

## INDEPENDENT AUDITOR'S REPORT

To the Members of Edel Finance Company Limited

Report on the Audit of the Standalone Ind AS Financial Statements

### Opinion

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

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

### Basis for Opinion

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

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

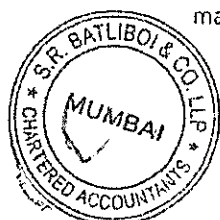
The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the standalone Ind AS financial statements and our auditor's report thereon.

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

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

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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding



of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

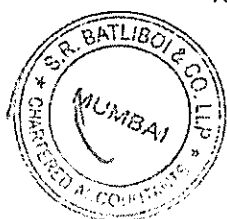
Those Charged with Governance are also responsible for overseeing the Company's financial reporting process.

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

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

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

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



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

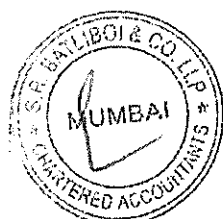
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

#### **Other Matter**

The comparative financial information of the Company for the year ended March 31, 2018 and the transition date opening balance sheet as at April 01, 2017 included in these standalone Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 ('IGAAP') audited by the predecessor auditor whose report for the year ended March 31, 2018 and March 31, 2017 dated April 30, 2018 and May 08, 2017 respectively, expressed an unmodified opinion on those financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

#### **Report on Other Legal and Regulatory Requirements**

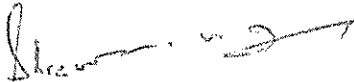
1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
  - (e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act;
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
  - (g) In our opinion, no managerial remuneration was paid/payable for the year ended March 31, 2019 by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;



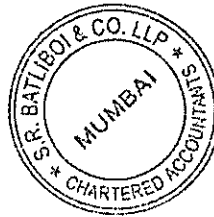
(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company does not have any pending litigations which would impact its financial position;
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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



per Shrawan Jalan  
Partner  
Membership Number: 102102  
Place of Signature: Mumbai  
Date: May 13, 2019

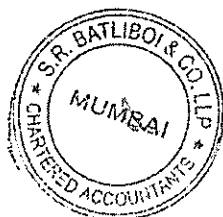


Annexure 1 referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date

Re: Edel Finance Company Limited

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment/ fixed assets are held in the name of the company.
- (ii) The Company's business does not involve inventories and, accordingly, the requirements under clause 3(ii) of the Order are not applicable to the Company and hence not commented upon.
- (iii) (a) The Company has granted loans to one company covered in the register maintained under section 189 of the Companies Act, 2013. In our opinion and according to the information and explanations given to us, the terms and conditions of the grant of such loans are not prejudicial to the company's interest.
- (b) The Company has granted loans to one company covered in the register maintained under section 189 of the Companies Act, 2013. The schedule of repayment of principal and payment of interest has been stipulated for the loans granted and the repayment/receipts are regular.
- (c) There are no amounts of loans granted to companies, firms or other parties listed in the register maintained under section 189 of the Companies Act, 2013 which are overdue for more than ninety days.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Act are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under section 148(1) of the Act, for the services of the Company.
- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, income-tax, goods and service tax, cess and other statutory dues applicable to it. The provisions relating to employees' state insurance are not applicable to the Company.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income-tax, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.



- (c) According to the information and explanations given to us, there are no dues of income tax, sales-tax, goods and service tax, customs duty, excise duty, value added tax and cess which have not been deposited on account of any dispute.
- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowings to a financial institution or bank or dues to debenture holders.
- (ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer or further public offer.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no material fraud by the Company or on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given to us and the records of the Company examined by us, no managerial remuneration was paid/payable as per the provisions of section 197 read with Schedule V to the Companies Act, 2013. Accordingly, the provision of clause 3(xi) is not applicable to the Company.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of the Act.
- (xvi) According to the information and explanations given to us, we report that the Company has registered as required, under section 45-IA of the Reserve Bank of India Act, 1934.

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



per Shrawan Jalan  
Partner  
Membership Number: 102102  
Place of Signature: Mumbai  
Date: May 13, 2019



Edel Finance Company Limited

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

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

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

We have audited the internal financial controls over financial reporting of Edel Finance Company Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

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

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

#### Auditor's Responsibility

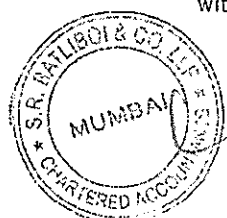
Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these standalone Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over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

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

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

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

A company's internal financial control over financial reporting with reference to these standalone Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these financial statements includes those policies and procedures that (1) pertain to the



maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

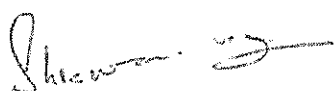
**Inherent Limitations of Internal Financial Controls Over Financial Reporting with Reference to these standalone Ind AS Financial Statements**

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

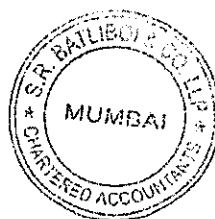
**Opinion**

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

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



per Shrawan Jalan  
Partner  
Membership Number: 102102  
Place of Signature: Mumbai  
Date: May 13, 2019





# Edel Finance Company Limited

## Balance Sheet

(Currency : Indian rupees in thousands)

### ASSETS

#### Financial assets

- (a) Cash and cash equivalents
- (b) Bank balances other than cash and cash equivalents
- (c) Trade receivables
- (d) Loans
- (e) Investments

#### Non-financial assets

- (a) Current tax assets (net)
- (b) Deferred tax assets (net)
- (c) Property, Plant and Equipment
- (d) Other non- financial assets

### TOTAL ASSETS

### LIABILITIES AND EQUITIES

#### LIABILITIES

##### Financial liabilities

- (a) Trade payables
  - (i) total outstanding dues of micro enterprises and small enterprises
  - (ii) total outstanding dues of creditors other than micro enterprises and small enterprises
- (b) Borrowings (other than debt securities)

##### Non-financial liabilities

- (a) Provisions
- (b) Other non-financial liabilities

### EQUITY

- (a) Equity share capital
- (b) Other equity

### TOTAL LIABILITIES AND EQUITY

The accompanying notes are an integral part of these financials statements

As per our report of even date attached.

For S.R. Batliboi & Co LLP

Chartered Accountants

ICAI Firm Registration Number :301003E/E300005

*Shrawan Jalan*

per Shrawan Jalan

Partner

Membership No: 102102

Mumbai  
May 13, 2019



Note	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
2	1,194.27	3,254.97	10,427.48
3	-	45,606.69	30,648.26
4	-	387.82	5,195.07
5	18,495.99	-	-
6	3,999,999.88	1,200,000.00	-
	<u>4,019,690.14</u>	<u>1,249,249.48</u>	<u>46,270.81</u>
7	2,532.21	2,083.09	1,894.10
8	4,863.29	5,141.42	3,238.79
9	2,167.00	623.78	1,031.50
10	2,682.82	2,402.79	2,986.89
	<u>12,245.32</u>	<u>10,251.08</u>	<u>9,151.28</u>
	<u>4,031,935.46</u>	<u>1,259,500.56</u>	<u>55,422.09</u>
11	-	-	-
12	1,646.99	9,535.65	405.35
	<u>2,410,149.04</u>	<u>-</u>	<u>-</u>
	<u>2,411,796.03</u>	<u>9,535.65</u>	<u>405.35</u>
13	11.21	-	7.00
14	5,444.78	-	215.72
	<u>5,455.99</u>	<u>-</u>	<u>222.72</u>
15	1,000,000.00	739,882.30	34,000.00
16	614,683.44	510,082.61	20,794.02
	<u>1,614,683.44</u>	<u>1,249,964.91</u>	<u>54,794.02</u>
	<u>4,031,935.46</u>	<u>1,259,500.56</u>	<u>55,422.09</u>

1 to 37

For and on behalf of the Board of Directors

*S. Ranganathan*

S. Ranganathan  
Director  
DIN : 00125493

*Ananthakrishnan S*  
Ananthakrishnan S  
Company Secretary

*Atul Ambavat*

Atul Ambavat  
Director  
DIN : 00195875

*Ravindra Dhobale*  
Ravindra Dhobale  
Chief Financial Officer

Mumbai  
May 13, 2019

# Edel Finance Company Limited

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

(Currency : Indian rupees in thousands)

	Note	For the year ended March 31, 2019	For the year ended 31 March 2018
<b>Revenue from operations</b>			
Interest income	17	16,684.37	3,046.40
Rental income	18	-	1,096.76
<b>Total revenue from operations</b>		<b>16,684.37</b>	<b>4,143.16</b>
<b>Other income</b>		176.40	6.90
<b>Total revenue</b>		<b>16,860.77</b>	<b>4,150.06</b>
<b>Expenses</b>			
Finance costs	19	68,218.28	2.90
Employee benefits expense	20	1,252.41	-29.69
Depreciation	9	301.59	407.40
Other expenses	21	24,302.92	10,023.19
<b>Total expenses</b>		<b>94,075.20</b>	<b>10,403.80</b>
<b>Profit / (Loss) before tax</b>		<b>(77,214.43)</b>	<b>(6,253.74)</b>
Tax expenses:	22		
Current tax		-	-
Deferred tax		278.13	(1,902.63)
<b>Profit/ (Loss) for the period</b>		<b>(77,492.56)</b>	<b>(4,351.11)</b>
<b>Other comprehensive income</b>		11.00	(478.00)
<b>Total comprehensive income</b>		<b>(77,481.56)</b>	<b>(4,829.11)</b>
<b>Earnings per equity share (for continuing operation:) (Face value of ₹ 1 each):</b>			
(1) Basic in ₹	24	(9.23)	(12.11)
(2) Diluted in ₹		(9.23)	(12.11)

The accompanying notes are an integral part of these financials statements

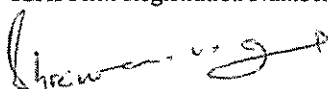
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As per our report of even date attached.

For S.R. Batliboi & Co LLP

Chartered Accountants

ICAI Firm Registration Number :301003E/E300005

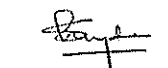


per Shrawan Jalan

Partner

Membership No: 102102

For and on behalf of the Board of Directors



S. Ranganathan

Director

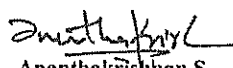
DIN : 00125493



Atul Ambavat

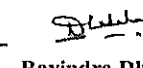
Director

DIN : 00195875



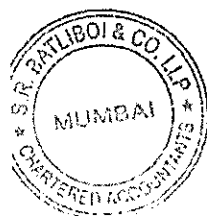
Ananthakrishnan S

Company Secretary



Ravindra Dhobale

Chief Financial Officer



Mumbai  
May 13, 2019



Mumbai  
May 13, 2019

Edel Finance Company Limited

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

(Currency : Indian rupees in thousands)

A Equity share capital

	For the year ended March 31, 2019	For the year ended March 31, 2018
	Outstanding as on April 1, 2018	Outstanding as on April 1, 2017
Issued, Subscribed and Paid up: Equity Shares of Rs. 100 each, fully paid-up	739,882.30	34,000.00
	Issued during the year	Issued during the year
	260,117.70	705,882.30
		Outstanding as on March 31, 2018
		739,882.30

B Other Equity

	Securities premium	Special Reserve under section 45-IC of the Reserve Bank of India Act, 1934	Retained earnings	Total attributable to equity holders
Balance as at April 1, 2017	-	9,012.69	11,781.33	20,794.02
Issue of equity instruments	494,117.70	-	-	494,117.70
Profit for the year	-	-	-	-
Other comprehensive income	-	-	(4,351.11)	(4,351.11)
Balance at March 31, 2018	494,117.70	9,012.69	6,952.22	510,082.61
Issue of equity instruments	182,082.39	-	-	182,082.39
Profit for the year	-	-	-	-
Other comprehensive income	-	-	(71,492.56)	(71,492.56)
Balance at March 31, 2019	676,200.09	9,012.69	11.00	614,683.44

As per our Report date attached

For S.R. Batliboi & Co LLP

Chartered Accountants


ICAI Firm Registration Number :301003E/E3000005

per Shrawan Jalan


Partner

Membership No: 102102

For and on behalf of the Board of Directors

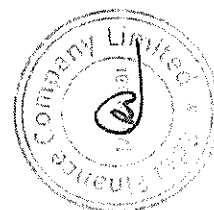
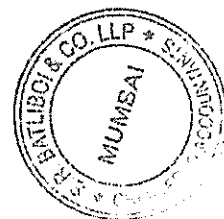
  
S. Ranganathan  
Director  
DIN : 00125493

  
Atul Ambavadi  
Director  
DIN : 00195875

  
Ravindra Dhobale  
Chief Financial Officer  
Company Secretary  
Anantakrishnan S

Mumbai

May 13, 2019



Mumbai

May 13, 2019

# Edel Finance Company Limited

## Statement of Cash Flows for the year ended March 31, 2019

(Currency : Indian rupees in thousands)

	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>A Operating activities</b>		
Profit/(loss) before taxation	(77,214.43)	(6,253.74)
Adjustments to reconcile profit before tax to net cash flows :		
Depreciation	301.59	407.40
Loss on sale of fixed assets	-	0.32
Provision for gratuity and compensated absences	16.00	(36.69)
	(76,896.84)	(5,882.71)
<b>Working Capital Changes (net)</b>		
Trade receivables	387.82	4,807.26
Loans	(18,495.99)	-
Other non financial assets	(274.02)	106.10
Trade payable and Non financial liabilities	(2,443.67)	8,944.26
	(97,722.70)	7,974.91
Income taxes paid	(449.12)	(188.99)
<b>Net cash (used in)/ from operating activities - A</b>	<b>(98,171.82)</b>	<b>7,785.92</b>
<b>B Investing activities</b>		
Purchase of property, plant and equipments	(1,844.81)	-
Purchase of investments	(2,799,999.88)	(1,200,000.00)
Receipt on maturity of bank deposits	45,606.68	(14,958.43)
<b>Net cash used in investing activities - B</b>	<b>(2,756,238.01)</b>	<b>(1,214,958.43)</b>
<b>C Financing activities</b>		
Proceeds from issue of Equity Shares including securities premium	442,200.09	1,200,000.00
Commercial Paper issued	1,200,000.00	-
Commercial Paper redeemed	(1,200,000.00)	-
Proceeds from borrowings	2,410,149.04	-
<b>Net cash generated from financing activities - C</b>	<b>2,852,349.13</b>	<b>1,200,000.00</b>
<b>Net decrease in cash and cash equivalents (A+B+C)</b>	<b>(2,060.70)</b>	<b>(7,172.51)</b>
Cash and cash equivalent as at the beginning of the year	3,254.97	10,427.48
Cash and cash equivalent as at the end of the year	1,194.27	3,254.97
<b>Operational cash flows from interest :</b>		
Interest paid	58,069.24	2.90
Interest received	17,203.52	2,724.65

As per our report of even date attached.

For S.R. Batliboi & Co LLP

Chartered Accountants

ICAI Firm Registration Number :301003E/E300005

*Shrawan Jalan*

per Shrawan Jalan

Partner

Membership No: 102102

For and on behalf of the Board of Directors

*S. Ranganathan*

S. Ranganathan

Director

DIN : 00125493

*Atul Ambavari*

Atul Ambavari

Director

DIN : 00195875

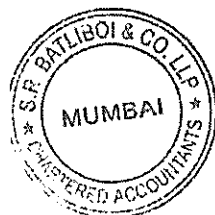
*Anantha Krishnan S*

Anantha Krishnan S  
Company Secretary

*Ravindra Dhole*

Ravindra Dhole  
Chief Financial Officer

Mumbai  
May 13, 2019



Mumbai  
May 13, 2019



Edel Finance Company Limited

Notes to financial statements

(Currency : Indian rupees in thousands)

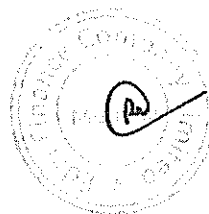
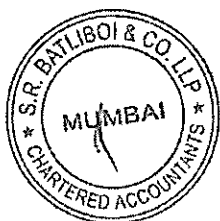
Cash Flow Disclosure

Change in Liabilities arising from financing activities

Particulars	As at April 01, 2018	Cash Flows	Changes in Fair value	Others*	As at March 31, 2019
Borrowings other than debt securities	-	2,357,117.19	-	53,031.85	2,410,149.04
	-	2,357,117.19	-	53,031.85	2,410,149.04

Particulars	As at April 01, 2017	Cash Flows	Changes in Fair value	Others*	As at March 31, 2018
Borrowings other than debt securities	-	-	-	-	-
	-	-	-	-	-

\*Other column includes effect of accrued interest but not paid on borrowings.



## **Edel Finance Company Limited**

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

#### **1.1 Background**

Edel Finance Company Limited ('the Company') a public limited company domiciled and incorporated under the provisions applicable in India under the Companies Act, 1956. The Company was incorporated on October 16, 1989 and is wholly owned subsidiary of Edelweiss Financial Services Limited.

The Company was primarily engaged in the business of lending and investment and is registered with the Reserve Bank of India ('RBI') as a Systemically Important Non-Deposit taking Non-Banking Financial Company (NBFC-ND-SI). During the year the Company got converted to Core Investment Company as NBFC-CIC-ND-SI on October 09, 2018.

#### **1.2 Basis of preparation**

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

For all periods up to and including the year ended March 31, 2018, the Company prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP or previous GAAP). These financial statements for the year ended 31st March 2019 are the first financial statements of the Company prepared under Ind AS. Refer to note 37 for information on how the Company has adopted Ind AS.

The financial statements are presented in Indian Rupees (INR) and all values are rounded to the nearest thousands, except when otherwise indicated.

#### **1.3 Presentation of Financial statement**

The Company presents its balance sheet in order of liquidity in compliance with the Division III of the Schedule III to the Companies Act, 2013. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in "Note 33-Maturity Analysis of assets and liabilities".

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

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

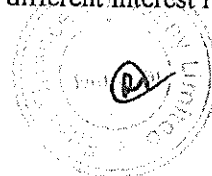
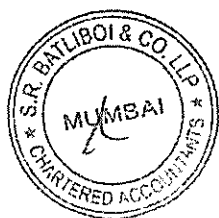
#### **Significant accounting policies**

##### **1.4 Recognition of Interest income**

###### **1.4.1 Effective Interest Rate (EIR):**

The Effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial instrument or, when appropriate a shorter period to the carrying amount of financial instrument.

The EIR is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Company recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, it recognises the effect of potentially different interest rates charged at



## Edel Finance Company Limited

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

various stages, and other characteristics of the product life cycle including prepayments penalty interest and charges.

#### 1.4.2 Interest Income:

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

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

#### 1.4.3 Rent Income:

Rental income are recognised on accrual basis by reference to the agreements entered.

### 1.5 Financial Instruments:

#### 1.5.1 Date of recognition

Financial Assets and liabilities with exception of loans and borrowings are initially recognised on the trade date, i.e. the date the Company becomes a party to the contractual provisions of the instrument. Loans are recognised when funds are transferred to the borrower's account. The Company recognises borrowings when funds are available for utilisation to the Company.

#### 1.5.2 Initial measurement of financial instruments

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

#### 1.5.3 Classification & Measurement categories of financial assets and liabilities

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

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

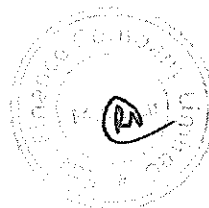
A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest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

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

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

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

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



## **1.6 Financial Assets and Liabilities**

### **1.6.1 Debt securities and other borrowed funds**

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

### **1.6.2 Investment in equity instruments**

The Company since being CIC, its all equity investments are with its group companies and are valued at cost.

### **1.6.3 Loans**

The Company since being CIC, its all lending are with its group companies and are valued at amortised cost.

### **1.6.4 Financial liabilities**

All financial liabilities are measured at amortised cost.

### **1.6.5 Financial liabilities and equity instruments**

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

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

## **1.7 Reclassification of Financial assets and liabilities**

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

## **1.8 Operating leases**

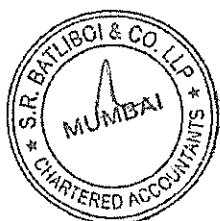
The determination of whether an arrangement is lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset.

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

## **1.9 Earnings per share**

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

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





**1.10 Retirement and other employee benefit**

**1.10.1 Provident fund and national pension scheme**

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

**1.10.2 Gratuity**

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

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

Remeasurement are not reclassified to profit or loss in subsequent periods

**1.10.3 Compensated Absences**

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

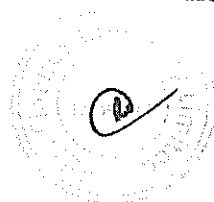
**1.11 Property, plant and equipment**

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

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

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

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



## Edel Finance Company Limited

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

Estimated useful lives of the assets are as follows:

Nature of assets	Estimated useful lives
Building (other than Factory Building)	60 years
Office Equipment	5 years
Computers - End user devices, such as desktops, laptops, etc.	3 years

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

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

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

#### 1.12 Impairment of non-financial assets:

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

#### 1.13 Provisions and other contingent liabilities

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

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

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



## **Edel Finance Company Limited**

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

#### **1.14 Income tax expenses**

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

##### **1.14.1 Current tax**

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

##### **1.14.2 Deferred tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

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

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

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

##### **1.14.3 Current and deferred tax for the year**

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

#### **1.15 Cash and cash equivalents**

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

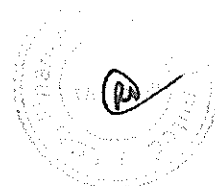
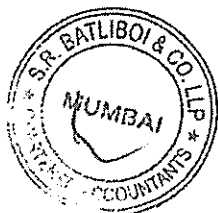
#### **1.16 Significant accounting judgements, estimates and assumptions:**

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

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

#### **Critical judgements in applying accounting policies**

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



**1.17 Business model assessment**

Classification and measurement of financial assets depends on the results of the solely payments of principal and interest (SPPI) and the business model test. The Company determines the business model at a level that reflects how Company's financial assets are managed together to achieve a business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance is measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost that are derecognised prior to their maturity to understand the quantum, the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

**1.17 Effective Interest Rate (EIR) Method**

The Company's EIR methodology, as explained in Note 1.4.1, recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioral life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle including prepayments and penalty interest and charges.

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

**1.18 Impairment of Financial assets**

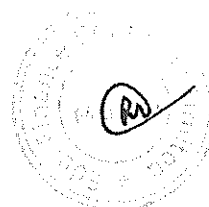
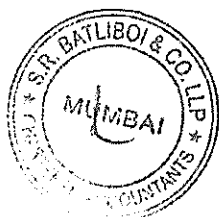
The impairment provisions for the financial assets are based on assumptions about estimation of the amount and timing of future cash flows, collateral values, assessment of a significant increase in credit risk, probability of default (PD) and Loss given default (LGD) rates. The company uses judgements in making these assumptions and selecting the inputs for impairment calculations based on its past history, existing market conditions and forward looking estimates at the end of each period.

**1.19 Provisions and contingent liabilities:**

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

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

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



## Edel Finance Company Limited

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

#### 1.20 Provisions for Income Taxes :

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

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

#### 1.21 Standards issued but not yet effective

##### 1.21.1 Long term Interests in Associates and Joint Ventures (Amendments to Ind AS 28)

The amendment clarifies that Ind AS 109, including its impairment requirements, applies to long term interests. Furthermore, in applying Ind AS 109 to long term interests, an entity does not take into account adjustments to their carrying amount required by Ind AS 28 (i.e., adjustments to the carrying amount of long term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with Ind AS 28). These amendments are to be applied retrospectively in accordance with Ind AS 8 for annual reporting periods beginning on or after April 01, 2019. Specific transition provisions apply depending on whether the first time application of the amendments coincides with that of Ind AS 109.

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

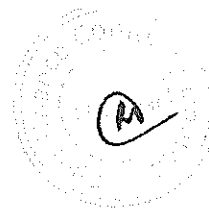
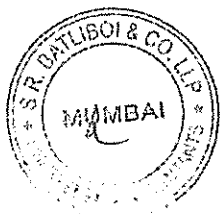
##### 1.21.2 Ind AS 116 Leases:

Ind AS 116 Leases replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after April 01, 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. The application of this standard is not likely to have a material impact on the Financial Statements.

##### 1.21.3 Prepayment Features with Negative Compensation (Amendments to Ind AS 109)

The amendments to Ind AS 109 clarify that for the purpose of assessing whether a prepayment feature meets the SPPI condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, prepayment features with negative compensation do not automatically fail SPPI. These amendments are to be applied for annual periods beginning on or after April 01, 2019.

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



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

**1.22.1 Ind AS 12 Income taxes**

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

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

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

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

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

These amendments are to be applied to plan amendments, curtailments or settlements occurring on or after April 01, 2019.

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

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

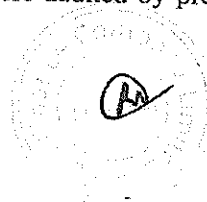
This Appendix sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The Appendix requires an entity to:

- determine whether uncertain tax positions are assessed separately or as a Company; and
- assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings:
  - If yes, the entity should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings.
  - If no, the entity should reflect the effect of uncertainty in determining its accounting tax position.

The Appendix is effective for annual periods beginning on or after 1 April 2019. Entities can apply the Appendix with either full retrospective application or modified retrospective application without restatement of comparatives retrospectively or prospectively.

**1.23 Accounts for the previous year**

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



# Edel Finance Company Limited

## Notes to the financial statements (Continued)

(Currency : Indian rupees in thousands)

	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
<b>2 Cash and cash equivalents</b>			
Balances with banks			
- in current accounts	1,194.27	2,239.90	1,627.48
- in fixed deposits with original maturity less than 3 months	-	1,015.07	8,800.00
	<u>1,194.27</u>	<u>3,254.97</u>	<u>10,427.48</u>
<b>3 Bank balances other than cash and cash equivalents</b>			
Fixed deposits with bank	-	45,606.69	30,648.26
	<u>-</u>	<u>45,606.69</u>	<u>30,648.26</u>

Note : Fixed deposit balances with bank earns interest at fixed rate.

### 4 Trade receivables

Trade receivables considered good - Unsecured

-	387.82	5,195.07
-	<u>387.82</u>	<u>5,195.07</u>

Note : No expected credit loss provisions made, since receivables from Group Companies

### 5 Loans (at amortised cost, Unsecured)

Loans repayable to Related Parties

Less: Impairment loss allowance

Total

18,495.99	-	-
-	-	-
<u>18,495.99</u>	<u>-</u>	<u>-</u>

In India

Outside India

Total

18,495.99	-	-
-	-	-
<u>18,495.99</u>	<u>-</u>	<u>-</u>

Note : No expected credit loss provisions made, since receivables from Group Companies

### 6 Investments (at cost, in fellow Subsidiaries)

Equity instruments

ECL Finance Limited

Edelweiss Rural & Corporate Services Limited (Formerly known as Edelweiss Commodities Services Limited)

Edelweiss Housing Finance Limited

1,799,999.97	1,200,000.00	-
1,199,999.91	-	-
<u>1,000,000.00</u>	<u>-</u>	<u>-</u>

Total

Less: Allowance for impairment

Total Net

3,999,999.88	1,200,000.00	-
-	-	-
<u>3,999,999.88</u>	<u>1,200,000.00</u>	<u>-</u>

In India

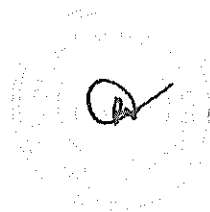
Outside India

Total

3,999,999.88	1,200,000.00	-
-	-	-
<u>3,999,999.88</u>	<u>1,200,000.00</u>	<u>-</u>

Note : No expected credit loss provisions made, since receivables from Group Companies

Note : All the above investments are in the equity instruments of Edelweiss group companies and are carried at cost (refer note 1.6.2).



# Edel Finance Company Limited

## Notes to financial statements

(Currency : Indian rupees in millions)

### 5 A. Loans

The table below shows the credit quality and the maximum exposure to credit risk per based on year-end stage classification

	March 31, 2019		March 31, 2018		April 01, 2017	
	Stage 1	Total	Stage 1	Total	Stage 1	Total
Performing High Grade	18,495.99	18,495.99	-	-	-	-

The table below shows the changes in gross carrying amount and the corresponding ECL

	For the year ended March 31, 2019		For the year ended March 31, 2018	
	Stage 1	Total	Stage 1	Total
Gross carrying amount - opening balance	-	-	-	-
New assets originated or purchased	18,495.99	18,495.99	-	-
Unwinding of Discount (recognised in Interest Income)	-	-	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Assets derecognised or matured (excluding write offs)	-	-	-	-
Closing Balance	18,495.99	18,495.99	-	-





# Edel Finance Company Limited

## Notes to financial statements

(Currency : Indian rupees in millions)

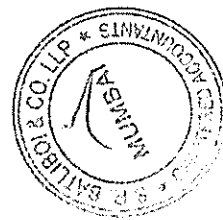
### 6 A. Investments

The table below shows the credit quality and the maximum exposure to credit risk per based on year-end stage classification

	March 31, 2019		March 31, 2018		April 01, 2017	
	Stage 1	Total	Stage 1	Total	Stage 1	Total
Performing High Grade	3,999,999.88	3,999,999.88	1,200,000.00	1,200,000.00	-	-

The table below shows the changes in gross carrying amount and the corresponding ECL

	For the year ended March 31, 2019		For the year ended March 31, 2018	
	Stage 1	Total	Stage 1	Total
Gross carrying amount - opening balance	1,200,000.00	1,200,000.00	-	-
New assets originated or purchased	2,799,999.88	2,799,999.88	1,200,000.00	1,200,000.00
Unwinding of Discount (recognised in Interest Income)	-	-	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Assets derecognised or matured (excluding write offs)	-	-	-	-
Closing Balance	3,999,999.88	3,999,999.88	1,200,000.00	1,200,000.00

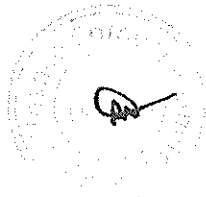


# Edel Finance Company Limited

## Notes to the financial statements (Continued)

(Currency : Indian rupees in thousands)

	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
<b>7 Current tax assets (Net)</b>			
Current income taxes	2,532.21	2,083.09	1,894.10
(net of provision for taxation of Rs. 11,557.24, March 31, 2018 Rs. 11,557.24, March 31, 2017 Rs. 11,607.021)			
	<u>2,532.21</u>	<u>2,083.09</u>	<u>1,894.10</u>
<b>8 Deferred tax assets (net)</b>			
<b>Deferred tax assets</b>			
MAT credit entitlement	3,385.24	3,385.24	3,385.24
Share issue expenses	1,585.44	1,877.20	94.46
	<u>4,970.68</u>	<u>5,262.44</u>	<u>3,479.70</u>
<b>Deferred tax liabilities</b>			
<u>Property, plant and equipment</u>			
Difference between book and tax depreciation	107.39	121.02	240.91
	<u>107.39</u>	<u>121.02</u>	<u>240.91</u>
	<u>4,863.29</u>	<u>5,141.42</u>	<u>3,238.79</u>



# Edel Finance Company Limited

## Notes to financial statements

(Currency : Indian rupees in thousands)

### 9. Property, plant and equipment

Particulars	Property, plant and equipment			Total
	Building	Office equipment	Computers	
<b>Deemed Cost:</b>				
As at April 1, 2017*	-	5.99	1,025.51	1,031.50
Additions	-	-	-	-
Disposals	-	0.32	-	0.32
as at March 31, 2018	-	5.67	1,025.51	1,031.18
Additions	1,799.26	-	45.55	1,844.81
Disposals	-	-	-	-
as at March 31, 2019	1,799.26	5.67	1,071.06	2,875.99
<b>Depreciation</b>				
As at April 1, 2017*	-	-	-	-
Depreciation for the year	-	2.61	404.79	407.40
Disposals	-	-	-	-
as at March 31, 2018	-	2.61	404.79	407.40
Depreciation for the year	44.08	1.38	256.13	301.59
Disposals	-	-	-	-
as at March 31, 2019	44.08	3.99	660.92	708.99
<b>Net Book Value</b>				
As at April 01, 2017	-	5.99	1,025.51	1,031.50
As at March 31, 2018	-	3.06	620.72	623.78
As at March 31, 2019	1,755.18	1.68	410.14	2,167.00

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



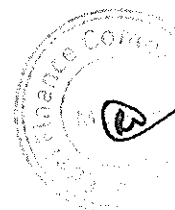
## Edel Finance Company Limited

### Notes to the financial statements (Continued)

(Currency : Indian rupees in thousands)

	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
<b>10 Other non-financial assets</b>			
Input tax credit	2,628.19	2,372.63	2,624.89
Other deposits	25.00	25.00	25.00
Prepaid expenses	23.63	0.84	17.99
Vendor advances	-	4.32	20.32
Gratuity fund balance (net of provision)	6.00	-	298.69
	<u>2,682.82</u>	<u>2,402.79</u>	<u>2,986.89</u>
<b>11 Trade payables</b>			
Trade payables to non-related parties	699.46	9,361.39	346.10
Trade payables to related parties	947.53	174.26	59.25
(Total outstanding dues to creditors other than micro enterprises and small enterprises)			
	<u>1,646.99</u>	<u>9,535.65</u>	<u>405.35</u>
<b>11.A Details of dues to micro and small enterprises</b>			
Trade Payables includes Rs.Nil (March 31, 2018: Rs.Nil; March 31, 2017: Rs Nil) payable to "Suppliers" registered under the Micro, Small and Medium Enterprises Development Act, 2006. No interest has been paid / is payable by the Company during the year to "Suppliers" registered under this act. The aforementioned is based on the responses received by the Company to its inquiries with suppliers with regard to applicability under the said Act.			
<b>12 Borrowings (other than debt securities)</b>			
(Unsecured, at amortised cost)			
Loans from related parties	2,410,149.04	-	-
(Repayable on demand, Interest rate payable in the range of @ 10% to 11% )			
	<u>2,410,149.04</u>	<u>-</u>	<u>-</u>
In India	2,410,149.04	-	-
Outside India	-	-	-
<b>Total</b>	<u>2,410,149.04</u>	<u>-</u>	<u>-</u>
<b>13 Provisions</b>			
Provision for employee benefits			
Compensated leave absences	11.21	-	7.00
	<u>11.21</u>	<u>-</u>	<u>7.00</u>
<b>14 Other non-financial liabilities</b>			
Income received in advance	-	-	110.78
Statutory liabilities*	5,444.78	-	104.94
	<u>5,444.78</u>	<u>-</u>	<u>215.72</u>

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



# Edel Finance Company Limited

## Notes to the financial statements (Continued)

(Currency : Indian rupees in thousands)

### 15 Equity share capital

#### Authorised :

10,000,000 (Previous year: 10,000,000) Equity Shares of Rs. 100 each

#### Issued, Subscribed and Paid up:

10,000,000 (Previous year: 73,98,823) Equity Shares of Rs. 100 each, fully paid-up

#### a. Movement in share capital :

	As at March 31, 2019		As at March 31, 2018		As at April 01, 2017	
	No of shares	Amount	No of shares	Amount	No of shares	Amount
		1,000,000.00		1,000,000.00		50,000.00
		1,000,000.00		739,882.30		34,000.00
		1,000,000.00		739,882.30		34,000.00
Outstanding at the beginning of the year	7,398,823	739,882.30	340,000	34,000.00	40,000	4,000.00
Shares issued during the year	2,601,177	260,117.70	7,058,823	705,882.30	300,000	30,000.00
Outstanding at the end of the year	10,000,000	1,000,000.00	7,398,823	739,882.30	340,000	34,000.00

#### b. Terms/rights attached to equity shares :

The Company has only one class of shares referred to as equity shares having a par value of Rs 100 each. Each holder of equity shares is entitled to one vote per share held. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders

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

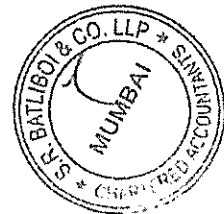
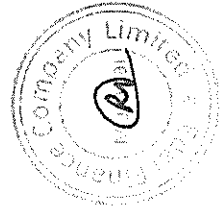
	As at March 31, 2019		As at March 31, 2018		As at April 01, 2017	
	No of shares	%	No of shares	%	No of shares	%
Edelweiss Broking Limited*	-	-	-	-	340,000	100%
Edelweiss Financial Services Limited*	10,000,000	100%	7,398,823	100%	-	-
	10,000,000	100%	7,398,823	100%	340,000	100%

\* including 6 shares held by Nominees

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

	As at March 31, 2019		As at March 31, 2018		As at April 01, 2017	
	No of shares	%	No of shares	%	No of shares	%
Edelweiss Broking Limited*	-	-	-	-	340,000	100%
Edelweiss Financial Services Limited*	10,000,000	100%	7,398,823	100%	-	-
	10,000,000	100%	7,398,823	100%	340,000	100%

\* including 6 shares held by nominees

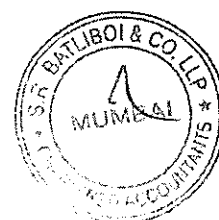


# Edel Finance Company Limited

## Notes to the financial statements (Continued)

(Currency : Indian rupees in thousands)

	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
<b>16 Other Equity</b>			
Securities premium reserve	676,200.09	494,117.70	-
Statutory reserve	9,012.69	9,012.69	9,012.69
Retained earnings	(70,529.34)	6,952.22	11,781.33
	<u>614,683.44</u>	<u>510,082.61</u>	<u>20,794.02</u>
<b>a. Nature and purpose of reserves</b>			
(i) Securities premium reserve			
Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.			
(ii) Statutory reserve			
Reserve created under 45-1C(1) in The Reserve Bank of India Act, 1934 a sum not less than twenty percent of its net profit every year as disclosed in the profit and loss account and before any dividend is declared.			
(iii) Retained earnings			
Retained earnings comprises of the Company's undistributed earnings after taxes.			
<b>b. Movement in other equity</b>			
Securities Premium Account			
Add : Additions during on issue of equity shares	494,117.70	494,117.70	
	<u>182,082.39</u>	<u>494,117.70</u>	
	676,200.09		
Statutory reserve under Section 45-1C of the Reserve Bank of India Act, 1934			
Add : Additions during the year	9,012.69	9,012.69	
	<u>9,012.69</u>	<u>9,012.69</u>	
Retained Earning			
Opening Balance	6,952.22	11,781.33	
Add: Profit for the year	(77,492.56)	(4,351.11)	
Add: Other comprehensive income for the year	11.00	(478.00)	
	<u>(70,529.34)</u>	<u>6,952.22</u>	
Amount available for appropriation			
Appropriations:			
Transfer to Special Reserve under Section 45-1C of the Reserve	(70,529.34)	6,952.22	
	<u>(70,529.34)</u>	<u>6,952.22</u>	
	<u>614,683.44</u>	<u>510,082.61</u>	



**Edel Finance Company Limited****Notes to the financial statements (Continued)**

(Currency : Indian rupees in thousands)

	for the year ended March 31, 2019	for the year ended March 31, 2018
<b>17 Interest income</b>		
(on financial assets measured at amortised cost)		
Interest on Loans	13,548.77	-
Interest on deposits with Banks	2,394.19	2,751.70
Other interest Income	741.41	294.70
	<u>16,684.37</u>	<u>3,046.40</u>
<b>18 Rent Income</b>		
Lease rental Income	-	1,096.76
	<u>-</u>	<u>1,096.76</u>
<b>19 Finance costs</b>		
(on financial liabilities measured at amortised cost)		
Interest on borrowings	53,031.85	-
Interest on debt securities	14,898.00	-
Other finance cost	288.43	2.90
	<u>68,218.28</u>	<u>2.90</u>



## Edel Finance Company Limited

### Notes to the financial statements (Continued)

(Currency : Indian rupees in thousands)

#### 20 Employee benefit expenses

	for the year ended March 31, 2019	for the year ended 31 March 2018
Salaries and wages	1,170.87	-
Contribution to provident and other funds (Refer note 25)	67.51	(29.69)
Staff welfare expenses	14.03	-

	<u>1,252.41</u>	<u>(29.69)</u>
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#### 21 Other expenses

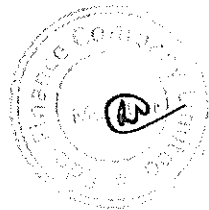
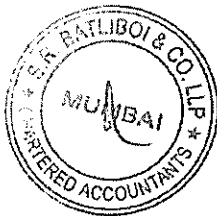
Auditors' remuneration (refer note 21A)	404.40	181.50
Communication	9.01	1.05
Directors' sitting fees	480.00	40.00
Legal and professional fees	930.50	547.41
Printing and stationery	3.57	6.59
Rates and taxes	3,221.82	153.29
Rent (refer note 27)	201.51	-
Repairs and maintenance	88.34	-
Electricity charges (refer note 27)	14.74	-
Computer expenses	16.82	26.42
Clearing and custodian charges	85.00	-
Rating support fees	63.38	-
Office expenses	893.46	11.98
ROC Expenses	17,369.00	9,025.60
Travelling and conveyance	141.08	26.52
Miscellaneous expenses	380.29	2.83

	<u>24,302.92</u>	<u>10,023.19</u>
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#### 21 A Auditors' remuneration:

##### As a Auditor

Statutory Audit Fees	267.00	181.50
Limited Review Fees	100.00	-
Certification	30.00	-
Towards reimbursement of expenses	7.40	-
	<u>404.40</u>	<u>181.50</u>





**22 The components of income tax expense for the years ended March 31, 2019 and 2018 are**

Particulars	2018-19	2017-18
Current tax	-	-
Adjustment in respect of current income tax of prior years	-	-
Deferred tax relating to origination and reversal of temporary differences	278.13	(1,902.63)
<b>Total tax charge</b>	<b>278.13</b>	<b>(1,902.63)</b>
Current tax	-	-
Deferred tax	278.13	(1,902.63)

**Reconciliation of total tax charge**

Particulars	2018-19	2017-18
Accounting profit before tax as per financial statements	(77,214.43)	(6,253.74)
Tax rate (in percentage)	26.00%	26.00%
Income tax expense calculated based on this tax rate	(20,075.75)	(1,625.97)
Effect of non-recognition of deferred tax asset on current-period losses	16,267.53	(208.92)
Share issue expenses & other expenses	4,086.35	(67.74)
<b>Tax charge for the year recorded in P&amp;L</b>	<b>278.13</b>	<b>(1,902.63)</b>
<b>Effective Income tax rate</b>	<b>-0.36%</b>	<b>30.42%</b>

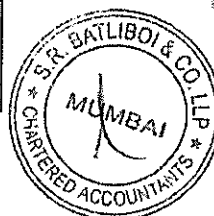
The following table shows deferred tax recorded in the balance sheet and changes recorded in the Income tax expense:

	Movement for the period (2018-19)				
	Opening deferred tax asset / (liability)	Recognised in profit or loss	Recognised in other comprehensive income	Total movement	Closing deferred tax asset / (liability)
<b>Deferred taxes in relation to:</b>					
Property, Plant and Equipment	(121.02)	13.63	-	13.63	(107.39)
Unused tax credits (including but not limited to Minimum Alternate Tax credit)	3,385.24	-	-	-	3,385.24
Share issue and other expenses	1,877.20	(291.76)	-	(291.76)	1,585.44
<b>Total</b>	<b>5,141.42</b>	<b>(278.13)</b>	<b>-</b>	<b>(278.13)</b>	<b>4,863.29</b>

	Movement for the period (2017-18)				
	Opening deferred tax asset / (liability)	Recognised in profit or loss	Recognised in other comprehensive income	Total movement	Closing deferred tax asset / (liability)
<b>Deferred taxes in relation to:</b>					
Property, Plant and Equipment	(387.36)	266.34	-	266.34	(121.02)
Unused tax credits (including but not limited to Minimum Alternate Tax credit)	3,385.24	-	-	-	3,385.24
Share issue and other expenses	240.91	1,636.29	-	1,636.29	1,877.20
<b>Total</b>	<b>3,238.79</b>	<b>1,902.63</b>	<b>-</b>	<b>1,902.63</b>	<b>5,141.42</b>

**Details of temporary differences where deferred tax assets have not been recognised in the balance sheet**

As at March 31, 2019	Unused tax losses	
	Carry forward losses	
	Amount	Expiry financial year
2018-2019	62,567.42	2026-2027
2015-2016	9,216.28	2023-2024
2014-2015	516.81	2022-2023
<b>Total</b>	<b>72,300.51</b>	



# Edel Finance Company Limited

## Notes to the financial statements (Continued)

for the year ended 31 March 2019

(Currency: Indian rupees in thousands)

### 23 Contingent liabilities and commitments

#### (a) Contingent liabilities

Taxation and other matters in respect of which appeal is pending - Nil ( Previous year : ₹ Nil)

#### (b) Capital Commitments

The company has no capital commitments as at the balance sheet date ( Previous year : ₹ Nil)

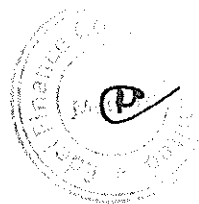
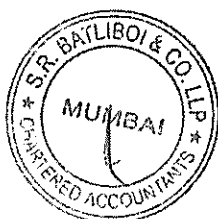
### 24 Earnings per share

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

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

Particulars	2019	2018
a) Shareholders earnings (as per statement of profit and loss)	(77,492.56)	(4,351.11)
b) Calculation of weighted average number of Equity Shares of ₹ 100 each:		
- Number of equity shares outstanding at the beginning of the year	7,398,823	340,000
- Number of equity shares issued during the year	2,601,177	7,058,823
Total number of equity shares outstanding at the end of the year	10,000,000	7,398,823
Weighted average number of equity shares outstanding during the year (based on the date of issue of shares)	8,396,535	359,339
Basic and diluted earnings per share (in ₹) (a/b)	(9.23)	(12.11)

The basic and diluted earnings per share are the same as there are no dilutive/ potential equity shares issued or outstanding as at the year end



**Edel Finance Company Limited**  
**Notes to the financial statements (Continued)**  
for the year ended 31 March 2019  
(Currency: Indian rupees in thousands)

**25 Employee Benefits**

**A) Defined contribution plan (Provident fund):**

In accordance with Employees' Provident Fund and Miscellaneous Provisions Act, 1952, employees of the Company are entitled to receive benefits under the provident fund, a defined contribution plan, in which, both the employee and the Company contribute monthly at a determined rate. These contributions are made to a recognized provident fund administered by Regional Provident Fund Commissioner. The employees contribute 12% of their basic salary and the Company contributes an equal amount. Amount of Rs. 62.78 thousands (previous year: Rs.NIL) is recognised as expenses and included in "Employee benefit expenses" - Note 19 in the statement of profit and loss.

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

**B) Defined benefit plan (Gratuity):**

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

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

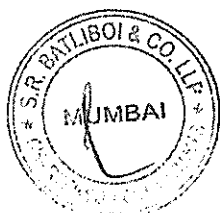
Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at balance sheet date:

Particulars	March 31, 2019	March 31, 2018	April 01, 2017
<b>1: Reconciliation of Defined Benefit Obligation (DBO)</b>			
Present value of DBO at start of the year	-	148.00	369.00
Current Service Cost	5.00	-	35.00
Interest Cost	-	-	24.00
Benefits Paid	-	-	(263.00)
Re-measurements :			
a. Actuarial Loss/ (Gain) from changes in financial assumptions	-	-	2.00
b. Actuarial Loss/ (Gain) from experience over the past year	-	-	28.00
Transfer In/ (Out)	-	-	(47.00)
Present value of DBO at end of the year	5.00	(148.00)	148.00
<b>2: Reconciliation of Fair Value of Plan Assets</b>			
Fair Value of Plan Assets at start of the year	2,000.00	1,848.00	1,636.00
Contributions by Employer	-	-	263
Benefits Paid	-	-	(263.00)
Interest Income on Plan Assets	140.00	122.00	121.00
Re-measurements on Plan Assets :			
Return on plan assets excluding amount included in net interest on the net defined benefit liability/ (asset)	11.00	30.00	91.00
Fair Value of Plan Assets at end of the year	2,151.00	2,000.00	1,848.00
Actual Return on Plan Assets	151.00	152.00	212.00
Expected Employer Contributions for the coming year	-	-	-
<b>3: Reconciliation of Asset ceiling</b>			
Assets ceiling at start of the year	2,000.00	1,400.00	962.00
Interest Income on Assets ceiling	140.00	92.00	71.00
Re-measurements :			
Changes in the effect of limiting a net defined benefit asset to the asset ceiling excluding amount included in net interest on the net defined benefit liability/ (asset)	-	508.00	367.00
Assets ceiling at end of the year	2,140.00	2,000.00	1,400.00
<b>4: Expenses recognised in the Profit and Loss Account</b>			
Current Service Cost	5.00	-	35.00
Net Interest on net defined benefit liability/ (asset)	-	(30.00)	(0.03)
Employer Expenses/ (Income)	5.00	(30.00)	34.97



Edel Finance Company Limited  
Notes to the financial statements (Continued)  
for the year ended 31 March 2019  
(Currency: Indian rupees in thousands)

Particulars	March 31, 2019	March 31, 2018	April 01, 2017
<b>5: Net Liability/ (Asset) recognised in the Balance Sheet</b>			
Present Value of DBO	5.00	-	148.00
Fair Value of Plan Assets	2,151.00	2,000.00	1,848.00
Liability/ (Asset) recognised in the Balance Sheet	(2,146.00)	(2,000.00)	(1,700.00)
Funded Status [Surplus/ (Deficit)]	2,146.00	2,000.00	1,700.00
Less: Amount not recognized as asset [Effect of limiting net assets to asset ceiling]	2,140.00	2,000.00	1,400.00
<b>Net (Liability)/ Asset recognised in the Balance Sheet</b>	<b>6.00</b>	<b>-</b>	<b>300.00</b>
Experience Adjustment on Plan Liabilities: (Gain)/ Loss	-	-	28.00
<b>6: Percentage Break-down of Total Plan Assets</b>			
Investment Funds with Insurance Company	99.8%	99.8%	99.8%
Of which, Unit Linked	84.7%	84.7%	84.5%
Of which, Traditional/ Non-Unit Linked	15.1%	15.1%	15.3%
Cash and cash equivalents	0.2%	0.2%	0.2%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>
<b>7: Actuarial Assumptions</b>			
Salary Growth Rate (% p.a.)	7%	7%	7%
Discount Rate (% p.a.)	6.70%	7.00%	6.60%
Withdrawal Rate (% p.a.) :			
Senior	13%	13%	13%
Middle	30%	30%	30%
Junior	60%	60%	60%
Mortality	IALM 2012-14 (Ultimate)	IALM 2006-08 (Ultimate)	IALM 2006-08 (Ultimate)
Interest Rate on Net DBO/ (Asset) (% p.a.)	7.0%	6.6%	7.4%
Expected Weighted Average Remaining Working Life (years)	2	-	1
<b>8: Movement in Other Comprehensive Income</b>			
Balance at start of year (Loss)/ Gain	-	-	-
Re-measurements on DBO			
a. Actuarial (Loss)/ Gain from changes in financial assumptions	-	-	(2.00)
b. Actuarial (Loss)/ Gain from experience over the past year	-	-	(28.00)
Re-measurements on Plan Assets			
Return on plan assets excluding amount included in net interest on the net defined benefit liability/ (asset)	11.00	30.00	91.00
Re-measurements on Asset Ceiling			
Changes in the effect of limiting a net defined benefit asset to the asset ceiling excluding amount included in net interest on the net defined benefit liability/ (asset)	-	(508.00)	(367.00)
<b>Balance at end of year (Loss)/ Gain</b>	<b>11.00</b>	<b>(478.00)</b>	<b>(306.00)</b>
<b>9: Sensitivity Analysis</b>			
1% Increase in Salary Growth Rate	Negligible Change	-	4.00
1% Decrease in Salary Growth Rate	Negligible Change	-	(0.00)
1% Increase in Discount Rate	Negligible Change	-	(0.00)
1% Decrease in Discount Rate	Negligible Change	-	4.00
1% Increase in Withdrawal Rate	Negligible Change	-	(0.00)
1% Decrease in Withdrawal Rate	Negligible Change	-	1.00
Mortality (increase in expected lifetime by 1 year)	Negligible Change	-	Negligible Change
Mortality (increase in expected lifetime by 3 years)	Negligible Change	-	Negligible Change
<b>10: Movement in Net (Liability)/ Asset</b>			
Net (Liability)/ Asset at start of year	-	300.00	305.00
Net Transfer (In)/ Out	-	148.00	47.00
<b>Movement during the year</b>			
Current Service Cost	(5.00)	-	(35.00)
Net Interest on net DBO	-	30.00	0.03
Re-measurements	11.00	(478.00)	(306.00)
Contributions/ Benefits	-	-	263.00
<b>Net (Liability)/ Asset at end of year</b>	<b>6.00</b>	<b>-</b>	<b>274.03</b>



**Edel Finance Company Limited**  
**Notes to the financial statements (Continued)**

for the year ended 31 March 2019

(Currency: Indian rupees in thousands)

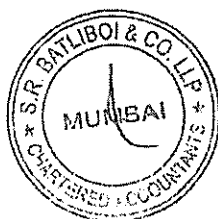
**26 Disclosure as required by Indian Accounting Standard 24 - "Related Party Disclosure" (Continued)**

**i. List of related parties and relationship:**

Name of related parties by whom control is exercised : Holding Company	Edelweiss Financial Services Limited
Fellow Subsidiaries (with whom transactions have taken place during the year)	Edelweiss Tokio Life Insurance Company Limited Edelweiss Business Services Limited (Merged with Edelweiss Rural & Corporate Services Limited w.e.f. 1st August 2018) Edelweiss Finvest Private Limited Edelweiss Rural & Corporate Services Limited (Formerly Edelweiss Commodities Services Limited) ECL Finance Limited Edelweiss Housing Finance Limited ECap Equities Limited
Name of related parties by whom the significant influence is exercised (with whom transactions have taken place during the year)	Atul Ambavat Vinod Juneja

**ii. Transactions with related parties :**

Sr. No.	Nature of Transaction	Name of Related Party	Amounts for the year ended March 31, 2019	Amounts for the year ended March 31, 2018
<b>1</b>	<b>Capital account transactions during the year</b>			
	Issue of equity shares to (including Securities Premium)	Edelweiss Financial Services Limited	442,200.09	1,200,000.00
	Investments in equity instruments	ECL Finance Limited	599,999.97	1,200,000.00
		Edelweiss Housing Finance Limited	1,000,000.00	-
		Edelweiss Rural & Corporate Services Limited	1,199,999.91	-
<b>2</b>	<b>Current account transactions</b>			
	Short term loans taken (refer note)	ECap Equities Limited	1,200,000.00	-
		Edelweiss Finvest Private Limited	1,200,000.00	-
		Edelweiss Rural & Corporate Services Limited	-	178.40
	Short term loans given (refer note)	Edelweiss Rural & Corporate Services Limited	1,033,802.10	-
	Short term loans repaid (refer note)	Edelweiss Rural & Corporate Services Limited	1,015,430.46	178.40
	Lease rental income from	Edelweiss Tokio Life Insurance Company Limited	-	1,096.76
	Interest income	Edelweiss Rural & Corporate Services Limited	13,550.49	-
	Interest expenses	ECap Equities Limited	51,945.21	-
		Edelweiss Finvest Private Limited	1,084.93	-
	Reimbursement of Taxes	Edelweiss Rural & Corporate Services Limited	-	386.25
		Edelweiss Business Services Limited	-	41.40
	Electricity expenses paid to	Edelweiss Rural & Corporate Services Limited	13.24	-
	Reimbursement of Employee Insurance expenses paid to	Edelweiss Financial Services Limited	14.53	-
	Rent paid to	Edelweiss Rural & Corporate Services Limited	201.51	-



# Edel Finance Company Limited

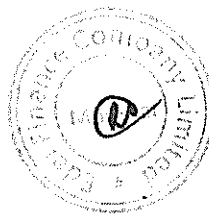
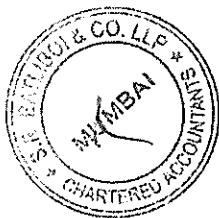
## Notes to the financial statements (Continued)

for the year ended 31 March 2019

(Currency: Indian rupees in thousands)

<u>Current account transactions (Continued)</u>			
Rating Support Fees Epps	Edelweiss Financial Services Limited	63.38	-
Business Service Charges	Edelweiss Business Services Limited	-	44.55
Reimbursement of Cost paid	ECL Finance Limited	-	6,821.17
	Edelweiss Business Services Limited	554.99	-
Directors Sitting fees	Atul Ambavat	240.00	20.00
	Vinod Juneja	240.00	20.00
<b>3</b>	<b><u>Balances with related parties</u></b>		
Trade Payables	Edelweiss Business Services Limited	315.75	174.25
	Edelweiss Financial Services Limited	106.26	-
	Edelweiss Rural & Corporate Services Limited	138.49	-
Trade receivables	Edelweiss Tokio Life Insurance Company Limited	-	387.82
Loan given	Edelweiss Rural & Corporate Services Limited	18,371.63	-
Loan taken	Ecap Equities Limited	1,200,000.00	-
	Edelweiss Finvest Private Limited	1,200,000.00	-
Accrued Interest on Loan taken	Ecap Equities Limited	10,191.78	-
	Edelweiss Finvest Private Limited	1,084.93	-
Accrued Interest on Loan given	Edelweiss Rural & Corporate Services Limited	138.18	-
Investments in equity instruments	ECL Finance Limited	1,799,999.97	1,200,000.00
	Edelweiss Housing Finance Limited	1,000,000.00	-
	Edelweiss Rural & Corporate Services Limited	1,199,999.91	-

Note : The intra group loans are generally in the nature of revolving demand loans. Loan given/taken to/from parties related parties are disclosed based on the maximum incremental amount given/taken during the reporting period.



# Edel Finance Company Limited

## Notes to the financial statements (Continued)

for the year ended 31 March 2019

(Currency: Indian rupees in thousands)

### 27 Cost sharing

Edelweiss Financial Services Limited, being the holding company along with fellow subsidiaries incurs expenditure like Group mediclaim, insurance, rent, electricity charges etc. which is for the common benefit of itself and its certain subsidiaries, fellow subsidiaries including the Company. This cost so expended is reimbursed by the Company on the basis of number of employees, time spent by employees of other companies, actual identifications etc. On the same lines, employees' costs expended (if any) by the Company for the benefit of fellow subsidiaries is recovered by the Company. Accordingly, and as identified by the management, the expenditure heads in note 20 include reimbursements paid and are net of reimbursements received based on the management's best estimate are Rs.784.27 thousands (previous year Rs. 6865.72 thousands)

### 28 Segment reporting

The Company is registered with the Reserve Bank of India as a Core Investment Company (CIC) whereby, it is engaged in the business of providing financial support to its group companies by way of investment and/ or lending on short, medium and long term basis. Accordingly, the Company was mainly engaged in one business segment and there are no other reportable business segments within the meaning of Indian Accounting Standard 108 – Segment Reporting.

### 29 Regulatory Disclosure of Core investment company (CIC)

The Company was primarily engaged in the business of lending and investment and is registered with the Reserve Bank of India ('RBI') as a Systemically Important Non-Deposit taking Non-Banking Financial Company (NBFC-ND-SI). During the year the Company got converted to NBFC-CIC-ND-SI on 09th October 2018.

As per the clause no. 19 of Master Direction -DNBR. PD. 003/03.10.119/2016-17 dt. August 25, 2016, as amended - Core Investment companies (Reserve Bank) Directions 2016, following disclosures in the Balance Sheet are given as under :

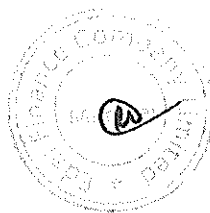
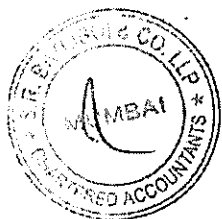
- a. Provisions made as per paragraph 17 of above mentioned master direction
  - i. Provisions for bad and doubtful debt :- NIL
  - ii. Provisions for depreciation in investments : - NIL
- b. Since the Company is NBFC-CIC-ND-SI with total assets less than 500 Crores, following regulatory disclosures are not applicable.
  - i. Exposure to real estate sector, both direct and indirect : and
  - ii. Maturity pattern of assets and liabilities

### 30 Disclosure related to collateral

None of the assets of the Company free from pledged and are available as collateral.

### 31 Capital management

The primary objectives of the Company's capital management policy are to ensure that the Company complies with externally imposed capital requirements from its regulators and healthy capital ratios in order to support its business and to maximize shareholder value. Further as Core Investment Company, the Company maintains the norms prescribed by Reserve Bank of India.



**Edel Finance Company Limited**  
Notes to the financial statements (Continued)  
(Currency: Indian rupees in thousands)

**32 A. Analysis of non-derivative financial liabilities by remaining contractual maturities**

The table below summarises the maturity profile of the undiscounted cash flows of the Company's non-derivative financial liabilities as at March 31, 2019. Repayments which are subject to notice are treated as if notice were to be given immediately. However, the Company expects that the counterparties will not request repayment on the earliest date it could be required to pay.

As at March 31, 2019	On demand	1 month to 3 months	3 months to 6 months	6 months to 1 year	1 year to 3 years	Over 3 years	Total
Trade payables	1,646.99	-	-	-	-	-	1,646.99
Borrowings (other than debt securities)	2,410,149.04	-	-	-	-	-	2,410,149.04
<b>Total undiscounted non-derivative financial liabilities</b>	<b>2,411,796.03</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,411,796.03</b>

As at March 31, 2018	On demand	1 month to 3 months	3 months to 6 months	6 months to 1 year	1 year to 3 years	Over 3 years	Total
Trade payables	9,335.65	-	-	-	-	-	9,335.65
<b>Total undiscounted non-derivative financial liabilities</b>	<b>9,335.65</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,335.65</b>

As at April 01, 2017	On demand	1 month to 3 months	3 months to 6 months	6 months to 1 year	1 year to 3 years	Over 3 years	Total
Trade payables	405.35	-	-	-	-	-	405.35
<b>Total undiscounted non-derivative financial liabilities</b>	<b>405.35</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>405.35</b>

**B. Analysis of non-derivative financial assets by remaining contractual maturities**

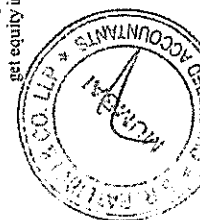
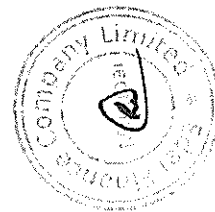
The table below summarises the maturity profile of the undiscounted cash flows of the Company's non-derivative financial assets as at 31 March 2019.

As at March 31, 2019	On demand	1 month to 3 months	3 months to 6 months	6 months to 1 year	1 year to 3 years	Over 3 years	Total
Cash and cash equivalent and other bank balances	1,194.27	-	-	-	-	-	1,194.27
Loans	18,495.99	-	-	-	-	-	18,495.99
Investments at amortised cost	-	-	-	-	-	3,999,999.88	3,999,999.88
<b>Total</b>	<b>19,690.26</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,999,999.88</b>	<b>4,019,690.14</b>

As at March 31, 2018	On demand	1 month to 3 months	3 months to 6 months	6 months to 1 year	1 year to 3 years	Over 3 years	Total
Cash and cash equivalent and other bank balances	48,861.66	-	-	-	-	-	48,861.66
Trade receivables	387.82	-	-	-	-	-	387.82
Investments at amortised cost	-	-	-	-	-	1,200,000.00	1,200,000.00
<b>Total</b>	<b>49,249.48</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,200,000.00</b>	<b>1,249,249.48</b>

As at April 01, 2017	On demand	1 month to 3 months	3 months to 6 months	6 months to 1 year	1 year to 3 years	Over 3 years	Total
Cash and cash equivalent and other bank balances	41,075.74	-	-	-	-	-	41,075.74
Trade receivables	5,195.07	-	-	-	-	-	5,195.07
<b>Total</b>	<b>46,270.81</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>46,270.81</b>

The Company is 100% subsidiary of Edelweiss Financial Services Limited and is Core Investment Company registered with Reserve Bank of India. As part of the group reorganisation the Company will get equity infusion from the parent Company and repay the on demand loans outstanding as at March 31, 2019





### 33 Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

Particulars	March 31, 2019			March 31, 2018			April 01, 2017		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
<b>Financial assets</b>									
Cash and cash equivalents	1,194.27	-	1,194.27	3,254.97	-	3,254.97	10,427.48	-	10,427.48
Other bank balances	-	-	-	45,606.69	-	45,606.69	30,648.26	-	30,648.26
Trade receivables	-	-	-	387.82	-	387.82	5,195.07	-	5,195.07
Loans	18,495.99	-	18,495.99	-	-	-	-	-	-
Investments	-	3,999,999.88	3,999,999.88	-	1,200,000.00	1,200,000.00	-	-	-
	19,690.26	3,999,999.88	4,019,690.14	49,249.48	1,200,000.00	1,249,249.48	46,270.81	-	46,270.81
<b>Non-financial assets</b>									
Current tax assets (net)	-	2,532.21	2,532.21	-	2,083.09	2,083.09	-	1,894.10	1,894.10
Deferred tax assets (net)	-	4,863.29	4,863.29	-	5,141.41	5,141.41	-	3,238.79	3,238.79
Property, plant and equipment	-	2,167.00	2,167.00	-	623.78	623.78	-	1,031.50	1,031.50
Other non-financial assets	23.63	2,659.19	2,682.82	5.16	2,397.64	2,402.80	38.31	2,948.58	2,986.89
	23.63	12,221.69	12,245.32	5.16	10,245.92	10,251.08	38.31	9,112.97	9,151.28
<b>Total assets</b>	19,713.89	4,012,221.57	4,031,935.46	49,254.64	1,210,245.92	1,259,500.56	46,309.12	9,112.97	55,422.09

Particulars	March 31, 2019			March 31, 2018			April 01, 2017		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
<b>Financial liabilities</b>									
Trade payables	1,646.99	-	1,646.99	9,535.65	-	9,535.65	405.35	-	405.35
Borrowing (other than debt securities)	2,410,149.04	-	2,410,149.04	-	-	-	-	-	-
	2,411,796.03	-	2,411,796.03	9,535.65	-	9,535.65	405.35	-	405.35
<b>Non-financial liabilities</b>									
Provisions		11.21	11.21						
Withholding taxes, Goods & service tax and other taxes payable	5,444.78	-	5,444.78	-	-	-	104.94	-	104.94
Income received in advance	-	-	-	-	-	-	110.78		110.78
	5,444.78	11.21	5,455.99	-	-	-			
<b>Total liabilities</b>	2,417,240.81	11.21	2,417,252.02	9,535.65	-	9,535.65	215.72	7.00	222.72
							621.07	7.00	628.07
<b>Net Balance</b>	(2,397,526.92)	4,012,210.36	1,614,683.44	39,718.98	1,210,245.92	1,249,964.91	45,688.05	9,105.97	54,794.02

The Company is 100% subsidiary of Edelweiss Financial Services Limited and is Core Investment Company registered with Reserve Bank of India. As part of the group reorganisation the Company will get equity infusion from the parent Company and repay the on demand loans outstanding as at March 31, 2019



# Edel Finance Company Limited

## Notes to the financial statements (Continued)

for the year ended March 31, 2019

(Currency: Indian rupees in thousands)

### 34. Fair value measurement

The information with respect to financial assets and financial liabilities measured at amortised cost, the carrying amount approximates the fair value.

### 35. Risk Management

The company has operations in India. Whilst risk is inherent in the Company's activities, it is managed through an integrated risk management framework, including ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Company's continuing profitability. The Company is a CIC and its exposure is mainly restricted to the group companies and hence, limited exposed to credit risk, liquidity risk and there is no market risk, since there is no market exposure.

#### Risk management structure

The Board of Directors are responsible for the overall risk management approach and for approving the risk management strategies and principles.

#### Credit risk

Credit risk is the risk of financial loss the Company may face due to current/potential inability or unwillingness of a customer or counterparty to meet financial /contractual obligations. Credit risk also covers the possibility of losses associated with diminution in the credit quality of borrowers or counterparties. The Company is a CIC whereby it has 90% of the exposure to its group companies. Out of which 60% is in equity of instruments. It has limited risk of credit to the extend loans given to its group companies. Company is monitoring its exposure continuously within the allowable parameters.

#### Liquidity risk

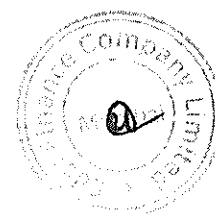
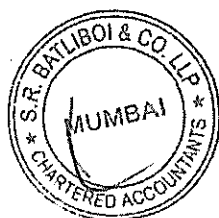
Liquidity risk emanates from the possible mismatches due to differences in maturity and repayment profile of assets and liabilities. To avoid such a scenario, the Company has maintained the exposure within the allowable limits. Presently, full exposure including borrowing is from the group companies. Hence, we do not see any significant liquidity risk.

#### Analysis of financial assets and liabilities by remaining contractual maturities

The table given in note number 32 summarises the maturity profile of the undiscounted cash flows of the Company's financial assets and liabilities as at March 31, 2019.

#### Market Risk:

Market risk is the risk which can affect the Company's profit/(loss) due to adverse movements in market prices of instrument due to interest rates, equity prices, foreign exchange rates. Presently, in the absence of any market exposure, the Company's is not exposed to market risk



# Edel Finance Company Limited

## Notes to the financial statements (Continued)

for the year ended March 31, 2019

(Currency: Indian rupees in thousands)

### Foreign exchange risk

Foreign exchange risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company does not have any foreign currency exposure, hence foreign currency risk is not applicable.

### 36. Other Disclosures

- The Company has a process whereby periodically all long term 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.
- There are no amount due and outstanding to be credited to Investor Education and Protection Fund as at March 31, 2019.

### 37. First-time adoption

#### Overall principle

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

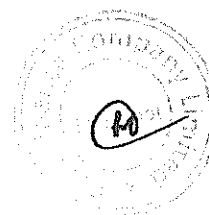
Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on March 31, 2019, together with the comparative period data as at and for the year ended March 31, 2018, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at April 01, 2017, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at April 01, 2017 and the financial statements as at and for the year ended March 31, 2018.

#### Exemption applied

The Company has prepared the opening balance sheet as per Ind AS as on April 01, 2017 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to the certain exception and certain optional exemptions availed by the Company as detailed below.

#### Deemed cost for property, plant and equipment

The Company has elected to continue with the carrying value of all of its plant and equipment recognised as of April 01, 2017 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.



# Edel Finance Company Limited

## Notes to the financial statements (Continued)

for the year ended March 31, 2019

(Currency: Indian rupees in thousands)

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

### Reconciliation of Equity as at:

Particulars	March 31, 2018	March 31, 2017
Total shareholders fund as per Previous GAAP	1,249,964.91	54,794.02
Ind AS adjustments	-	-
Total Equity as per Ind AS	1,249,964.91	54,794.02

### Reconciliation of total comprehensive income for the year ended March 31, 2018 :

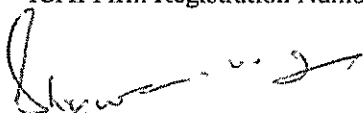
Particulars	March 31, 2018
Net profit / (Loss) after tax as reported under Indian GAAP	(4,829.11)
Ind AS adjustments	-
Total Comprehensive Income / (Loss) as per Ind AS	(4,829.11)

As per our report of even date attached.

For S.R. Batliboi & Co LLP

Chartered Accountants

ICAI Firm Registration Number :301003E/E300005

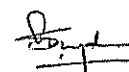


per Shravan Jalan

Partner

Membership No: 102102

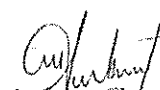
For and on behalf of the Board of Directors



S. Ranganathan

Director

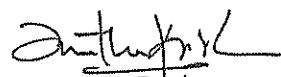
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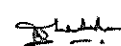
Atul Ambavat

Director

DIN : 00195875



Ananthakrishnan S  
Company Secretary



Ravindra Dhobale  
Chief Financial Officer

Mumbai

May 31, 2019

Mumbai

May 31, 2019

