

Edelweiss Retail Finance Limited

Financial Statements
together with Auditors' Report
for the year ended 31 March 2017

Edelweiss Retail Finance Limited

Financial Statements together with Auditors' Report

For the year ended 31 March 2017

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B S R & Associates LLP

Chartered Accountants

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Independent Auditor's Report

To the Members of
Edelweiss Retail Finance Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Edelweiss Retail Finance Limited (the "Company"), which comprise the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the "Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances.

Independent Auditor's Report (Continued)

Edelweiss Retail Finance Limited

Auditor's responsibility (Continued)

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2017, and its profits and its cash flows for the year ended on that date.

Report on other legal and regulatory requirements

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

As required by Section 143 (3) of the Act, we report that:

- a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c) the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e) on the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act;
- f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
- g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company does not have any pending litigations on its financial position in its financial statements – Refer Note 2.27 to the financial statements;



Independent Auditor's Report (*Continued*)

Edelweiss Retail Finance Limited

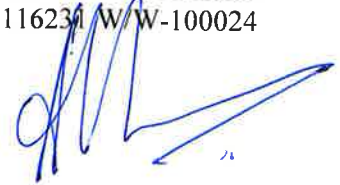
Report on other legal and regulatory requirements (*Continued*)

- ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses- Refer Note 2.30 to the financial statements.; and
- iii. there were no amounts required to be transferred to the Investor Education and Protection Fund by the Company; and
- iv. the Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. However, we are unable to obtain sufficient and appropriate audit evidence to report on whether the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management – Refer Note 2.57 to the financial statements.

For **B S R & Associates LLP**

Chartered Accountants

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



Ashwin Suvarna

Partner

Membership No: 109503

Mumbai
16 May 2017

Edelweiss Retail Finance Limited

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

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

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all the fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- ii. The Company is a Service Company primarily engaged in the business of giving loans. Accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable to the Company.
- iii. The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.
- v. According to the information and explanation given to us, the Company has not accepted any deposits from the public to which directives issued by the Reserve Bank of India and the provisions of Section 73 to Section 76 or any other relevant provisions of the Act and the rules framed thereunder apply.
- vi. The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any services rendered by the Company. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.
- vii. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income tax, service tax and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of customs duty, excise duty, value added tax and cess. 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, and other material statutory dues were in arrears as at 31 March 2017 for a period of more than six months from the date they became payable.



Edelweiss Retail Finance Limited

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

- (b) According to the information and explanations given to us, there are no dues of provident fund, income tax, employees' state insurance, service tax, and other material statutory dues which have not been deposited with the appropriate authorities on account of any dispute.
- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks, government or debenture holders during the year.
- ix. In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they were raised. The Company has not raised money by way of initial public offer or further public offer during the year.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii. According to the information and explanations given to us and on the basis of our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the financial statements, as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable.



Edelweiss Retail Finance Limited

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

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

For **B S R & Associates LLP**

Chartered Accountants

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



Ashwin Suvarna

Partner

Membership No: 109503

Mumbai

16 May 2017

Edelweiss Retail Finance Limited

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

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

We have audited the internal financial controls over financial reporting of Edelweiss Retail Finance Limited (the "Company") as of 31 March 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

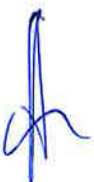
The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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



Edelweiss Retail Finance Limited

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent limitations of Internal Financial Controls over Financial Reporting

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

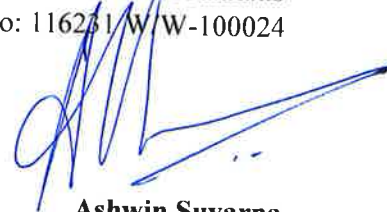
Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **B S R & Associates LLP**

Chartered Accountants

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



Ashwin Suvarna

Partner

Membership No: 109503

Mumbai

16 May 2017

Edelweiss Retail Finance Limited

Balance Sheet

as at 31 March 2017

(Currency : Indian Rupees in Millions)

	Note	As at 31 March 2017	As at 31 March 2016
EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	2.1	329.50	299.50
(b) Reserves and surplus	2.2	2,805.43	2,311.13
		<u>3,134.93</u>	<u>2,610.63</u>
Non-current liabilities			
(a) Long-term borrowings	2.3	6,646.75	7,726.86
(b) Other long-term liabilities	2.4	192.70	93.98
(c) Long-term provisions	2.5	95.66	49.39
		<u>6,935.11</u>	<u>7,870.23</u>
Current liabilities			
(a) Short-term borrowings	2.6	1,751.00	556.35
(b) Trade payables	2.7	-	-
(A) total outstanding dues of micro enterprises and small enterprises		-	-
(B) total outstanding dues of creditors other than micro enterprises and small enterprises		390.80	172.53
(c) Other current liabilities	2.8	3,248.27	3,257.38
(d) Short-term provisions	2.9	56.74	72.04
		<u>5,446.81</u>	<u>4,058.30</u>
TOTAL		<u><u>15,516.85</u></u>	<u><u>14,539.16</u></u>
ASSETS			
Non-current assets			
(a) Fixed assets	2.10		
(i) Property, plant & equipment		9.29	1.71
(ii) Intangible assets		3.31	0.10
(iii) Intangibles under development		1.00	1.10
(b) Deferred tax assets (net)	2.11	21.92	10.74
(c) Long-term loans and advances	2.12	7,706.41	8,008.42
(d) Other non-current assets	2.13	42.00	1.87
		<u>7,783.93</u>	<u>8,023.94</u>
Current assets			
(a) Cash and bank balances	2.14	72.21	140.29
(b) Short-term loans and advances	2.15	7,296.37	6,196.17
(c) Other current assets	2.16	364.34	178.76
		<u>7,732.92</u>	<u>6,515.22</u>
TOTAL		<u><u>15,516.85</u></u>	<u><u>14,539.16</u></u>

Significant accounting policies and notes to the financial statements 1 & 2

As per our report of even date attached.

For **B S R & Associates LLP**

Chartered Accountants

Firms' Registration No. 116231W/W-100024



Ashwin Suvarna

Partner

Membership No: 109503

For and on behalf of the Board of Directors
Edelweiss Retail Finance Limited



Anil Kothuri

Director

DIN: 00177945



Krishnaswamy Siddharth

Director

DIN : 02463804

Vineet Mahajan
Chief Financial Officer

Mumbai
16 May 2017

Sudipta Majumdar
Company Secretary

Mumbai
16 May 2017

Mumbai
16 May 2017

Edelweiss Retail Finance Limited

Statement of Profit and Loss

for the year ended 31 March 2017

(Currency : Indian Rupees in Millions)

	Note	For the year ended 31 March 2017	For the year ended 31 March 2016
Revenue from operations			
Fee and commission income	2.17	187.20	80.97
Interest income	2.18	2,338.16	1,532.57
Other income	2.19	9.98	1.18
Total Revenue		2,535.34	1,614.72
Expenses *			
Employee benefit expenses	2.20	215.71	49.32
Finance costs	2.21	1,161.19	793.16
Depreciation	2.10	3.32	0.55
Other expenses	2.22	665.82	392.40
Total expenses		2,046.04	1,235.43
Profit before tax		489.30	379.29
Tax expense:			
(1) Current tax (includes short provision for earlier years Rs. 0.03 million (Previous year Rs. 8.23 million)		181.01	145.53
(2) Deferred tax (Net)		(11.17)	(13.26)
Profit for the year		319.46	247.02

Earnings per equity share (Face value Rs. 10 each):

Basic and diluted (in rupees) 2.25 10.08 12.28

Significant accounting policies and notes to the financial statements 1 & 2

As per our report of even date attached.

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


Ashwin Suvarna

Partner
Membership No: 109503

For and on behalf of the Board of Directors
Edelweiss Retail Finance Limited


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DIN: 00177945


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Vineet Mahajan
Chief Financial Officer

Mumbai
16 May 2017

Sudipta Majumdar
Company Secretary

Mumbai
16 May 2017

Mumbai
16 May 2017

Edelweiss Retail Finance Limited

Cash Flow Statement

for the year ended 31 March 2017

(Currency : Indian Rupees in Millions)

A Cash flow from operating activities

	For the year ended 31 March 2017	For the year ended 31 March 2016
Profit before tax	489.30	379.29
Adjustments for		
Depreciation*	3.32	0.55
Provision for standard assets	9.64	28.00
Provision for Restructured advances	2.91	1.25
Provision for non performing assets	(23.79)	26.69
Provision for credit loss on securitisation	30.14	5.60
Bad-debts and advance written off	225.54	1.78
Interest on income tax refund	-	(0.05)
Loss on sale of Fixed assets(net)	0.02	-

Operating cash flow before working capital changes

	737.08	443.11
Add / (Less): Adjustments for working capital changes		
Increase in receivable from financing business (Refer note 1)	(5,114.77)	(8,444.92)
Increase in other loans and advances	(21.11)	(242.66)
Increase in other current assets	(225.71)	(32.76)
Increase in liabilities and provisions	300.65	687.64
Net cash used in operating activities	(4,323.86)	(7,589.59)
Income taxes paid	(164.80)	(134.82)
Net cash used in operating activities - A	(4,488.66)	(7,724.40)

B Cash flow from investing activities

Purchase of fixed assets	(14.50)	(4.86)
Sale of fixed assets	0.47	-
Increase in fixed deposits	(64.33)	-
Net cash used in investing activities - B	(78.36)	(4.86)

C Cash flow from financing activities

Proceeds from issue of equity shares	264.00	1,128.14
Premium payable on redemption of non convertible debentures	(90.47)	-
Proceeds from loans securitization / assignment	4,112.16	-
Proceeds from long-term borrowings (Refer note 1)	(1,080.10)	4,186.86
Proceeds from short-term borrowings (Net of repayment)	1,229.02	2,539.95
Net cash generated from financing activities - C	4,434.61	7,854.95
Net Increase in cash and cash equivalents (A+B+C)	(132.41)	125.69

Cash and cash equivalents as at the beginning of the year	140.29	14.60
Cash and cash equivalents as at the end of the year (Refer note 2, 14)	7.88	140.29

Notes:

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

As per our report of even date attached.

For FSR & Associates LLP
Chartered Accountants
Firm's Registration No. 116231 W/W-100024

Ashwin Suvarna

Partner

Membership No: 109503

For and on behalf of the Board of Directors
Edelweiss Retail Finance Limited

Amil Kothuri

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Sudipta Majumdar
Company Secretary

Mumbai
16 May 2017

Mumbai
16 May 2017

Mumbai
16 May 2017

Edelweiss Retail Finance Limited

Notes to the financial statements

1. Significant accounting policies

1.1 Basis of preparation of financial statements

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

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

1.2 Use of estimates

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

1.3 Current-non-current classification

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

Assets

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

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

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

All other assets are classified as non-current.

Liabilities

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

- It is expected to be settled in the company's normal operating cycle.
- It is held primarily for the purpose of being traded;
- It is due to be settled within twelve months after the reporting date; or



Edelweiss Retail Finance Limited

Notes to the financial statements (*Continued*)

- d. The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of the liability that could, at the option of the counterparty, results in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities. All other liabilities are classified as non-current

1.4 *Revenue recognition*

- a. Fees Income including processing fees (other than small & medium enterprises loans) are accounted for on an accrual basis in accordance with the terms and contracts entered into between the Company and the counterparty.
- b. In case of small & medium enterprises loans, processing fees collected are amortised over a pre-determined tenor arrived on an industry average or original contractual tenor, whichever is shorter. The unamortised balance is disclosed under "Other current liabilities" and "Other long term liabilities" based on amortisable tenor. In the event of a loan being foreclosed, securitised or written off, the unamortised portion of such processing fees is recognised as income at the time of such foreclosure, securitisation or write off.
- c. Interest income is recognised on accrual basis. Interest income in case of lending business is recognised on accrual basis except in case of non- performing assets, wherein it is accounted on realisation, as per RBI guidelines. Loans are repaid by way of Equated Monthly Instalments (EMIs), which comprise of principal and interest. Interest is calculated on outstanding balance at the beginning of a month. EMIs generally commence only after the entire loan is disbursed. Pending commencement of EMIs, pre-EMI interest is charged every month and is accounted on accrual basis.
- d. Profit/loss earned on sale of investments is recognised on trade date basis. Profit/loss on sale of investments is determined based on the weighted average cost of the investments sold.
- e. Dividend income is recognised when the right to receive payment is established.
- f. Penal interest income on delayed EMI or Pre-EMI is recognized on receipt basis.
- g. Charges levied like cheque bouncing charges, loan conversion charges etc are recognized on receipt basis.

1.5 *Provisioning on receivables from financing business*

Provision for non-performing assets is based on the management's assessment of the degree of impairment of the loan asset and the level of provisioning required as per the prudential norms prescribed by RBI.

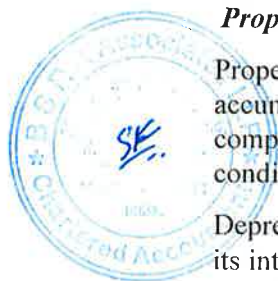
Provisions against standard assets are made on the basis of prudential norms prescribed by RBI.

1.6 *Fixed assets and depreciation*

Property, plant & equipment

Property, plant & equipment are stated at cost of acquisition or construction less accumulated depreciation and impairment if any. The cost of Property, plant & equipment comprises of purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

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



Edelweiss Retail Finance Limited

Notes to the financial statements (Continued)

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

Nature of assets	Estimated useful life
Office Equipment	5 years
Vehicles	8 years
Computer and data processing units-End user devices, such as Desktops, laptops, etc.	3 years

Intangible fixed assets

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

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

1.7 Employee benefits

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

Provident fund

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

Gratuity

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

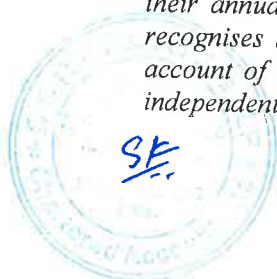
The present value of the obligation under such benefit plan is determined based on actuarial valuation using the Projected Unit Credit Method which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

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

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

Compensated Absences

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



Edelweiss Retail Finance Limited

Notes to the financial statements (*Continued*)

1.8 *Impairment of assets*

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired based on internal/external factors. If any such indication exists, the Company estimates the recoverable amount of the asset. The recoverable amount is higher of the assets net selling price and the value in use which means the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. If such recoverable amount of the asset is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit and loss account. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of the depreciable historical cost.

1.9 *Investments*

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

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

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

1.10 *Loan origination costs*

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

1.11 *Securitised Assets*

Assets that are securitised and assigned are derecognised in the books of accounts based on the principle of transfer of ownership interest over the assets. De-recognition of such assets and recognition of gain or loss arising on such securitisation is based on the generally accepted accounting principles and industry practice.

1.12 *Taxation*

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



Edelweiss Retail Finance Limited

Notes to the financial statements (*Continued*)

Current tax

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

Deferred tax

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

Minimum Alternate Tax (MAT)

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

1.13 Earnings per share

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

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 the weighted average number of equity shares considered for deriving basic earning per share and weighted average number of equity shares that could have been issued upon conversion of all potential equity shares.

1.14 Provisions and contingencies

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

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

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



Edelweiss Retail Finance Limited

Notes to the financial statements (Continued)

as at 31 March 2017

(Currency : Indian Rupees in Millions)

2.1 Share capital

Authorised:

50,000,000 (Previous year: 50,000,000) Equity Shares of Rs. 10 each

As at
31 March 2017

As at
31 March 2016

500.00

500.00

500.00

500.00

Issued, Subscribed and Paid up::

32,950,000 (Previous year: 29,950,000) Equity Shares of Rs. 10 each, fully paid up

329.50

299.50

329.50

299.50

Movement in share capital

Equity Shares of Rs 10 each fully paid

Outstanding at the beginning of the year

Shares issued during the year

Outstanding at the end of the year

As at 31 March 2017		As at 31 March 2016	
Number of shares	Amount	Number of shares	Amount
29,950,000	299.50	15,658,833	156.59
3,000,000	30.00	14,291,167	142.91
32,950,000	329.50	29,950,000	299.50

Shares held by holding / ultimate holding company and / or their subsidiaries / associates

Edelcap Securities Limited, the holding company

Edelweiss Financial Services Limited

Edelweiss Finvest Private Limited (formerly known as Arum Investments Private Limited)

As at 31 March 2017		As at 31 March 2016	
Number of shares	Percentage shareholding	Number of shares	Percentage shareholding
25,258,333	76.66%	25,258,333	84.34%
4,691,667	14.24%	4,691,667	15.66%
3,000,000	9.10%	-	0.00%
32,950,000	100.00%	29,950,000	100.00%

Details of shareholders holding more than 5% shares in the Company:

Equity Shares of Rs 10 each fully paid

Edelcap Securities Limited

Edelweiss Financial Services Limited

Edelweiss Finvest Private Limited (formerly known as Arum Investments Private Limited)

As at 31 March 2017		As at 31 March 2016	
Number of shares	Percentage shareholding	Number of shares	Percentage shareholding
25,258,333	76.66%	25,258,333	84.34%
4,691,667	14.24%	4,691,667	15.66%
3,000,000	9.10%	-	0%
32,950,000	100.00%	29,950,000	100.00%

Rights, preferences and restriction attached to equity shares:

The Company has only one class of shares referred to as 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 holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.



Edelweiss Retail Finance Limited

Notes to the financial statements (Continued)

as at 31 March 2017

(Currency : Indian Rupees in Millions)

2.2 Reserves and surplus

	As at 31 March 2017	As at 31 March 2016
Capital Reserve	8.18	8.18
Securities Premium Account		
Opening balance	1,978.08	992.85
Add : Additions during the year	234.00	985.23
Less : Provision for redemption premium on NCD	59.16	-
	<u>2,152.92</u>	<u>1,978.08</u>
Special Reserve under Section 45-IC of the Reserve Bank of India Act, 1934, of India *		
Opening balance	65.07	15.66
Add : Additions during the year	63.89	49.41
	<u>128.96</u>	<u>65.07</u>
Surplus in statement of profit and loss		
Opening Balance	259.80	62.19
Add: Net profit for the year	319.46	247.02
Amount available for appropriation	<u>579.26</u>	<u>309.21</u>
Appropriations:		
Transfer to Special Reserve under Section 45-IC of the RBI Act, 1934	63.89	49.41
	<u>515.37</u>	<u>259.80</u>
	<u>2,805.43</u>	<u>2,311.13</u>

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



Edelweiss Retail Finance Limited

Notes to the financial statements (Continued)

as at 31 March 2017

(Currency : Indian Rupees in Millions)

	As at 31 March 2017	As at 31 March 2016
2.3 Long-term borrowings		
<u>Secured</u>		
Non-convertible redeemable debentures (Refer note 2.32)	2,058.17	3,000.00
[Secured by pari pasu charge on immovable property and loans and advance]		
Term loans from bank (Refer note 2.34)	4,328.58	4,296.86
[Secured by pari pasu charge on receivables of the company.]		
	<u>6,386.75</u>	<u>7,296.86</u>
<u>Unsecured</u>		
Loans from related parties (refer note 2.24(ii))	-	290.00
[These loans are at an interest rate of 12 per cent per annum, repayable after the end of one year but before the end of three years, as mutually agreed]		
Non-convertible redeemable subordinated debt (Refer note 2.31)	260.00	140.00
	<u>6,646.75</u>	<u>7,726.86</u>
2.4 Other long-term liabilities		
Unamortised processing fees	52.84	65.33
Interest accrued but not due on borrowings	97.87	26.78
Unrealised gain on loan transfer transactions	41.99	1.87
	<u>192.70</u>	<u>93.98</u>
2.5 Long-term provisions		
Provision for employee benefits		
Gratuity (refer note 2.26B)	3.13	2.11
Compensated leave absences	0.75	0.63
Deferred bonus	9.50	-
Other Provisions:		
Provision for non performing assets	2.82	5.96
Provision for standard assets	39.06	33.34
Provision for restructured loan	4.66	1.75
Provision for credit loss on securitisation	35.74	5.60
	<u>95.66</u>	<u>49.39</u>



Edelweiss Retail Finance Limited

Notes to the financial statements (Continued)

as at 31 March 2017

(Currency : Indian Rupees in Millions)

	As at 31 March 2017	As at 31 March 2016
2.6 Short-term borrowings		
<u>Secured</u>		
Bank overdraft	1,018.53	460.24
[Secured by pari passu charge on receivables of the company] (Due within one year, unless otherwise stated)		
<u>Unsecured</u>		
Loans from a related party (repayable on demand) (refer note 2.24(ii))	732.47	96.11
	1,751.00	556.35
2.7 Trade payables		
Trade payables		
(A) total outstanding dues of micro enterprises and small enterprises	-	-
(B) total outstanding dues of creditors other than micro enterprises and small enterprises		
i) Acceptances	-	-
ii) Others		
a. Related Parties (Refer Note No. 2.24 (ii))	51.81	97.05
b. Others (includes sundry creditors and provision for expenses)	338.99	75.48
	390.80	172.53
2.8 Other current liabilities		
Current maturities of Long Term Secured Debt		
Term loan from bank (Refer note 2.34)	1,520.83	486.46
Non-convertible debentures (Refer note 2.32)	1,000.00	2,000.00
Interest accrued but not due on borrowings	148.47	278.55
Interest accrued and due on borrowings	-	7.16
Income received in advance	0.46	1.08
Unamortised processing fees	67.91	60.64
Other Payables		
Accrued salaries and benefits	42.75	15.78
Withholding taxes, service tax and other taxes payable	25.47	17.25
Book overdraft	280.11	367.40
Provision for capital expenditure	0.50	0.11
Others	2.94	0.24
Unrealised gain on loan transfer transactions	158.83	22.71
	3,248.27	3,257.38
2.9 Short-term provisions		
Provision for employee benefits		
Gratuity (refer note 2.26B)	0.50	-
Compensated absences	0.24	0.17
Deferred bonus	15.95	-
Other Provisions :		
Provision for non performing assets	1.48	22.13
Provision for standard assets	12.36	8.44
Provision for taxation (Net of advance tax Rs 311.93 million; Previous year:Rs.145.93 million)	26.21	41.30
	56.74	72.04



Edelweiss Retail Finance Limited

Notes to the financial statements (Continued)
as at 31 March 2017

(Currency : Indian Rupees in Millions)

2.10 Fixed assets

Description of Assets	Gross Block			Depreciation			Net Block	
	As at 1 April 2016	Additions during the year	Deductions during the year	As at 31 March 2017	Charge for the year	Deductions during the year	As at 31 March 2017	As at 31 March 2016
Property, plant & equipment								
Land	0.37	-	-	0.37	-	-	0.37	0.37
Vehicles	1.28	6.24	0.55	6.97	1.57	0.06	5.10	0.92
Office equipment	0.50	0.07	-	0.57	0.16	-	0.23	0.32
Computers	0.11	4.30	-	4.41	0.81	-	3.59	0.10
Total : A	2.26	10.61	0.55	12.32	2.54	0.06	9.29	1.71
Intangible assets								
Computer software	0.10	4.00	-	4.10	0.79	-	3.31	0.10
Total : B	0.10	4.00	-	4.10	0.79	-	3.31	0.10
Grand Total [A+B]	2.36	14.61	0.55	16.42	3.33	0.06	12.60	1.81



Edelweiss Retail Finance Limited

Notes to the financial statements (Continued)
(Currency : Indian Rupees in Million)

2.10 Fixed assets (continued)

Description of Assets	Gross Block			Depreciation			Net Block	
	As at 1 April 2015	Additions during the year	Deductions during the year	As at 31 March 2016	As at Charge for the year	Deductions during the year	As at 31 March 2016	As at 31 March 2015
Property, plant & equipment								
Land	0.37	-	-	0.37	-	-	0.37	0.37
Vehicles	-	1.28	-	1.28	0.36	-	0.92	-
Office equipment ^	0.01	0.49	-	0.50	0.18	-	0.32	0.01
Computers	-	0.11	-	0.11	0.01	-	0.10	-
Total : A	0.38	1.88	-	2.26	0.55	-	1.71	0.38
Intangible assets								
Computer software ^	-	0.10	-	0.10	0.00	-	0.10	-
Total : B	-	0.10	-	0.10	0.00	-	0.10	-
Grand Total [A+B]	0.38	1.98	-	2.36	0.55	-	1.81	0.38

^ - amount is less than Rs. 0.01 million.



Edelweiss Retail Finance Limited

Notes to the financial statements (Continued)

as at 31 March 2017

(Currency : Indian Rupees in Millions)

	As at 31 March 2017	As at 31 March 2016
2.11 Deferred tax assets (net)		
Deferred tax assets on account of :		
Provision for standard assets	17.80	14.45
Amortised processing fees	41.79	43.60
Provision for Gratuity	1.26	0.73
Disallowances under section 43B of the Income Tax Act, 1961	0.34	0.28
Provision for deferred bonus	8.81	-
Provision for non-performing assets	15.47	12.27
Difference between book and tax depreciation	-	0.11
	<u>85.47</u>	<u>71.44</u>
Deferred tax liabilities on account of :		
Amortised loan origination costs	63.22	60.70
Difference between book and tax depreciation	0.33	-
	<u>63.55</u>	<u>60.70</u>
Net deferred tax assets	<u>21.92</u>	<u>10.74</u>
2.12 Long-term loans and advances		
<u>Secured</u>		
(considered good, unless stated otherwise)		
Receivable from financing business		
- considered good	5,137.10	7,753.65
	<u>5,137.10</u>	<u>7,753.65</u>
<u>Unsecured</u>		
(considered good, unless stated otherwise)		
Receivables from financing business		
- considered good	2,434.03	151.88
- considered non performing assets	52.97	15.62
	<u>2,487.00</u>	<u>167.50</u>
Security Deposits		
Rental deposits	3.67	1.49
Other loans and advances		
Unamortised loan origination costs	78.59	85.73
Advance income taxes (net of provision for Tax Rs 0.58 million; Previous year Rs. 0.58 million)	0.05	0.05
	<u>2,569.31</u>	<u>254.77</u>
	<u>7,706.41</u>	<u>8,008.42</u>
2.13 Other non-current assets		
Deferred Consideration on loan transfer transactions	42.00	1.87
	<u>42.00</u>	<u>1.87</u>



Edelweiss Retail Finance Limited

Notes to the financial statements (Continued)

as at 31 March 2017

(Currency : Indian Rupees in Millions)

	As at 31 March 2017	As at 31 March 2016
2.14 Cash and bank balances		
Cash and Cash equivalents		
Balances with Banks		
- in Current accounts	7.88	140.29
Other Banks Balances		
- Short term deposits with banks	64.33	-
(Other bank deposits with maturity > 3 months and less than 12 months)		
	72.21	140.29
2.15 Short-term loans and advances		
<u>Secured</u>		
(considered good, unless stated otherwise)		
Receivable from financing business		
- considered good	4,005.08	516.38
<u>Unsecured</u>		
(considered good, unless stated otherwise)		
Receivables from financing business		
- considered good	3,098.38	5,497.81
- considered non performing assets	9.00	24.14
	3,107.38	5,521.95
Other loans and advances		
Advances to others	0.03	-
Deposits- others	0.13	0.13
Prepaid expenses	0.74	0.11
Unamortised loan origination costs	104.09	89.66
Loans and advances to employees	0.42	-
Input tax credit	29.01	14.94
Advances recoverable in cash or in kind or for value to be received	49.49	53.00
	3,291.29	5,679.79
	7,296.37	6,196.17
2.16 Other current assets		
Accrued interest on fixed deposits	0.02	-
Accrued interest on loans	17.18	5.43
Accrued interest on loans not due	188.31	150.62
Deferred Consideration on loan transfer transactions	158.83	22.71
	364.34	178.76



Edelweiss Retail Finance Limited

Notes to the financial statements (Continued) for the year ended 31 March 2017

(Currency : Indian Rupees in Millions)

	For the year ended 31 March 2017	For the period ended 31 March 2016
2.17 Fee and commission income		
Loan processing fees and other fees	187.20	80.97
	<u>187.20</u>	<u>80.97</u>
2.18 Interest Income		
On loans	2,338.10	1,532.53
On fixed deposits	0.02	-
On others	0.04	0.04
	<u>2,338.16</u>	<u>1,532.57</u>
2.19 Other income		
Miscellaneous income	9.98	1.18
	<u>9.98</u>	<u>1.18</u>



Edelweiss Retail Finance Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2017

(Currency : Indian Rupees in Millions)

	For the year ended 31 March 2017	For the year ended 31 March 2016
2.20 Employee benefits expense		
Salaries and wages (refer note 2.28)	198.29	45.95
Contribution to provident and other funds	7.68	2.60
Staff welfare expenses	9.74	0.77
	215.71	49.32
2.21 Finance costs		
Interest on debentures	434.60	291.40
Interest on Subordinated Debt	23.18	13.68
Interest on term loan	557.09	163.82
Interest on bank overdraft	19.67	6.90
Interest on loan from related party	112.07	271.71
Discount on Non Convertible Debentures	9.72	6.33
Interest on shortfall in payment of Advance Income Tax	1.19	0.83
Bank charges	3.67	35.50
Interest - others	-	2.99
	1,161.19	793.16
2.22 Other expenses		
Advertisement and business promotion	3.07	1.90
Auditors' remuneration (refer below)	1.62	0.81
Bad- debts and advances written off	225.54	1.78
Commission and brokerage	0.94	0.08
Communication	1.35	0.36
Computer software	0.05	0.23
Directors' sitting fees	0.40	-
Donation	0.50	0.05
Electricity charges (Refer note 2.28)	1.41	0.60
Legal and professional fees	149.12	159.63
Loan origination costs amortised	196.18	90.48
Office expenses	1.60	2.87
Printing and stationery	1.63	0.73
Provision for standard assets	9.65	28.00
Provision for restructured advances	2.91	1.25
Provision for non performing assets	(23.79)	26.69
Provision for credit loss on securitisation	30.14	5.60
Rates and taxes	0.27	0.19
Rating Support Fees	12.50	28.50
Rent (Refer note 2.28)	10.25	7.30
Repairs and maintenance - others	0.61	0.20
ROC expenses	(0.07)	1.61
Service tax expenses	21.31	21.85
Stamp duty	7.73	7.88
Travelling and conveyance	9.39	3.02
Miscellaneous expenses	1.51	0.79
	665.82	392.40
Auditors' remuneration:		
For Statutory audit and limited review	1.43	0.70
For other services (certification)	0.08	0.08
For reimbursement of expenses	0.11	0.03
	1.62	0.81



Edelweiss Retail Finance Limited
Notes to the financial statements (Continued)
For the year ended 31 March 2017

(Currency: Indian rupees in Million)

2.23 Segment reporting

The Company is registered with the Reserve Bank of India as a Non Banking Financial Company engaged in the business of lending and financing. All other activities of the Company revolve around the main business. Since the business operations of the Company are primarily concentrated in India, the Company is considered to operate only in the domestic segment.

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

2.24 Related Parties as per AS 18

(i) List of related parties and relationship:

Name of related parties by whom control is exercised	Edelcap Securities Limited - Holding company Edelweiss Financial Services Limited - Ultimate holding company
Fellow Subsidiaries (with whom transactions have taken place)	Auris Corporate Centre Limited ECL Finance Limited EdelGive Foundation Edelweiss Commodities Services Limited Edelweiss Housing Finance Limited Edelweiss Business Services Limited (Formerly known as Edelweiss Web Services Limited) EFSL Trading Limited (Formerly known as EFSL Commodities Limited) Edelweiss Finvest Private Limited (Formerly known as Arum Investments Private Limited) Edelweiss Investment Adviser Limited Eternity Business Centre Limited Edelweiss Finance & Investments Limited Edelweiss Securities Limited
Key Management Personnel	Mr. Arun Kumar Nayyar

(ii) Transactions with related parties :

Nature of Transaction	Related Party Name	For the year ended 31 March 2017	For the year ended 31 March 2016
Capital Account Transaction during the year:			
Equity shares issued to	Edelcap Securities Limited	-	96.00
	Edelweiss Financial Services Limited	-	46.92
	Edelweiss Finvest Private Limited (Formerly known as Arum Investments Private Limited)	30.00	-
Securities premium received from	Edelweiss Financial Services Limited	-	623.97
	Edelcap Securities Limited	-	361.26
	Edelweiss Finvest Private Limited (Formerly known as Arum Investments Private Limited)	234.00	-
Assignment of loan portfolio from	Edelweiss Housing Finance Limited	1,005.91	-
Current account transactions:			
Loans taken from (refer note 2.24A(2))	Edelweiss Financial Services Limited	333.02	2,426.90
	Edelweiss Commodities Services Limited	3,472.40	-
Loans repaid to (refer note 2.24A(2))	Edelweiss Financial Services Limited	429.13	2,733.65
	Edelweiss Commodities Services Limited	2,739.93	-
	EFSL Trading Limited (Formerly known as EFSL Commodities Limited)	290.00	2,500.00
Repayment of loans by (refer note 2.24A(2))	Edelweiss Securities Limited	-	7.50
Interest expenses	EFSL Trading Limited (Formerly known as EFSL Commodities Limited)	7.03	151.52
	Edelweiss Financial Services Limited	1.93	123.19
	Edelweiss Commodities Services Limited	103.11	-
Legal & Professional Fees	Edelweiss Housing Finance Limited	48.87	57.51
	Edelweiss Business Services Limited (Formerly known as Edelweiss Web Services Limited)	0.24	-
Interest received on loan from:	Edelweiss Securities Limited	-	0.39



Edelweiss Retail Finance Limited
Notes to the financial statements (Continued)
For the year ended 31 March 2017

(Currency: Indian rupees in Million)

(ii) Transactions with related parties (Continued)

Nature of Transaction	Related Party Name	For the year ended 31 March 2017	For the year ended 31 March 2016
Reimbursement paid to	Edelweiss Financial Services Limited	65.76	180.88
	Edelweiss Business Services Limited (Formerly known as Edelweiss Web Services Limited)	71.84	0.01
Cost reimbursement paid to	Edelweiss Financial Services Limited	1.92	13.70
	Edelweiss Business Services Limited (Formerly known as Edelweiss Web Services Limited)	0.06	0.06
	Edelweiss Commodities Services Limited	0.32	1.74
	Eternity Business Centre Limited	0.36	-
Commission & Brokerage Exps	Edelweiss Investment Adviser Limited	0.95	-
Rent paid to	Auris Corporate Centre Limited	-	3.88
	Edelweiss Commodities Services Limited	1.84	-
	Eternity Business Centre Limited	5.88	-
Donation	EdelGive Foundation	0.50	0.05
Rating fee paid	Edelweiss Financial Services Limited	12.50	28.50
Remuneration paid to (refer note 2.24A(3) & note 2.24A(4))	Mr. Arun Kumar Nayyar	25.67	7.36
Director sitting fees	Mr. Mitul Shah	0.20	0.02
	Mr. Sanjay Shah	0.20	0.02
Director nomination deposit received from	Edelcap Securities Limited	0.30	0.10
Prepaid Exps	Edelweiss Financial Services Limited	0.71	-
Balances with related parties:			
Liabilities			
Short term borrowings from (refer note 2.24A(2))	Edelweiss Financial Services Limited	-	96.11
	Edelweiss Commodities Services Limited	732.47	-
Long term borrowings from (refer note 2.24A(2))	EFSL Trading Limited (Formerly known as EFSL Commodities Limited)	-	290.00
Interest accrued and due on borrowings from	Edelweiss Commodities Services Limited	-	5.45
	EFSL Trading Limited (Formerly known as EFSL Commodities Limited)	0.49	1.70
Trade Payables	Auris Corporate Centre Limited	-	4.05
	Edelweiss Financial Services Limited	-	32.63
	Edelweiss Housing Finance Limited	51.46	60.10
	Edelcap Securities Limited	-	0.10
	Edelweiss Business Services Limited (Formerly known as Edelweiss Web Services Limited)	0.35	0.07
Nomination deposits - Payables	Edelcap Securities Limited	0.60	-
Advances to others	Edelweiss Finance & Investments Limited	0.03	-
Nomination deposits - Receivables	Edelcap Securities Limited	0.10	-
Assets			
Remuneration payable to (refer note 2.24A(3) & note 2.24A(4))	Mr. Arun Kumar Nayyar	11.00	7.00
Off Balance sheet item			
Corporate guarantee taken from	Edelweiss Financial Services Limited	-	200.00

Note : 2.24A

- Previous year figures have been recasted / restated wherever necessary.
- The Intra group company loans are generally in the nature of revolving demand loans. Loan taken/repaid from/to related parties are disclosed based on the maximum incremental amount taken and repaid during the reporting period.
- Information relating to remuneration paid to key managerial person mentioned above excludes provision made for gratuity, leave encashment and deferred bonus which are provided for group of employees on an overall basis.
- Remunerations to KMPs shall be within the limit prescribed by the Companies Act.



Edelweiss Retail Finance Limited
Notes to the financial statements (Continued)
For the year ended 31 March 2017

(Currency: Indian rupees in Million)

2.25 Earnings per share

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

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
a) Shareholders earnings (as per statement of profit and loss)	319.46	247.02
b) Calculation of weighted average number of Equity Shares of Re 10 each:		
- Number of equity shares outstanding at the beginning of the year	29,950,000	15,658,833
- Number of equity shares issued during the year	3,000,000	14,291,167
Total number of equity shares outstanding at the end of the year	32,950,000	29,950,000
Weighted average number of equity shares outstanding during the year (based on the date of issue of shares)	31,700,685	20,112,730
Basic and diluted earnings per share (in Rupees) (a/b)	10.08	12.28

The basic and diluted earnings per share are the same as there are no dilutive potential equity shares issued or outstanding as at 31 March 2017 and as at 31 March 2016.

2.26 Disclosure pursuant to Accounting Standard 15 (Revised)-Employee benefits

A) Defined contribution plan (Provident fund):

Amount of Rs.5.73 million (previous year: Rs.1.69 million) is recognised as expenses and included in "Employee benefit expenses".

B) Defined benefit plan (Gratuity):

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

Statement of profit and loss

Net employee benefit expenses recognized in the statement of profit & loss

	For the year ended 31 March 2017	For the year ended 31 March 2016
Current service cost	0.86	0.60
Interest on defined benefit obligation	0.16	0.09
Past service cost	-	-
Actuarial losses	0.72	0.22
Total included in 'Employee Benefit Expenses'	1.74	0.91

Balance Sheet

Reconciliation of Defined Benefit Obligation (DBO) are as follows:

	For the year ended 31 March 2017	For the year ended 31 March 2016
Present value of DBO at start of year	2.11	0.03
Interest cost	0.16	0.09
Current service cost	0.86	0.60
Employee Transfer in adjustment	0.03	1.17
Benefit paid	(0.24)	-
Actuarial (gain)/loss:	0.72	0.22
Present value of DBO at end of year	3.63	2.11



Edelweiss Retail Finance Limited
Notes to the financial statements (Continued)
For the year ended 31 March 2017

(Currency: Indian rupees in Million)

2.26 Disclosure pursuant to Accounting Standard 15 (Revised)-Employee benefits (Continued)

Changes in the fair value of plan assets are as follows:

	For the year ended 31 March 2017	For the year ended 31 March 2016
Fair value of plan assets at the beginning of the year	-	-
Acquisition adjustment	-	-
Expected return on plan asset	-	-
Contributions	-	-
Benefits paid	-	-
Actuarial gain/(loss):	-	-
Fair value of plan assets at the end of the year	-	-

Net liability / (asset) recognised in the Balance Sheet

	For the year ended 31 March 2017	For the year ended 31 March 2016
Present value of DBO	3.63	2.11
Fair value of plan assets	-	-
Amount recognized in balance sheet - (assets)/liability	3.63	2.11
Of which, short term provision	0.50	0.00

Experience adjustment :

	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015
Defined Benefit Obligation	3.63	2.11	0.03
Fair value of plan assets	-	-	-
Surplus / (Deficit)	(3.63)	(2.11)	(0.03)
On plan liabilities: (gain)/ loss	0.57	0.17	NA*

* Being the first actuarial valuation

Principle actuarial assumptions at the balance sheet date:

	As at 31 March 2017	As at 31 March 2016
Discount rate current	6.60%	7.40%
Salary escalation current	7.00%	7.00%
Employees attrition rate (based on categories)	13-60%	13-60%
Mortality Rate	IALM 2006-08 (Ult.)	IALM 2006-08 (Ult.)
Expected average remaining working life of employees	3 year	4 year

2.27 Contingent liabilities and commitments

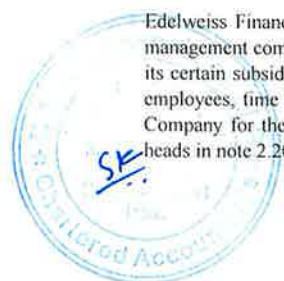
- a) The Company has no contingent liabilities as at the balance sheet date is Nil (Previous year: Nil).
Corporate guarantee given by the Company in relation to securitisation transaction is Rs. 322.58 million (Previous year : Rs. 22.22 million)

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

- b) Estimated amount of contracts remaining to be executed on capital account net of advances and not provided for is Rs. 1.02 million (Previous Year Rs.0.90 million).
- c) Undrawn committed credit lines Rs. 59.73 million as at balance sheet date (Previous year: Rs. 336.94 million).

2.28 Cost sharing

Edelweiss Financial Services Limited, being the ultimate holding Company along with fellow subsidiaries incurs expenditure like common senior management compensation cost (FY 2015-16), 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 2.20 and 2.22 include reimbursements paid and are net of reimbursements received based on the management's best estimate.



Edelweiss Retail Finance Limited

Notes to the financial statements (Continued)

For the year ended 31 March 2017

(Currency: Indian rupees in Million)

2.29 Details of dues to micro enterprise and small enterprise

Trade payables includes Rs. Nil (Previous year: Rs. Nil) payable to "suppliers" registered under the micro, small and medium enterprises Development Act, 2006. No interest has been paid / is payable by the Company during the year to "suppliers" registered under this Act. The aforementioned is based on the responses received by the Company to its inquiries with suppliers with regard to applicability under the said Act.

2.30 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 has been made in the books of accounts. The Company has not entered into any derivatives contracts during the year.

2.31 Details of Unsecured non-convertible redeemable subordinated debt

Details of the unsecured debentures issued as at 31 March 2017

Rate of interest	> 3 Years	2 - 3 Years	1 - 2 Years	< 1 Year	Total
9.95%	120.00	-	-	-	120.00
11.50%	140.00	-	-	-	140.00
Total	260.00	-	-	-	260.00

Details of the unsecured debentures issued as at 31 March 2016

Rate of interest	> 3 Years	2 - 3 Years	1 - 2 Years	< 1 Year	Total
11.50%	140.00	-	-	-	140.00

2.32 Details of Secured non-convertible debentures issued

Following are details of the repayment terms of secured debentures issued

As at 31 March 2017

Rate of interest	<1 year	1-3 years	> 3 years*	Total
Zero coupon bond	250.00	-	-	250.00
9%	750.00	-	2,000.00	2,750.00
Total	1,000.00	-	2,000.00	3,000.00

*Premium on redemption of debentures amounting to Rs. 58.17 million payable at maturity is not included above.

As at 31 March 2016

Rate of interest	<1 year	1-3 years	> 3 years	Total
Zero coupon bond	-	250.00	-	250.00
9%	2,000.00	750.00	2,000.00	4,750.00
Total	2,000.00	1,000.00	2,000.00	5,000.00

b) Debenture redemption reserve is not created for 5,000 Secured redeemable non convertible debentures of face value of Rs. 1,000,000/- each pursuant to the Rule 18(7)(b)(ii) of Companies (Share Capital and Debentures) Rules, 2014 exempting NBFCs from creation of debenture redemption reserve in respect of privately placed debentures.

c) Debt equity and asset cover Ratio:

I) Debt equity ratio

	As at 31 March 2017	As at 31 March 2016
Shareholder's fund		
Paid up capital-equity	329.50	299.50
Add: Reserve and surplus	2,805.43	2,311.13
Less: Deferred tax asset	21.92	10.74
Less: Deferred Revenue Expenditure (Loan Originating Cost)	182.68	175.39
Equity (A)	2,930.33	2,424.50
Debt		
Long-term borrowings	6,646.75	7,726.86
Short-term borrowings	1,751.00	556.35
Current maturities of long term debt	2,520.83	2,480.46
Debt (B)	10,918.58	10,763.67
Debt equity ratio (B/A)	3.73	4.44

Edelweiss Retail Finance Limited

Notes to the financial statements (Continued)

For the year ended 31 March 2017

(Currency: Indian rupees in Million)

2.33 Details of Secured non-convertible debentures issued (Continued)

c) Debt equity and asset cover Ratio:

ii) Asset cover ratio

		As at 31 March 2017	As at 31 March 2016
Assets available			
Loans and advances	(A)	14,736.56	13,959.49
Debt			
Long-term secured borrowings		6,386.75	7,296.86
Short-term secured borrowings		1,018.53	460.24
Current maturities of secured long term debt		2,520.83	2,486.46
Total	(B)	9,926.11	10,243.56
Asset cover	(A/B)	1.48 :1	1.36 :1

2.34 Details of term loan from bank

As at 31 March 2017	Maturity			
Rate of interest	< 1 Year	1 - 3 Years	> 3 Years	Total
8.00 - 8.99%	562.50	1,125.00	434.05	2,121.55
9.00% to 9.99%	808.33	1,616.67	828.13	3,253.13
10.00% to 10.99%	150.00	300.00	24.73	474.73
Total	1,520.83	3,041.67	1,286.91	5,849.41
As at 31 March 2016				
Rate of interest	< 1 Year	1 - 3 Years	> 3 Years	Total
9.00% to 9.99%	100.00	175.00	-	275.00
10.00% to 10.99%	386.46	2,274.98	1,846.88	4,508.31
Total	486.46	2,449.98	1,846.88	4,783.31

2.35 Foreign currency

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

2.36 Key ratios

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

	For the year ended 31 March 2017	For the year ended 31 March 2016
Gross NPAs as a percentage of total advance	0.42%	0.28%
Net NPAs as a percentage of total advance	0.36%	0.07%
Book value per share (Rs.) ¹	88.93	80.95
Current ratio ²	1.42	1.61
Debt to equity ratio (refer note 2.32) ³	3.73	4.44
Return on average equity ⁴ (%)	11.93%	13.77%
Return on average assets ⁵ (%)	2.13%	2.44%

1. Book value per share = Equity share capital (+) Reserves and surplus (-) Deferred tax assets (-) Deferred Revenue Expenditure / Outstanding number of equity shares.

2. Current ratio = Current assets / Current liabilities.

3. Debt-Equity ratio = Total Debt / Total Equity

Debt = Long term borrowings (+) Short term borrowings (+) Current maturity of long term borrowings

Total Equity = Equity Share Capital (+) Reserves and Surplus (-) Deferred tax asset (-) Deferred Revenue Expenditure

4. Return on average equity = Profit for the year / [Annual average equity share capital (+) Annual average reserves and surplus less Deferred tax asset].

5. Return on average assets = Profit for the year / Annual average total assets.

2.37 Banking facilities

The Company has obtained borrowing facilities from below mentioned banks:

1 Kotak Mahindra Bank Ltd	7 Punjab & Sind Bank
2 DCB Bank Ltd	8 Punjab National Bank
3 HDFC Bank Ltd	9 Bank of Maharashtra
4 United Bank of India	10 State Bank of India
5 Dena Bank	11 Karnataka Bank
6 Corporation Bank	12 State Bank of Patiala



Edelweiss Retail Finance Limited

Notes to the financial statements (Continued)

For the year ended 31 March 2017

(Currency: Indian rupees in Million)

2.38 Capital to risk assets ratio (CRAR)

	As at 31 March 2017	As at 31 March 2016
i) CRAR (%)	18.67%	18.70%
ii) CRAR - Tier I capital (%)	17.90%	17.68%
iii) CRAR - Tier II Capital (%)	0.77%	1.02%
iv) Amount of subordinated debt raised as Tier-II capital	260.00	140.00
v) Amount raised by issue of perpetual debt instruments	-	-

2.39 Direct assignment & Securitisation

The Company sells loans through securitisation and direct assignment.

The information on direct assignment of the Company as an originator in respect of par transaction done during the year is given below :

	As at 31 March 2017	As at 31 March 2016
Total number of loan assets under par structure	195	-
Total book value of loan assets	761.02	-
Sales consideration received	761.02	-

The information on direct assignment of the Company as an originator in respect of transaction done on premium during the year is given below :

	As at 31 March 2017	As at 31 March 2016
Total number of loan assets under par structure	1752	-
Total book value of loan assets	52.16	-
Sales consideration received	52.70	-

Disclosures in the notes to the accounts in respect of securitisation transactions as required under revised guidelines on securitization transactions issued by RBI vide circular no.DNBS, PD.No.301/3.10.01/2012-13 dated August 21, 2012

	As at 31 March 2017	As at 31 March 2016
1 No. of SPVs sponsored by the NBFC for securitisation transactions	4	1
2 Total amount of securitised assets as per books of the SPVs sponsored by the NBFC	2,372.15	415.81
3 Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet	237.22	41.58
a) Off-balance sheet exposures		
- First loss	163.35	-
- Others	-	-
b) On-balance sheet exposures		
- First loss	73.87	41.58
- Others	-	-
4 Amount of exposures to assignment transactions other than MRR	194.16	25.11
a) Off-balance sheet exposures		
i) Exposure to own securitisations		
- First loss	159.23	22.22
- Others	-	-
ii) Exposure to third party securitisations		
- First loss	-	-
- Others	-	-
b) On-balance sheet exposures		
i) Exposure to own securitisations		
- First loss	34.93	2.89
- Others	-	-
ii) Exposure to third party securitisations		
- First loss	-	-
- Others	-	-

Amount of exposures to assignment transactions other than MRR

	As at 31 March 2017	As at 31 March 2016
i) No. of accounts	-	-
ii) Aggregate value (net of provisions) of accounts sold to SC / RC	-	-
iii) Aggregate consideration	-	-
iv) Additional consideration realized in respect of accounts transferred in earlier years	-	-
v) Aggregate gain / loss over net book value	-	-



Edelweiss Retail Finance Limited

Notes to the financial statements (Continued)

For the year ended 31 March 2017

(Currency: Indian rupees in Million)

2.40 Details of non-performing financial assets purchased / sold

During the year the Company has neither purchased nor sold any non-performing financial assets. (Previous year : Nil)

2.41 Operating leases

The Company has taken premises on operating lease. Terms of the lease include terms for renewal, increase in rents in future periods and term of cancellation. Gross rental expenses for the year ended 31 March 2017 aggregated to Rs.10.25 million (Previous year Rs. 7.30 million) which has been included under the head Other expenses – Rent in the statement of profit and loss.

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

Minimum lease payments for non cancellable lease	For the year ended 31 March 2017	For the year ended 31 March 2016
- not later than one year	1.18	1.33
- later than one year and not later than five years	-	1.18
- later than five year	-	-

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

2.42 Exposure to real estate sector, both direct and indirect & exposure to capital market

a) Exposure to real estate sector, both direct and indirect

	For the year ended 31 March 2017	For the year ended 31 March 2016
A. Direct exposure		
(i) Residential mortgages - Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented.(Individual housing loans up to Rs. 15 lakh may be shown separately)	4,336.32	4,235.55
(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).	4,839.75	4,001.17
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)	-	-

b) Exposure to capital market

	For the year ended 31 March 2017	For the year ended 31 March 2016
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	-	-
ii) advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds	-	-
iii) advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	-	-
iv) advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances	-	-
v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	-	-
vi) loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	-	-
vii) bridge loans to companies against expected equity flows / issues	-	-
viii) all exposures to Venture Capital Funds (both registered and unregistered)	-	-



Edelweiss Retail Finance Limited

Notes to the financial statements (Continued)

For the year ended 31 March 2017

(Currency: Indian rupees in Million)

2.43 Asset liability management

Maturity pattern of certain items of assets and liabilities

For the financial year 2016-17

Particulars	Liabilities		Assets	
	Borrowings from banks	Borrowings from others	Advances	Investments
1 day to 30/31 days (One month)	279.63	146.49	696.85	-
Over One month to 2 months	203.71	366.23	940.71	-
Over 2 months upto 3 months	915.40	219.74	1,689.55	-
Over 3 months to 6 months	380.21	750.00	1,281.17	-
Over 6 months to 1 year	760.42	250.00	2,504.18	-
Over 1 year to 3 years	3,041.67	-	2,990.30	-
Over 3 years to 5 years	1,286.91	2,058.17	1,252.53	-
Over 5 years	-	260.00	3,381.27	-
Total	6,867.95	4,050.64	14,736.56	-

For the Financial Year 2015-16

Particulars	Liabilities		Assets	
	Borrowings from banks	Borrowings from others	Advances	Investments
1 day to 30/31 days (One month)	25.00	-	286.87	-
Over One months to 2 months	-	43.33	263.73	-
Over 2 months upto 3 months	52.08	173.84	1,760.23	-
Over 3 months to 6 months	77.08	168.94	1,256.75	-
Over 6 months to 1 year	792.54	2,000.00	2,470.74	-
Over 1 year to 3 years	2,450.00	1,000.00	1,058.35	-
Over 3 years to 5 years	1,846.85	2,000.00	1,569.04	-
Over 5 years	-	140.00	5,293.78	-
Total	5,243.55	5,526.11	13,959.49	-

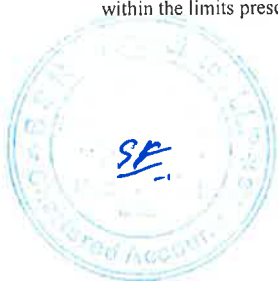
2.44 Movements in non performing advances:

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

	For the year ended 31 March 2017	For the year ended 31 March 2016
i) Net NPAs to net advances (%)	0.36%	0.07%
ii) Movement of NPAs (Gross)		
a) Opening balance	39.76	1.40
b) Additions during the year	54.37	40.10
c) Reductions during the year	(32.16)	1.74
d) Closing balance	61.97	39.76
iii) Movement of net NPA		
a) Opening balance	9.92	-
b) Additions during the year	46.55	10.21
c) Reductions during the year	(3.46)	0.29
d) Closing balance	53.01	9.92
iv) Movement of provisions for NPAs (excluding provision on standard assets)		
a) Opening balance	29.84	1.40
b) Additions during the year	7.82	29.89
c) Reductions during the year	(28.70)	1.45
d) Closing balance	8.96	29.84

2.45 Details of single borrower limit and group borrower limit exceeded by the Company:

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



Edelweiss Retail Finance Limited

Notes to the financial statements (Continued)

For the year ended 31 March 2017

(Currency: Indian rupees in Million)

2.46 Details of 'provisions and contingencies'

Break up of 'provisions and contingencies' shown under the head expenditure in statement of profit and loss.	For the year ended 31 March 2017	For the year ended 31 March 2016
i) Provisions for depreciation on investment	-	-
ii) Provision towards NPA (include Restructured assets)	(20.88)	27.94
iii) Provision made towards income tax	181.01	145.53
iv) Provision for standard assets	9.65	28.00
v) Other provision and contingencies		
a) Provision for credit loss on securitisation	30.14	5.60

2.47 Concentration of deposits, advances, exposures and NPAs

A) Concentration of advances	For the year ended 31 March 2017	For the year ended 31 March 2016
Total advances to twenty largest borrowers	1,307.27	920.04
% of advances to twenty largest borrowers to total advances	8.87%	6.59%
B) Concentration of exposures (includes Off balance sheet exposure)		
Total exposures to twenty largest borrowers / customers	1,307.27	920.04
% of exposures to twenty largest borrowers / customers to total advances	8.84%	6.59%
C) Concentration of NPAs		
Total exposures to top four NPAs	36.59	10.35
D) Sector-wise NPAs	% of NPAs to total advances in that sector	
	For the year ended 31 March 2017	For the year ended 31 March 2016
1 Agriculture & allied activities	0.00%	0.00%
2 MSME	0.00%	0.00%
3 Corporate borrowers	0.43%	0.37%
4 Services	0.41%	0.65%
5 Unsecured personal loans	0.00%	0.00%
6 Auto loans	0.00%	0.00%
7 Other personal loans	0.00%	0.00%

2.48 Customer complaints

	For the year ended 31 March 2017	For the year ended 31 March 2016
(a) No. of complaints pending at the beginning of the year	-	-
(b) No. of complaints received during the year	52	8
(c) No. of complaints redressed during the year	52	8
(d) No. of complaints pending at the end of the year	-	-

2.49 Details of ratings assigned by credit rating agencies

As at 31 March 2017

Instrument category	CRISIL	ICRA	CARE	Brickworks
i) Long term instruments				
Rating	CRISIL AA/Stable	[ICRA] AA	CARE AA	BWR AA+
Amount	10,000.00	31,500.00	5,500.00	4,500.00
ii) Short term instruments				
Rating	-	[ICRA] A1+	CARE A1+	-
Amount	-	6,000.00	5,000.00	-

As at 31 March 2016

Instrument category	ICRA	CARE	Brickworks
i) Long term instruments			
Rating	[ICRA] AA	CARE AA	BWR AA+
Amount	22,500.00	4,500.00	4,500.00
ii) Short term instruments			
Rating	[ICRA] A1+	CARE A1+	-
Amount	6,000.00	5,000.00	-



(as required by RBI guidelines under reference DNBS. CO. PD. No. 367 / 03.10.01 / 2013-14 dated January 23, 2014)

Note :-

3. The above table excludes the recoveries made on restructured accounts.



[illegible]

1. Excluding the figures of Standard Restructured Advances which do not attract higher provisioning or risk weight (if applicable)

2. Amount outstanding during the year is the amount outstanding as on the date of restructuring.

3. The above table excludes the recoveries made on restructured accounts.



Edelweiss Retail Finance Limited
Notes to the financial statements (Continued)
For the year ended 31 March 2017

(Currency: Indian rupees in Million)

2.51 Corporate social responsibility (CSR)

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

- a) Gross Amount required to be spent by the Company during the year was Rs. 3.80 million; (Previous year Rs. 0.86 million)
b) Amount spent during the year on :

Particulars	In cash	Yet to be paid in cash	Total
i Construction/ acquisition of any assets	-	-	-
i on purpose other than (i) above	0.50	-	0.50
	(0.05)	-	(0.05)

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

2. Figures in bracket are in respect of previous year.

2.52 Registration obtained from other financial sector regulators - Nil

2.53 Disclosure of penalties imposed by RBI and other regulators - Nil

2.54 Note to the balance sheet of a non-deposit taking non-banking financial Company

Note to the balance sheet of a non-deposit taking non-banking financial company as required in terms of paragraph 18 of Master Direction- Non-Banking Financial Company- Systematically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016. (Figures are as at 31 March 2017)

Liabilities side:				
Particulars	Amount outstanding		Amount overdue	
	As at 31 March 2017	As at 31 March 2016	As at 31 March 2017	As at 31 March 2016
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	3,267.15	5,291.65	-	-
(ii) Unsecured	296.86	153.68	-	-
b) Deferred credits	-	-	-	-
c) Term loans	5,849.41	4,783.31	-	-
d) Inter-corporate loans and borrowing	-	-	-	-
e) Commercial paper	-	-	-	-
f) Other loans	-	-	-	-
1) Loan from related parties	732.97	393.27	-	-
2) Bank overdraft	1,018.53	460.24	-	-
(* Please see note 1 below)				
Assets side:				
	Amount Outstanding			
	As at 31 March 2017	As at 31 March 2016		
2) Break up of loans and advances including bills receivables (other than those included in (3) below)				
a) Secured			9,142.18	8,270.03
b) Unsecured			5,594.38	5,689.46
3) Break up of leased assets and stock on hire and other assets counting towards AFC activities				
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			-	-



Edelweiss Retail Finance Limited
Notes to the financial statements (Continued)
For the year ended 31 March 2017

(Currency: Indian rupees in Million)

2.55 Note to the balance sheet of a non-deposit taking non-banking financial company as required in terms of paragraph 18 of Master Direction- Non-Banking Financial Company- Systematically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016. (Figures are as at 31 March 2017)

	As at 31 March 2017		As at 31 March 2016			
4) Break up of investments						
Current investments:						
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						
Preference						
(ii) Debentures and bonds						
(iii) Units of mutual funds						
(iv) Government securities						
(v) Others (pass through certificates)						
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						
Preference						
(ii) Debentures and bonds						
(iii) Units of mutual funds						
(iv) Government securities						
(v) Others						
- Pass through certificates						
- Security receipts						
5) Borrower group-wise classification of assets financed as in (2) and (3) above						
Particulars	Secured		Amount net of provisions Unsecured		Total	
	As at 31 March 2017	As at 31 March 2016	As at 31 March 2017	As at 31 March 2016	As at 31 March 2017	As at 31 March 2016
1. Related parties**						
(a) Subsidiaries						
(b) Companies in the same group						
(c) Other related parties						
2. Other than related	9,142.18	8,270.03	5,594.38	5,689.46	14,736.56	13,959.49
TOTAL	9,142.18	8,270.03	5,594.38	5,689.46	14,736.56	13,959.49
** As per Accounting Standard of ICAI						
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)			
	As at 31 March 2017	As at 31 March 2016	As at 31 March 2017	As at 31 March 2016		
1) Related parties						
(a) Subsidiaries						
(b) Companies in the same group						
(c) Other related parties						
2) Other than related parties						
TOTAL						



Edelweiss Retail Finance Limited
Notes to the financial statements (Continued)
For the year ended 31 March 2017

(Currency: Indian rupees in Million)

- 2.56 Note to the balance sheet of a non-deposit taking non-banking financial company as required in terms of paragraph 18 of Master Direction- Non-Banking Financial Company- Systematically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016. (Figures are as at 31 March 2017)

7) Other information

Particulars	As at 31 March 2017	As at 31 March 2016
a) Gross non-performing assets		
1) Related parties	-	-
2) Other than related parties	61.97	39.76
b) Net non-performing assets		
1) Related parties	-	-
2) Other than related parties	53.01	9.92
c) Assets acquired in satisfaction of debt	-	-

Note :

1. As defined in paragraph 2(1)(xii) of the Non-Banking Financial Company Acceptance of public deposits(Reserve bank) Direction,1998.

- 2.57 Disclosures relating to Specified Bank Notes* (SBNs) held and transacted during the period from 08th November to 30th December 2016 pursuant to notification no. G.S.R. 308(E) dated 30th March 2017

Particulars	SBNs*	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	2.13	0.00	2.13
(+) Permitted receipts	-	0.42	0.42
(-) Permitted payments	-	-	-
(-) Amount deposited in Banks	2.13	0.42	2.55
Closing cash in hand as on 30.12.2016	-	0.00^	0.00^

^~ Amount is less than 0.01 million

* For the purposes of this clause, the term specified bank notes (SBNs) means the bank notes of denomination of existing series of the value of five hundred rupees and one thousand rupees as defined under the notification of Government of India, in the Ministry of Finance, Department of Economic Affairs No. S.O.3407(E), dated 8th November 2016.

As per our report attached on even date

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

Ashwin Suvarna
Partner
Membership No: 109503

For and on behalf of the Board of Directors
Edelweiss Retail Finance Limited

Anil Kothuri
Director
DIN: 00177945

Krishnaswamy Siddharth
Director
DIN : 02463804

Vineet Mahajan
Chief Financial Officer

Sudipta Majumdar
Company Secretary

Mumbai
16 May 2017

Mumbai
16 May 2017

Mumbai
16 May 2017