	Service Sector	Retail Loans	Others	Total
<b>Financial Assets</b>									
Cash and cash equivalents	363.75	-	-	-	-	-	-	-	363.75
Derivative financial instruments	287.70	-	-	-	-	-	-	-	287.70
Securities held for trading	1,699.73	-	-	-	-	-	-	-	1,699.73
Trade receivables	-	-	-	-	-	-	-	12.85	12.85
Other receivables	-	-	-	-	-	-	-	10.60	10.60
Loans	747.07	-	-	6,025.60	14,859.39	5,352.39	1,837.66	-	28,822.11
Investments	4,509.44	-	-	-	-	-	-	108.06	4,617.50
Other financial assets	19.33	-	-	-	-	-	-	-	19.33
<b>Total Assets</b>	<b>7,627.02</b>	<b>-</b>	<b>-</b>	<b>6,025.60</b>	<b>14,859.39</b>	<b>5,352.39</b>	<b>1,837.66</b>	<b>131.51</b>	<b>35,833.57</b>

**Industry analysis - Risk concentration as at 1 April 2017**

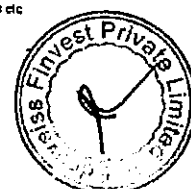
Particulars	Financial Services	State & Central Government	Agriculture	Industry	Real Estate	Service Sector	Retail Loans	Others	Total
<b>Financial Assets</b>									
Cash and cash equivalents	70.20	-	-	-	-	-	-	-	70.20
Derivative financial instruments	259.68	-	-	-	-	-	-	-	259.68
Securities held for trading	177.70	-	-	-	-	-	-	1,053.23	1,230.93
Trade receivables	-	-	-	-	-	-	-	0.02	0.02
Other receivables	-	-	-	-	-	-	-	69.76	69.76
Loans	2,204.99	-	-	3,207.50	5,467.59	3,588.62	112.75	-	14,581.45
Investments	3,529.42	-	-	-	-	-	-	329.61	3,859.03
Other financial assets	460.66	-	-	-	-	-	-	-	460.66
<b>Total Assets</b>	<b>6,702.65</b>	<b>-</b>	<b>-</b>	<b>3,207.50</b>	<b>5,467.59</b>	<b>3,588.62</b>	<b>112.75</b>	<b>1,452.62</b>	<b>20,531.73</b>

**48.D.3 Collateral and other credit enhancements**

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are in place covering the acceptability and valuation of each type of collateral. The main types of collateral obtained are charges over real estate properties, inventory, trade receivables, mortgages over residential properties, Securities. Management monitors the market value of collateral and will request additional collateral in accordance with the underlying agreement.

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

	Maximum exposure to credit risk			Principal type of collateral
	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017	
<b>Financial assets</b>				
Cash and cash equivalents	4,670.11	363.75	70.20	
Derivative financial instruments	706.85	287.70	259.68	
Securities held for trading	1,142.86	1,699.74	1,230.94	The Company invest in high rated Corporate Bonds and liquid Mutual fund units
Trade receivables	21.34	12.85	0.02	These are receivables mainly from Clearing houses, Group. Carrying minimum risk.
Other receivables	26.46	10.60	69.76	
Loans:				
i) Corporate Credit	19,733.51	27,000.13	14,468.66	Equity Shares, Mutual Fund units, Land, Property, Project Receivable etc.
ii) Retail Credit	5,308.69	1,821.98	112.79	Equity shares and Mutual fund units, Bonds, etc.
Investments	1,862.01	4,617.50	3,859.03	
Other financial assets	668.12	19.33	460.66	
<b>Total Financial Assets (A)</b>	<b>34,139.95</b>	<b>35,833.57</b>	<b>20,531.74</b>	
Loan commitments	8,823.44	828.12	212.94	Equity Shares, Mutual Fund units, Land, Property, Project Receivable etc.
Derivatives (B)	8,823.44	828.12	212.94	
<b>Total (A+B)</b>	<b>42,963.39</b>	<b>36,661.70</b>	<b>20,744.68</b>	



**Edelweiss Finvest Private Limited**

Notes to the financial statements for the year ended March 31, 2019

(Currency: Indian rupees in million)

**48. Risk Management (continued)**

**48.D.3 Collateral and other credit enhancements (continued)**

Financial assets that are stage 3 and related collateral held in order to mitigate potential losses are given below:

**Maximum exposure to credit risk as at March 31, 2019**

	Carrying amount before ECL	Associated ECL	Carrying amount	Fair value of collateral
a) Loans:				
Corporate Credit *	106.83	51.73	55.10	883.20
Retail Credit	4.30	1.23	3.07	3.21
<b>Total Financial Assets</b>	<b>111.13</b>	<b>52.96</b>	<b>58.17</b>	<b>886.41</b>

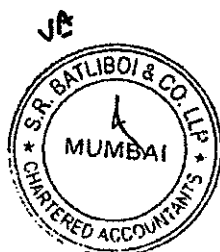
\* Secured by way of a pari passu charge over collateral

**Maximum exposure to credit risk as at March 31, 2018**

	Carrying amount before ECL	Associated ECL	Carrying amount	Fair value of collateral
a) Loans:				
Corporate Credit	506.20	493.29	12.91	1,158.70
Retail Credit	-	-	-	-
<b>Total Financial Assets</b>	<b>506.20</b>	<b>493.29</b>	<b>12.91</b>	<b>1,158.70</b>

**Maximum exposure to credit risk as at April 1, 2017**

There are no financial assets classified as stage 3 as at April 1, 2017.



## 48. Risk Management (Continued)

## 48.E Liquidity Risk

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

Company has a Liquidity Contingency Policy in place to ensure various liquidity parameters are defined and tracked regularly. Liquidity Management Team is provided with update on expected liquidity shortfalls in Normal as well as Stress scenario.

To manage the stressed circumstances the Company has ensured maintenance of a Liquidity Cushion in the form of Investments in Government Securities, Mutual Funds and Quoted Equity Shares. These assets carry minimal credit risk and can be liquidated in a very short period of time. A liquidity cushion amounting to 5-9% of the borrowings is sought to be maintained through such assets. These would be to take care of immediate obligations while continuing to honour our commitments as a going concern. There are available lines of credit from banks which are drawable on notice which further augment the available sources of funds. Funding is raised through diversified sources including Banks, Private issue of Debt, Sub Debt etc to maintain a healthy mix.

## Liquidity Cushion:

	As at 31 March 2019	As at 31 March 2018	As at 01 April 2017
Liquidity cushion			
Debt Securities	1,142.87	101.01	-
Mutual Fund Investments	-	1,498.73	-
Quoted Equity Instruments	-	100.00	1,230.94
Total Liquidity cushion	1,142.87	1,699.74	1,230.94

## Financing Arrangement

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

	As at 31 March 2019	As at 31 March 2018	As at 1-Apr-17
Committed Lines from Banks	45.00	45.00	-

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

	On Demand	Upto 3 Months	3 to 6 Months	6 Months to 1 year	1 year to 5 years	More than 5 years	Total
<b>Financial Assets</b>							
Cash and cash equivalents	120.11	4,500.00	-	50.00	-	-	4,670.11
Derivative financial instruments	-	706.85	-	-	-	-	706.85
Securities held for trading	-	1,142.86	-	-	-	-	1,142.86
Receivables							
(i) Trade receivables	-	21.34	-	-	-	-	21.34
(ii) Other receivables	-	26.46	-	-	-	-	26.46
Loans	-	2,363.81	1,537.40	4,482.87	23,730.63	1,137.45	33,252.16
Investments	-	-	-	-	-	1,862.01	1,862.01
Other financial assets	-	668.12	-	-	-	-	668.12
<b>Total undiscounted financial assets</b>	<b>120.11</b>	<b>9,429.44</b>	<b>1,537.40</b>	<b>4,532.87</b>	<b>23,730.63</b>	<b>2,999.46</b>	<b>42,349.91</b>
<b>Financial Liabilities</b>							
(a) Derivative financial instruments	-	422.49	-	-	-	-	422.49
(b) Trade payables	-	323.89	-	-	-	-	323.89
(c) Debt securities	-	4,613.34	1,384.83	4,566.83	9,605.55	2,171.33	22,341.88
(d) Borrowings (other than debt securities)	12.40	33.13	32.52	63.07	254.19	-	395.31
(e) Subordinated Liabilities	-	-	16.45	-	66.05	183.05	265.55
(f) Other financial liabilities	-	22.74	-	-	-	-	22.74
<b>Total undiscounted financial liabilities</b>	<b>12.40</b>	<b>5,415.59</b>	<b>1,433.80</b>	<b>4,629.90</b>	<b>9,925.79</b>	<b>2,354.38</b>	<b>23,771.86</b>
<b>Total net financial assets / (liabilities)</b>	<b>107.71</b>	<b>4,013.85</b>	<b>103.60</b>	<b>(97.03)</b>	<b>13,804.84</b>	<b>645.08</b>	<b>18,578.05</b>

## As at March 31, 2018 - Analysis of contractual maturities of financial assets and liabilities

	On Demand	Upto 3 Months	3 to 6 Months	6 Months to 1 year	1 year to 5 years	More than 5 years	Total
<b>Financial Assets</b>							
Cash and cash equivalents	363.75	-	-	-	-	-	363.75
Derivative financial instruments	-	287.70	-	-	-	-	287.70
Securities held for trading	-	1,699.74	-	-	-	-	1,699.74
Receivables							
(i) Trade receivables	-	12.85	-	-	-	-	12.85
(ii) Other receivables	-	10.60	-	-	-	-	10.60
Loans	-	502.33	1,132.50	2,919.55	32,715.16	1,728.01	38,997.55
Investments	-	-	-	-	-	4,617.50	4,617.50
Other financial assets	-	19.33	-	-	-	-	19.33
<b>Total undiscounted financial assets</b>	<b>363.75</b>	<b>2,532.55</b>	<b>1,132.50</b>	<b>2,919.55</b>	<b>32,715.16</b>	<b>6,345.51</b>	<b>46,009.02</b>
<b>Financial Liabilities</b>							
(a) Derivative financial instruments	-	212.44	-	-	-	-	212.44
(b) Trade payables	-	345.54	-	-	-	-	345.54
(c) Debt securities	-	1,051.21	3,697.11	2,504.87	9,290.92	1,613.73	18,157.84
(d) Borrowings (other than debt securities)	7,774.17	37.31	31.08	843.40	382.92	-	9,068.88
(e) Subordinated Liabilities	-	-	16.55	-	66.00	199.55	282.10
(g) Other financial liabilities	-	16.54	-	-	-	-	16.54
<b>Total undiscounted financial liabilities</b>	<b>7,774.17</b>	<b>1,663.64</b>	<b>3,744.74</b>	<b>3,348.27</b>	<b>9,739.84</b>	<b>1,813.28</b>	<b>28,083.34</b>
<b>Total net financial assets / (liabilities)*</b>	<b>(7,410.42)</b>	<b>869.51</b>	<b>(2,612.24)</b>	<b>(428.72)</b>	<b>22,975.32</b>	<b>4,532.23</b>	<b>17,925.68</b>

\* The Company had taken temporary loan from related parties aggregating to Rs. 7,761.96 million leading to a mismatch as at March 31, 2018. The Company repaid of the above activities during the financial year 2018-19 and has a positive ALM position as at March 31, 2019.



**Edelweiss Finvest Private Limited**

Notes to the financial statements for the year ended March 31, 2019

(Currency: Indian rupees in million)

**48. Risk Management (Continued)**
**48.E Liquidity Risk (continued)**
**As at April 1, 2017 - Analysis of contractual maturities of financial assets and liabilities**

	On Demand	Upto 3 Months	3 to 6 Months	6 Months to 1 year	1 year to 5 years	More than 5 years	Total
<b>Financial Assets</b>							
Cash and cash equivalents	70.20	-	-	-	-	-	70.20
Derivative financial instruments	-	259.68	-	-	-	-	259.68
Securities held for trading	-	1,230.94	-	-	-	-	1,230.94
Receivables							
(i) Trade receivables	-	0.02	-	-	-	-	0.02
(ii) Other receivables	-	69.76	-	-	-	-	69.76
Loans	-	2,290.37	827.43	4,674.40	10,706.23	138.66	18,637.09
Investments	-	98.66	-	-	-	3,760.37	3,859.03
Other financial assets	-	460.66	-	-	-	-	460.66
<b>Total undiscounted financial assets</b>	<b>70.20</b>	<b>4,410.09</b>	<b>827.43</b>	<b>4,674.40</b>	<b>10,706.23</b>	<b>3,899.03</b>	<b>24,587.38</b>
<b>Financial Liabilities</b>							
(a) Derivative financial instruments	-	266.32	-	-	-	-	266.32
(b) Trade payables	-	74.35	-	-	-	-	74.35
(c) Debt securities	-	237.17	439.74	5,690.44	6,393.97	316.88	13,078.20
(d) Borrowings (other than debt securities)	12.01	-	-	-	-	-	12.01
(f) Subordinated Liabilities	-	-	16.55	-	66.05	216.05	298.65
(g) Other financial liabilities	-	58.65	-	-	-	-	58.65
<b>Total undiscounted financial liabilities</b>	<b>12.01</b>	<b>636.49</b>	<b>456.29</b>	<b>5,690.44</b>	<b>6,460.02</b>	<b>532.93</b>	<b>13,788.18</b>
<b>Total net financial assets / (liabilities)</b>	<b>58.19</b>	<b>3,773.60</b>	<b>371.14</b>	<b>(1,016.04)</b>	<b>4,246.21</b>	<b>3,366.10</b>	<b>10,799.20</b>

**Contractual expiry of commitments**

The table below shows the contractual expiry by maturity of the Company's commitments.

**As at March 31, 2019**

Particulars	On Demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 Years	Total
Estimated amount of contracts capital account	-	-	0.06	-	-	0.06
Undrawn committed credit lines	-	-	8,823.44	-	-	8,823.44
Uncalled liabilities on non-current investments	233.87	-	-	-	-	233.87
	<b>233.87</b>	<b>-</b>	<b>8,823.50</b>	<b>-</b>	<b>-</b>	<b>9,057.37</b>

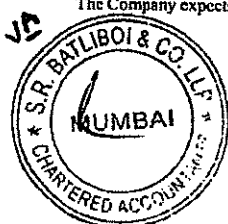
**As at March 31, 2018**

Particulars	On Demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 Years	Total
Estimated amount of contracts capital account	-	-	1.96	-	-	1.96
Undrawn committed credit lines	-	-	828.12	-	-	828.12
Uncalled liabilities on non-current investments	269.84	-	-	-	-	269.84
	<b>269.84</b>	<b>-</b>	<b>830.08</b>	<b>-</b>	<b>-</b>	<b>1,099.92</b>

**As at March 31, 2017**

Particulars	On Demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 Years	Total
Estimated amount of contracts capital account	-	-	-	-	-	-
Undrawn committed credit lines	-	-	212.94	-	-	212.94
Uncalled liabilities on non-current investments	154.51	-	-	-	-	154.51
	<b>154.51</b>	<b>-</b>	<b>212.94</b>	<b>-</b>	<b>-</b>	<b>367.45</b>

The Company expects that not all of the contingent liabilities or commitments will be drawn before expiry of the commitments.



# Edelweiss Finvest Private Limited

Notes to the financial statements for the year ended March 31, 2019

(Currency: Indian rupees in million)

## 48. Risk Management (Continued)

### 48.F Market Risk

Market risk is the risk which can affect the Company's income or the value of its holdings of financial instruments due to adverse movements in market prices of instrument due to interest rates, equity prices, foreign exchange rates and credit spreads. The objective of the Company's market risk management is to manage and control market risk exposures within acceptable parameters. The Company separates its exposure to market risks between trading and non-trading portfolios.

#### Global market risk exposure

Below table shows total market risk exposure of financial assets liabilities and financial liabilities with primary risk associated with class of respective financial assets.

Particulars	As at March 31, 2019			As at March 31, 2018			As at April 01, 2017			Primary market risk sensitivity
	Carrying Amount	Traded Risk	Non traded risk	Carrying Amount	Traded Risk	Non traded risk	Carrying Amount	Traded Risk	Non traded risk	
<b>Financial Assets</b>										
Cash and cash equivalents	4,670.11	-	4,670.11	363.75	-	363.75	70.20	-	70.20	Interest rate risk
Derivative financial instruments	706.85	706.85	-	287.70	287.70	-	259.68	259.68	-	Price risk, interest rate risk
Securities held for trading	1,142.86	1,142.86	-	1,699.74	1,699.74	-	1,230.94	1,230.94	-	Price risk, interest rate risk
Trade receivables	21.34	-	21.34	12.85	-	12.85	0.02	-	0.02	Price risk, interest rate risk
Other receivables	26.46	-	26.46	10.60	-	10.60	69.76	-	69.76	Interest rate risk
Loans	24,560.55	-	24,560.55	27,977.43	-	27,977.43	14,363.67	-	14,363.67	Interest rate risk
Investments	1,862.01	-	1,862.01	4,617.50	-	4,617.50	3,859.03	543.54	3,315.49	Price risk, interest rate risk
Other financial assets	668.12	-	668.12	19.33	-	19.33	460.66	-	460.66	Interest rate risk
<b>Total Assets</b>	<b>33,658.30</b>	<b>1,849.71</b>	<b>31,808.59</b>	<b>34,988.90</b>	<b>1,987.44</b>	<b>33,001.46</b>	<b>20,313.96</b>	<b>2,034.16</b>	<b>18,279.80</b>	
<b>Financial Liabilities</b>										
Derivative financial instruments	422.49	422.49	-	212.44	212.44	-	266.32	266.32	-	Price risk, interest rate risk
Trade payables	323.89	-	323.89	345.54	-	345.54	74.35	-	74.35	Price risk, interest rate risk
Debt securities	22,275.76	-	22,275.76	17,970.76	-	17,970.76	12,945.64	-	12,945.64	Price risk, interest rate risk
Borrowings (other than debt securities)	337.18	-	337.18	8,198.80	-	8,198.80	12.01	-	12.01	Interest rate risk
Subordinated Liabilities	161.17	-	161.17	161.26	-	161.26	161.12	-	161.12	Interest rate risk
Other financial liabilities	22.74	-	22.74	16.54	-	16.54	58.65	-	58.65	Interest rate risk
<b>Total Liabilities</b>	<b>23,543.23</b>	<b>422.49</b>	<b>23,120.74</b>	<b>26,905.34</b>	<b>212.44</b>	<b>26,692.90</b>	<b>13,518.09</b>	<b>266.32</b>	<b>13,251.77</b>	



# Edelweiss Finvest Private Limited

## Notes to the financial statements for the year ended March 31, 2019

(Currency: Indian rupees in million)

### 48. Risk Management

#### 48.F Market Risk (continued)

##### Interest Rate Risk

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

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

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

The following table demonstrates the sensitivity to a reasonably possible change in interest rates (all other variables being constant) of the Company's statement of profit and loss and equity. The sensitivity of the statement of profit and loss is the effect of the assumed changes in interest rates on the profit or loss for a year, based on the floating rate non-trading financial assets and financial liabilities held at 31 March 2019 and at 31 March 2018

##### Interest rate sensitivity

As at March 31, 2019						
	Increase in basis points	Sensitivity of Profit	Sensitivity of Equity	Decrease in basis points	Sensitivity of Profit	Sensitivity of Equity
Bank borrowings	25	(0.81)	-	25	0.81	-
Corporate debt securities	25	(2.86)	-	25	2.86	-

As at March 31, 2018						
	Increase in basis points	Sensitivity of Profit	Sensitivity of Equity	Decrease in basis points	Sensitivity of Profit	Sensitivity of Equity
Bank borrowings	25	(1.06)	-	25	1.06	-
Corporate debt securities	25	(0.25)	-	25	0.25	-

##### Price Risk

The Company's exposure to securities price risk arises from investments held in Equity Shares classified in the balance sheet at fair value through profit or loss. To manage its price risk arising from such investments, the Company diversifies its portfolio. Further these are all debt base securities for which the exposure is primarily on account of interest rate risk. Quotes (NAV) of these investments are available from the mutual fund houses.

Equity price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the level of individual investment in equity share prices.

As at March 31, 2019						
	Increase in price (%)	Sensitivity of Profit	Sensitivity of Equity	Decrease in price (%)	Sensitivity of Profit	Sensitivity of Equity
Derivative instruments	5	171.75	-	5	(171.75)	-

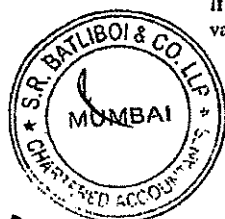
  

As at March 31, 2018						
	Increase in price (%)	Sensitivity of Profit	Sensitivity of Equity	Decrease in price (%)	Sensitivity of Profit	Sensitivity of Equity
Derivative instruments	5	(6.32)	-	5	6.32	-
Equity instruments	5	5.00	-	5	(5.00)	-
Mutual fund units	5	74.94	-	5	(74.94)	-

#### 48.G Prepayment Risk

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

If 5% of total repayable financial instruments were to prepay at the beginning of the year following the reported period, with all other variables held constant, the profit before tax for the year would be reduced by Rs. 105.94 million (previous year Rs. 83.61 million)





## Edelweiss Finvest Private Limited

### Notes to the financial statements for the year ended March 31, 2019

(Currency: Indian rupees in million)

#### 49. First Time adoption

These financial statements, for the year ended 31 March 2019, are the first annual financial statements the Company has prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2018, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP or previous GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March 2019, together with the comparative period data as at and for the year ended 31 March 2018, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1 April 2017, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2017 and the financial statements as at and for the year ended 31 March 2018.

#### Exemptions applied

The Company has prepared the opening balance sheet as per Ind AS as of 1 April 2017 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to the certain exception and certain optional exemptions availed by the Company as detailed below.

#### Impairment of financial assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

#### Past business combinations

The Company has elected not to apply Ind AS 103 Business Combinations retrospectively to past business combinations that occurred before the transition date of 1 April 2017.

#### Deemed cost for property, plant and equipment, investment property, and intangible assets

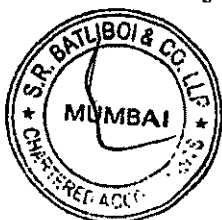
The Company has elected to continue with the carrying value of all of its plant and equipment, investment property, and intangible assets recognised as of 1 April 2017 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

#### Share based Payments

The Group has applied the requirements of Ind AS 102 Share-based payment to equity instruments that are unvested as of the transition to Ind AS (1 April 2017).

#### Determining whether an arrangement contains a lease

The Company has applied Appendix C of Ind AS 17 Determining whether an Arrangement contains a Lease to determine whether an arrangement existing at the transition date contains a lease on the basis of facts and circumstances existing at that date.



A handwritten signature in black ink, appearing to be a stylized 'S' or 'B' followed by a checkmark-like flourish.

# Edelweiss Finvest Private Limited

Notes to the financial statements for the year ended March 31, 2019

(Currency: Indian rupees in million)

## 49. First Time adoption (continued)

### Classification and measurement of financial assets:

The Company has classified and measured the financial assets on the basis of facts and circumstances that exist at the date of transition to Ind AS.

The reconciliations of equity and total Comprehensive income in accordance with Previous GAAP to Ind AS are explained below.

### Reconciliation of Equity as at:

Particulars	As at 31 March 2018	As at 1 April 2017
Total Equity / Shareholders' Funds as per Previous GAAP	8,384.33	5,396.97
Add: Impact of merger (Refer note 51.1)	-	1,646.04
Ind AS adjustments increasing / (decreasing) net profit as reported under Indian GAAP:		
Effective interest rate on financial assets and liabilities (net) *	(186.90)	63.87
Expected credit loss provision	(253.58)	(178.35)
Fair valuation of assets and liabilities	249.39	62.49
Others	27.26	-
Deferred tax adjustment on above	82.88	(68.32)
Total adjustment to Equity	(80.94)	(120.31)
Total Equity / Shareholders' Funds as per Ind AS	8,303.39	6,922.70

### Reconciliation of Total Comprehensive Income for the year ended 31 March 2018

Particulars	Year Ended 31 March 2018
Profit as reported under previous GAAP (A)	1,332.20
Ind AS adjustment on account of:	
Effective interest rate on financial assets and liabilities (net) *	(250.77)
Expected credit loss provision	(75.22)
Fair valuation of assets and liabilities	(113.09)
Fair valuation of employee stock options	(1.57)
Others	27.22
Tax effect on above adjustments	145.07
	(268.36)
Net profit as per Ind AS	1,063.84
Other Comprehensive Income for the year (net of tax) - Items that will not be reclassified to profit or loss	0.05
Total Comprehensive Income as per Ind AS	1,063.89

\* The Company has issued benchmark linked debentures (debentures) and is required to segregate the component of host contract and embedded derivative within it to effect appropriate accounting treatment under IND AS. The Company has accordingly carried out the measurement of debentures and recognized reversal of finance cost (pre tax) of Rs. 50.56 million in the transition reserve as at April 1, 2017, and incremental finance cost (pre tax) of Rs. 234.82 million and Rs. 316.85 million in the profit and loss for the financial years 2017-18 and 2018-19 respectively, in line with the requirement under IND AS.



## Edelweiss Finvest Private Limited

Notes to the financial statements for the year ended March 31, 2019

(Currency: Indian rupees in million)

### 49. First Time adoption (continued)

**Classification and measurement of financial assets:**

**Reference notes to reconciliation of Equity and profit & Loss**

**Remeasurements of post-employment benefit obligations**

Both under Indian GAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, remeasurements comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI. Thus the employee benefit cost is reduced by Rs. 0.08 million and remeasurement gains/ losses on defined benefit plans has been recognised in the OCI net of tax.

**Share Based Payment**

Under the previous GAAP, the cost of ESOPs were recognised using the intrinsic value method. Under Ind AS, the cost of equity settled share-based plan is recognised based on the fair value of the options as at the grant date.

**Trade receivables /Loans:**

Under Previous GAAP the Company has created provision for impairment of receivables and Loans based on incurred losses where as under Ind AS, Impairment allowance has been determined based on Expected credit loss model (ECL).

**Effective Interest Rate (EIR)**

Under previous GAAP, Loan Processing fees charged to customer was recognised upfront in Statement of profit and loss while under Ind AS, such fees are included in initial recognition amount of financial assets.

Under previous GAAP, transaction cost on borrowings were charged to Statement of profit and loss upfront while under Ind AS, such cost are included in initial recognition amount of financial liability and is amortised over the tenure of the borrowings.

**Deferred Tax**

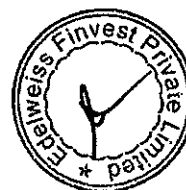
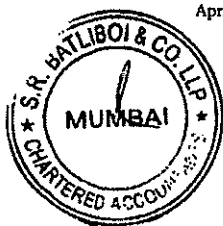
Indian GAAP requires deferred tax accounting using the statement of profit and loss approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP.

**Valuation of Investments/Securities held for trading**

Under Previous GAAP Investments in Shares, Debentures, Mutual fund units, Govt Securities and securities receipts were classified in Current Investment, Securities held for trading and long term investment based on intent of holding period and realisability Long-term investments were carried at cost less provision for other than temporary decline in the value of such investments. Current investments and Stock in trade were carried at lower of cost and market value. Under Ind AS, these investments, other than investments in Preference shares, are measured at fair value. The investment in Preference shares is measured at amortised cost.

**Reclassification of provision of standard / non-performing assets (NPA)**

Under Indian GAAP provision for NPA and standard asset were presented under provisions. However, under Ind AS financial assets measured at amortised cost (majorly loans) are presented net of provision for expected credit losses. Consequently, the Company has reclassified the Indian GAAP provisions for standard assets / NPA's amounting to Rs. 26.97 million and Rs. 591.11 million as on 1 April 2017 and 31 March 2018 respectively.



# Edelweiss Finvest Private Limited

Notes to the financial statements for the year ended March 31, 2019

(Currency: Indian rupees in million)

## 50 Regulatory disclosures - RBI

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

### 50.01 Investments

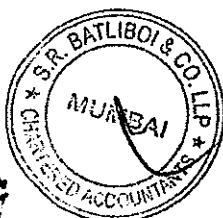
	2019	2018
1) Value of Investments (including Securities held for trading)		
i) Gross Value of Investments		
a) In India	3,004.87	6,317.24
b) Outside India	-	-
ii) Provisions for Depreciation		
a) In India	-	-
b) Outside India	-	-
iii) Net Value of Investments		
a) In India	3,004.87	6,317.24
b) Outside India	-	-
2) Movement of provisions held towards depreciation on investments.		
i) Opening balance	-	-
ii) Add : Provisions made during the year	-	-
iii) Less : Write-off / write-back of excess provisions during the year	-	-
iv) Closing balance	-	-

### 50.02 Capital to Risk Assets Ratio (CRAR)

	2019	2018
i) CRAR (%)	28.44%	23.35%
ii) CRAR - Tier I capital (%)	26.64%	21.92%
iii) CRAR - Tier II Capital (%)	1.80%	1.43%
iv) Amount of subordinated debt raised as Tier-II capital	161.17	161.26
v) Amount raised by issue of Perpetual Debt Instruments		

### 50.03 Exposure to real estate sector, both direct and indirect

	2019	2018
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 ₹.15 lakhs 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 includes non-fund based (NFB) limits.	14,178.15	17,793.60
(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)	-	-



**Edelweiss Finvest Private Limited**

Notes to the financial statements for the year ended March 31, 2019

(Currency: Indian rupees in million)

**50.04 Exposure to Capital Market**

	2019	2018
i) direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt	596.72	593.77
ii) advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds	3,074.58	976.89
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	6,845.75	8,078.25
iv) advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances	-	-
v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	-	-
vi) loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	-	-
vii) bridge loans to companies against expected equity flows / issues	-	-
viii) all exposures to Venture Capital Funds (both registered and unregistered)	91.65	82.37
ix) others (not covered above)	-	-
<b>Total Exposure</b>	<b>10,608.70</b>	<b>9,731.28</b>

**50.05 Asset Liability Management -Maturity pattern of certain items of assets and liabilities**

As at 31 March 2019

Particulars	Liabilities			Assets		
	Borrowings from Banks	Market borrowings	Inter-corporate loan	Loans and Advances	Investments	Securities held for trading
1 day to 30/31 days (One month)	-	3,618.90	12.40	834.35	-	1,142.86
Over One months to 2 months	-	816.78	-	146.95	-	-
Over 2 months up to 3 months	25.00	139.20	-	879.80	-	-
Over 3 months to 6 months	25.00	1,395.31	-	801.90	-	-
Over 6 months to 1 year	50.00	4,560.96	-	2,864.12	-	-
Over 1 year to 3 years	200.00	6,636.87	-	15,131.07	-	-
Over 3 years to 5 years	24.78	2,951.62	-	3,486.62	-	-
Over 5 years	-	2,317.29	-	897.39	1,862.01	-
<b>Total</b>	<b>324.78</b>	<b>22,436.93</b>	<b>12.40</b>	<b>25,042.20</b>	<b>1,862.01</b>	<b>1,142.86</b>

Further, the Company had temporarily deployed its excess liquidity aggregating to Rs. 4,501.92 million as at March 31, 2019 in the short term fixed deposit with the bank. Accordingly, the Company is well poised to meet its contractual obligations over all the maturity due dates.

As at 31 March 2018

Particulars	Liabilities			Assets		
	Borrowings from Banks	Market borrowings	Inter-corporate loan	Loans and Advances	Investments	Securities held for trading
1 day to 30/31 days (One month)	-	109.65	7,774.17	568.38	-	1,699.74
Over One months to 2 months	-	635.25	-	91.10	-	-
Over 2 months up to 3 months	25.00	306.31	-	728.70	-	-
Over 3 months to 6 months	25.00	3,708.37	-	495.71	-	-
Over 6 months to 1 year	50.00	2,190.73	-	468.07	-	-
Over 1 year to 3 years	200.00	8,290.23	-	14,174.82	-	-
Over 3 years to 5 years	124.63	1,127.77	-	9,980.27	-	-
Over 5 years	-	1,763.73	-	2,315.07	4,617.50	-
<b>Total</b>	<b>424.63</b>	<b>18,132.02</b>	<b>7,774.17</b>	<b>28,822.11</b>	<b>4,617.50</b>	<b>1,699.74</b>

\* The Company had taken temporary borrowing from its related parties aggregating to Rs. 7,761.96 million leading to a mismatch as at March 31, 2018. The Company as part of its ALCO/ALM activities had realigned its borrowings and assets profile and had ensured a positive ALM position as at March 31, 2018.



**Edelweiss Finvest Private Limited**

Notes to the financial statements for the year ended March 31, 2019  
(Currency: Indian rupees in million)

**50.06 Movements of stage 3 assets:**

The following table sets forth, for the periods indicated, the details of movement of stage 3 assets, stage 3 assets net of stage 3 provision and stage 3 provision.

	2019	2018
i) Stage 3 assets net of stage 3 provision to net advances (%)	0.18%	0.00%
ii) Movement of Stage 3 assets		
a) Opening Balance	483.55	-
b) Additions during the year	86.23	1,146.15
c) Reductions during the year*	483.55	662.60
d) Closing balance	86.23	483.55
iii) Movement of Stage 3 assets net of stage 3 provisions		
a) Opening Balance	-	-
b) Additions during the year	43.60	-
c) Reductions during the year	-	-
d) Closing balance	43.60	-
iv) Movement of stage 3 provisions: (excluding provision on Stage 1/Stage 2)		
a) Opening Balance	483.55	-
b) Additions during the year	42.63	1,146.15
c) Reductions during the year	483.55	662.60
d) Closing balance	42.63	483.55

\* Includes stage 3 assets written off during the year Rs 483.55 million (Previous year: Rs 290.80 million)

Note : The movement of stage 3 assets disclosed for the year ended 31st March 2019 and 31st March 2018 is for principal outstanding only as per extant IRAC norms prescribed by the Reserve Bank of India

**50.07 Details of 'Provisions and Contingencies'**

Breakup of provisions and contingencies shown in the Statement of Profit and loss	2019	2018
i) Provisions for depreciation on Investment	-	-
ii) Provision towards Stage 3 assets	(440.33)	493.29
iii) Provision made towards income tax	670.17	477.90
iv) Provision for Stage 1/Stage 2 assets	77.30	133.62
v) Other Provision and Contingencies		
a) Provision for gratuity	4.49	0.26
b) Provision for compensated absences	1.99	0.12

**50.08 Concentration of Deposits, Advances, Exposures and NPAs**

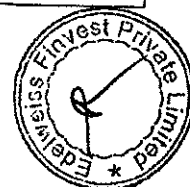
	2019	2018
A) Concentration of Advances		
Total Advances to twenty largest borrowers	15,718.14	17,488.18
% of Advances to twenty largest borrowers to Total Advances	62.77%	60.68%
B) Concentration of Exposures		
Total Exposures to twenty largest borrowers / Customers	15,718.14	17,488.18
% of Exposures to twenty largest borrowers / Customers to Total Advances	62.77%	60.68%
C) Concentration of NPAs		
Total Exposures to top Four NPAs	86.23	483.55
D) Sector-wise NPAs		
Sectors/Particulars	% of NPAs to Total Advances in that sector	
1 Agriculture & allied activities	-	-
2 MSME	-	-
3 Corporate borrowers	0.42%	1.80%
4 Services	-	-
5 Unsecured personal loans	-	-
6 Auto loans	-	-
7 Other personal loans	-	-

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

During the year ended 31 March 2018 and 31 March 2017, the Company's credit exposure to single borrowers and group borrowers were within the limits prescribed by the RBI.

**50.10 Customer Complaints**

	2019	2018
(a) No. of complaints pending at the beginning of the year	-	-
(b) No. of complaints received during the year	-	-
(c) No. of complaints redressed during the year	-	-
(d) No. of complaints pending at the end of the year	-	-



**Edelweiss Finvest Private Limited**

Notes to the financial statements for the year ended March 31, 2019  
(Currency: Indian rupees in million)

50.11 Note to the Balance Sheet of a non-deposit taking non-banking financial company (as required in terms of Paragraph 18 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

**Liabilities Side:**

Particulars	Amount Outstanding		Amount Overdue	
	2019	2018	2019	2018
1) Loans and advances availed by NBFC inclusive of interest accrued thereon but not paid				
a) Debentures:				
(other than those falling within the meaning of Public deposit)				
(i) Secured	19,286.03	15,849.23	-	-
(ii) Unsecured	3,150.90	2,282.79	-	-
b) Deferred Credits	-	-	-	-
c) Term Loans	324.78	424.63	-	-
d) Inter-corporate loans and borrowing	-	7,761.96	-	-
e) Commercial Paper	-	-	-	-
f) Other loans	-	-	-	-
(i) Inter corporate loan	12.40	12.21	-	-
	-	-	-	-

**Assets side:**

Particulars	Amount Outstanding	
	2019	2018
2) Break up of Loans and Advances including bills receivables (other than those included in (3) below)		
a) Secured	22,365.26	28,283.27
b) Unsecured	2,676.94	538.84
3) Break up of Leased Assets and stock on hire and other assets counting towards AFC activities	NA	NA
a) Lease assets including lease rentals under sundry debtors:		
(i) Financial Lease	-	-
(ii) Operating Lease	-	-
b) Stock on hire including hire charges under sundry debtors		
(i) Assets on hire	-	-
(ii) Repossessed assets	-	-
c) Other loans counting towards Asset Financing Company activities		
(i) Loans where assets have been repossessed	-	-
(ii) Other loans	-	-
4) Break up of Investments		
Current Investments (including Securities held for trading):		
a) Quoted:		
(i) Shares: Equity	-	100.00
Preference	-	-
(ii) Debentures and Bonds	1,142.86	101.01
(iii) Units of Mutual Funds	-	-
(iv) Government Securities	-	-
(v) Others	-	-
b) Unquoted:		
(i) Shares: Equity	-	-
Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of Mutual Funds	-	-
(iv) Government Securities	-	1,498.73
(v) Others (Pass through certificates)	-	-



**Edelweiss Finvest Private Limited**

Notes to the financial statements for the year ended March 31, 2019

(Currency: Indian rupees in million)

50.11 Note to the Balance Sheet of a non-deposit taking non-banking financial company (as required in terms of Paragraph 18 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007. (Continued)

4) Break up of Investments (Continued)		Amount Outstanding	
		2019	2018
Long-Term Investments (Net of Provision)			
a) Quoted:			
(i) Shares: Equity		-	-
Preference		-	-
(ii) Debentures and Bonds		-	-
(iii) Units of Mutual Funds		-	-
(iv) Government Securities		-	-
(v) Others		-	-
b) Unquoted:			
(i) Shares: Equity		596.72	593.77
Preference		37.27	25.69
(ii) Debentures and Bonds		-	-
(iii) Units of Mutual Funds		-	-
(iv) Government Securities		-	-
(v) Others		-	-
- Investments in security receipts of trusts		845.69	3,692.00
- Investments in units of funds		382.33	306.04
- Investments in warrants		-	-

5) Borrower group-wise classification of assets financed as in (2) and (3) above  
As at 31 March 2019

Particulars	Secured	Amount net of provisions	
		Unsecured	Total
1. Related Parties**			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	1,422.14	1,422.14
2. Other than related parties	21,885.18	1,253.23	23,138.41
<b>TOTAL</b>	<b>21,885.18</b>	<b>2,675.37</b>	<b>24,560.55</b>

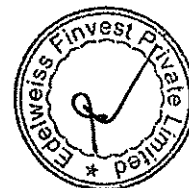
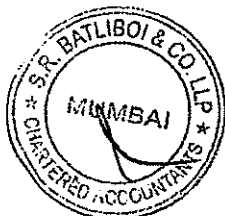
As at 31 March 2018

Particulars	Secured	Amount net of provisions	
		Unsecured	Total
1. Related Parties**			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	27.07	27.07
(c) Other related parties	-	-	-
2. Other than related parties	27,438.89	511.48	27,950.36
<b>TOTAL</b>	<b>27,438.89</b>	<b>538.54</b>	<b>27,977.43</b>

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

Particulars	Market Value / Break up or fair value or NAV		Book Value (Net of Provisions)	
	2019	2018	2019	2018
1) Related parties**				
(a) Subsidiaries	-	-	-	-
(b) Companies in the same group	880.82	914.82	880.82	914.82
(c) Other related parties	-	-	-	-
2) Other than related parties	2,124.05	5,402.42	2,124.05	5,402.42
<b>TOTAL</b>	<b>3,004.87</b>	<b>6,317.24</b>	<b>3,004.87</b>	<b>6,317.24</b>

\*\* As per Ind AS 24 - Related Party Disclosures





**Edelweiss Finvest Private Limited**

Notes to the financial statements for the year ended March 31, 2019  
(Currency: Indian rupees in million)

50.11 Note to the Balance Sheet of a non-deposit taking non-banking financial company (as required in terms of Paragraph 18 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007. (Continued)

**7) Other Information**

Particulars	2019	2018
a) Gross Stage 3 assets		
1) Related parties	-	-
2) Other than related parties	86.23	483.55
b) Stage 3 Assets Net of Provision		
1) Related parties	43.60	-
2) Other than related parties	-	-
c) Assets acquired in satisfaction of debt	-	-

**Notes:**

- 1 As defined in paragraph 2(1)(xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998
- 2 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.

50.12 Registration obtained from other financial sector regulators - None

50.13 The Company has not restructured any loans and advances during the year ended 31 March 2018 and 31 March 2017.

50.14 Disclosure of Penalties imposed by RBI and other regulators- None

50.15 Overseas Assets - Nil (Previous year - Nil)

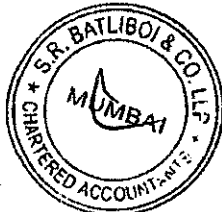
50.16 Details of financing of parent company products - None (Previous year - none)

50.17 Off-Balance sheet SPV sponsored - None (Previous year - none)

50.18 Draw Down from Reserves: (Previous year - Nil)

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

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



**Edelweiss Finvest Private Limited**

Notes to the financial statements for the year ended March 31, 2019

(Currency: Indian rupees in million)

**50.21 Details of ratings assigned by credit rating agencies**
**As at 31 March 2019**

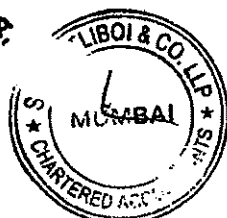
Instrument category	Brickworks	CRISIL	CARE	ICRA
i) Long Term Instruments				
Rating	AA+	AA/Stable	AA	AA
Amount	3,000	12,000	1,500	13,000
ii) Short term instruments				
Rating	-	A1+	-	A1+
Amount	-	10,000	-	12,000
iii) Market linked debentures				
a Short Term		PP- MLD A1+R		PP-MLD [ICRA]A1+
Rating	-	5,000	-	1,500
Amount	-	5,000	-	1,500
b Long Term				
Rating	PP-MLD AA+	PP MLD AA	PP MLD-AA	PP-MLD [ICRA]AA
Amount	3,000	29,000	6,893	10,070

**As at 31 March 2018**

Instrument category	Brickworks	CRISIL	ICRA
i) Long Term Instruments			
Rating	AA+	AA/Stable	AA
Amount	3,300	12,000	13,500
ii) Short term instruments			
Rating	-	A1+	A1+
Amount	-	10,000	10,000
iii) Market linked debentures			
a Short Term		PP- MLD A1+R	PP-MLD [ICRA]A1+
Rating	-	5,000	1,500
Amount	-	5,000	1,500
b Long Term			
Rating	PP-MLD AA+	PP MLD AA	PP-MLD [ICRA]AA
Amount	3,000	11,500	13,000

**50.22 Details of transaction with non executive directors**

The Company has not undertaken any transaction with it's non-executive directors during the year ended 31 March 2019 (Previous year: Nil).



## Edelweiss Finvest Private Limited

Notes to the financial statements for the year ended March 31, 2019  
(Currency: Indian rupees in million)

### 51 Other disclosure

#### 51.1 Assets and liabilities acquired on account of merger of finance division of Edelweiss Finance and Investments Limited, a fellow subsidiary

- i) Pursuant to the Scheme of Arrangement ("the Scheme") under Sections 391 to 394 and Sections 230 to 232 of the Companies Act 2013 sanctioned by the National Company Law Tribunal, Mumbai Bench vide its order dated 25 July 2017 ("the Order"), Edelweiss Finance & Investments Limited (EFIL), a fellow subsidiary, ("The Demerged Company" or "The Transferor Company"), has demerged the Lending and Investment Business to Edelweiss Finvest Private Limited (formerly known as Arum Investments Private Limited) ("First Resulting Company" or "EW Finvest"), which is another NBFC engaged in the business of lending and investments, and the Training Centre Business to Edel Land Limited ("Second Resulting Company" or "ELL") which undertakes real estate activities with effect from 1 April 2016 ("the Appointed Date"). The scheme has come into effect from 1 August 2017 ("the Effective Date"). Accordingly, the opening balance sheet of the Company as at 1 April 2017 has been prepared taking into account the effect of the said Order.

ii) In accordance with the Scheme:

On the Scheme becoming effective with effect from the Appointed date, the Company has taken over all the assets aggregating Rs.10,214,424,626 and liabilities aggregating to Rs. 8,737,815,930 as appearing in the books of Transferor Company related to business of lending and investment business at its respective book value as on Appointed Date. Net asset acquired include.

Asset/Liabilities received under the Scheme	Amount in Rs. Million
<b>Assets</b>	
Investments	3,650.54
Deferred Tax	104.93
Loans and Advances	5,801.16
Other Current Assets and Trade Receivables	657.79
<b>Total Assets (A)</b>	<b>10,214.42</b>
<b>Liabilities</b>	
Long Term Borrowings	5,874.52
Provisions	65.78
Trade Payables	17.95
Other current liabilities	1,555.56
Short term borrowings	1,224.00
<b>Total Liabilities (B)</b>	<b>8,737.82</b>
<b>Net assets transferred (A-B)</b>	<b>1,476.61</b>

- iii) The Scheme of arrangement is a tax neutral merger as per the provisions of Section 2(19AA) of the Income Tax Act, 1961 and accordingly, the assets and liabilities as on appointed date were transferred at cost. The Company has issued 8,279,275 equity shares of Rs.10 each at premium of Rs. 168.35 each equity share aggregating to Rs. 1,476,608,696 to Edelweiss Financial Services Limited the 100% shareholder of Edelweiss Finance & Investment Limited in settlement of the purchase consideration for the lending and investment business acquired.
- iv) On account of merger, The Company has received profit after tax of Rs. 286,006,643 from April 1st, 2016 (appointed date) to March 31st, 2017 from Edelweiss Finance & Investments Limited.
- v) The company has cancelled its 466,300, 0.01% Compulsorily convertible non- cumulative preference shares - Series A at par having face value of Rs. 10 each and premium of Rs. 240 each. These shares were held by EFIL and transferred to the Company on account of merger.



**Edelweiss Finvest Private Limited**

Notes to the financial statements for the year ended March 31, 2019

(Currency: Indian rupees in million)

**51 Other disclosure (continued)****51.2 Open interests equity index futures / equity stock futures have open interests as at 31 March 2019**

Index Name	Maturity grouping	<u>Long Position</u>		<u>Short Position</u>	
		Number of contracts	Number of units	Number of contracts	Number of units
Nifty	< 1 month	2,549	191,175	-	-
Stock future	< 1 month	1,200	1,054,874	-	-

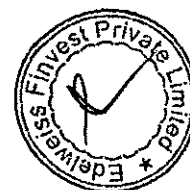
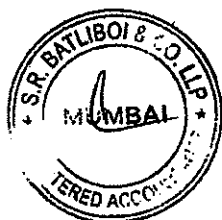
Open interests equity index futures / equity stock futures have open interests as at 31 March 2018

Index Name	Maturity grouping	<u>Long Position</u>		<u>Short Position</u>	
		Number of contracts	Number of units	Number of contracts	Number of units
Nifty	< 1 month	-	-	519	38,925
Stock future	< 1 month	361	379,975	-	-

Option contracts are outstanding as on balance sheet date

Option Type	31 March 2019		31 March 2018	
	Premium paid (Net of provision made)	Premium received (Net of provision made)	Premium paid (Net of provision made)	Premium received (Net of provision made)
Equity Index	379.35	1.33	0.03	10.56

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



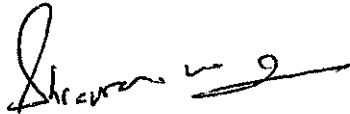
# Edelweiss Finvest Private Limited

Notes to the financial statements (continued)  
(Currency: Indian rupees in million)

52 Previous year figures have been reclassified to conform to this year's classification.

As per our report of even date attached

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

  
per Shrawan Jalan  
Partner  
Membership No: 102102



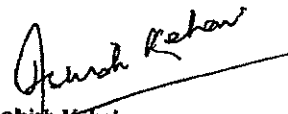
Mumbai May 13, 2019

For and on behalf of the Board of Directors

  
Amit Dhawan  
Managing Director & CEO  
DIN: 02800746

  
Sheeta Gandhi  
Chief Financial Officer

Mumbai May 13, 2019

  
Ashish Kehair  
Director  
DIN: 07789972

  
Niket Joshi  
Company Secretary

