RESET. RENEW. REFRESH.

Edelweiss
Ideas create, values protect

ANNUAL REPORT 2019-20

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The references to wildlife and natural phenomena in our Annual Report have been made based on publicly available information. Readers of the annual report are advised to independently verify facts and information.

Reset. Renew. Refresh.

"According to Darwin's Origin of Species, it is not the most intellectual of the species that survives; it is not the strongest that survives; but the species that survives is the one that is best able to adapt and adjust to the changing environment in which it finds itself."

— Leon C. Megginson, Civilisation Past and Present, 1963

Over the last few months, as the world buckled under the impact of Covid-19 and lockdowns brought economies to a standstill, the natural world scripted a different story. In the midst of all the ambiguity, mother nature silently reclaimed her rightful place - the stars shone brighter, birdsong grew louder, mountains appeared closer, rare wildlife scampered out of hiding. Despite the cloud of uncertainty that hung over us, nature's wondrous transformation was the silver lining - one that filled us with hope and gratitude.

Edelweiss is named after a rare Alpine flower that can withstand harsh winters due to its deep fibrous roots and the felt-like covering of its leaves. True to our name, we find resonance in nature's adaptability, its sheer resilience and its ability to thrive in adversity. While the prolonged market dislocation, followed by Covid-19 was a setback, we looked at it as an opportunity to reflect, reassess and recalibrate. Renewing our commitment to our stakeholders, we embraced conservatism and honed our strengths.

Through the pages of this Annual Report, we depict rare wildlife and natural phenomena that made their presence felt during the lockdown, across the globe. We find inspiration in their uniqueness and hope to imbibe the same spirit of rejuvenation as we embark on a bold, transformative and sustainable journey - shaping the Edelweiss of tomorrow.

FY20 OVERVIEW

STRONG. STABLE. SUSTAINABLE.

Net Worth

₹85.41 billion

Liquidity

₹81.50 billion

24% of borrowings

Reduced Borrowings

to ₹366.57 billion

due to asset sell-down

High Capital Adequacy

maintained across entities

VALUE DRIVEN DIVERSIFIED BUSINESS MODEL

Wealth & Asset Management

Customer Assets

~8x growth in 5 years

₹1,645 billion

Return on Equity (RoE)

23%

Strong Customer Franchise

~2,425 Ultra High Net Worth Individuals

~575,000 Affluent Individuals

Asset Reconstruction

Steady Fee Income

₹8 billion

Robust Recoveries

₹112.57 billion

High Return on Assets

5.1%

driven by a strong pipeline

Numbers reported are for FY20 unless stated otherwise
Net Worth includes convertible instruments of Kora, Sanaka and CDPQ

Insurance: Life & General Insurance

Among the youngest and fast-growing Life Insurers in India over the last five years – Annualised Premium Equivalent CAGR at 24%

New-age and digital-first General Insurer; Life Insurance Solvency ratio at 232% and General Insurance at 236% – well above regulatory requirements

Outperformed the industry to remain amongst the fastest growing during lockdown in Q1FY21

Credit: Corporate & Retail credit

Focus on building a capital light credit model

Collaboration with leading public sector banks for co-lending, on-lending and securitisation

Rapid sell-down and reduction in the Wholesale Credit Book

CALIBRATED APPROACH TO COVID-19

Resilience enabled by a diversified business model - **Three out of four businesses have seen minimal impact** despite almost 8 quarters of market dislocation, exacerbated by Covid-19

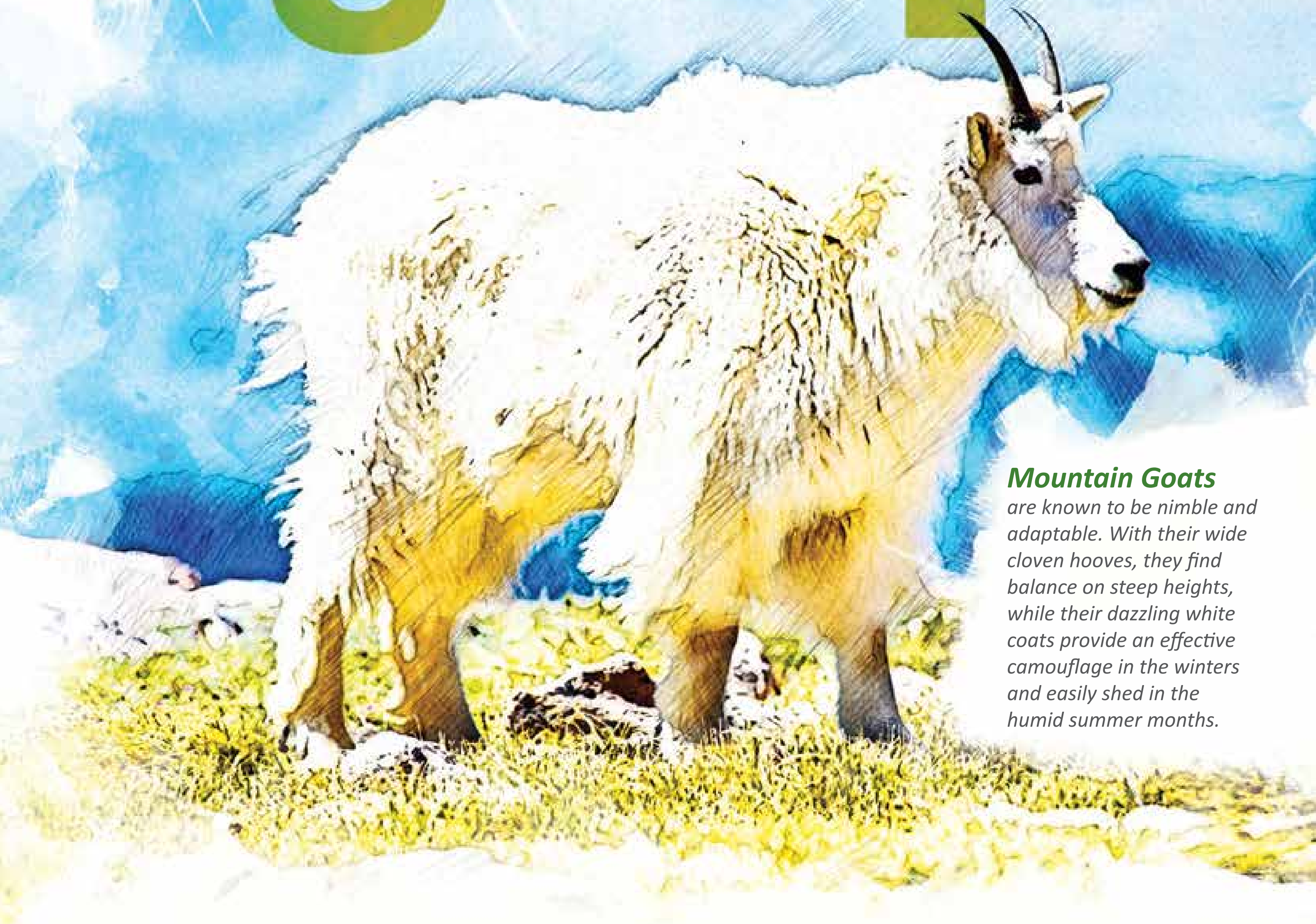
Conservative stance adopted on impairments; ₹26.24 billion total impairment recorded in Q4FY20, including Covid-19 related provisions taken upfront

The business model depicted in this section is as on March 31, 2020. In FY21, these businesses have been further segregated to unlock value. As per the current structure, Edelweiss Asset Management includes Alternative Assets, Mutual Funds and Asset Reconstruction, while the Wealth Management business is housed under Edelweiss Wealth Management.

Numbers reported are for FY20 unless stated otherwise

Responding to Covid-19 with

agility



Mountain Goats

are known to be nimble and adaptable. With their wide cloven hooves, they find balance on steep heights, while their dazzling white coats provide an effective camouflage in the winters and easily shed in the humid summer months.

Curiosity led sure-footed Mountain Goats to venture out and take over the coastal town of Llandudno in Wales, during the lockdown.

OUR RESPONSE TO COVID-19

At Edelweiss, we believe that volatility and uncertainty present an opportunity to reinvent. With Covid-19 throwing the world economy into turmoil, we knew that it was important for us to stay calm, think on our feet and realign ourselves to the new normal. Our inherent agility automatically kicked in and we enabled a swift and seamless transition to work from home. Our digital preparedness enabled us to adapt nimbly, operate efficiently, empower our people, offer seamless business continuity and meet customer expectations.

OUR PREPAREDNESS

A Central Task Force was set up in conjunction with business teams - BCPs (Business Continuity Plans) were evaluated along with associated risk assessments

Encouraged and enabled over 80% of the Edelweiss employee base to work remotely pre-lockdown

Assured all clients that the necessary BCP measures had been implemented in order to mitigate any possible disruption even before the official lockdown was announced

Activated 'Incident Room' (the Edelweiss emergency response hub) to respond to employee queries and track travel history, along with regular advisory communication and updates

Pre-determined efforts were taken to create a technologically-sound foundation. BCP training ensured that all technology teams were ready to adapt to a new environment instantaneously

OUR RESPONSE

AS A RESPONSIBLE CORPORATE CITIZEN

EdelGive Foundation committed ₹**100 million** in the first quarter of FY21 towards its NGO partners

Contributed ₹**20 million** to the **PM CARES Fund** and ₹**5 million** to the Chief Minister's Relief Fund, Maharashtra

Edelites collectively raised ₹**1.2 million** to support **35,000+ migrant families**

Edelweiss Group stands in solidarity with the nation to fight Covid-19

EdelGive Foundation significantly stepped up its efforts to support vulnerable communities through its NGO partners, offering them not only financial assistance but also working hand-in-hand to ensure minimum disruption to their ongoing programmes.

- Ensured that its 42 grantee partners spread across 14 states are equipped and staffed to address the situation on the ground
- Stayed connected with NGO partners, shared their stories and ensured flexibilities wherever possible
- Committed over ₹100 million in the first quarter of FY21 towards its NGO partners
- Used its network within the philanthropic community to share stories from the ground and highlight the immediate needs of the NGOs
- Influenced over ₹220 million in 16 weeks since the announcement of the lockdown to further the efforts of NGOs working at the grassroots across India
- Became founding signatory to the ***Common Charter for the Indian Donor and Philanthropic Community*** – an initiative created to offer collective support to NGOs, signed by some of India's leading philanthropies such as Ford Foundation, Wipro Limited, Rohini Nilekani Philanthropies and Oxfam India, agreeing to abide by a common set of values as funders

OUR RESPONSIBILITY TOWARDS OUR PEOPLE

The strength of character displayed by our people in these challenging times bears a testament to the Edelweiss spirit. While 90% of them began operating remotely almost overnight, we knew that they would take some time to grapple with the new normal. At our end, we ensured that they were kept informed, engaged and enabled.

Employee safety and well-being – Our top-most concern

1. **Covid-19 Helpline:** Dedicated helpline service that connects employees to qualified doctors who provide WHO/GOI verified information, quell myths and address queries about Covid-19.
2. **Counselling Helpline:** Online consultation service with a qualified psychologist, ensuring a non-judgemental space for employees to open up and manage stress and anxiety.
3. **Group Mediclaim:** Reassured employees that in case of any hospitalisation, quarantine or treatment, the Group medical insurance policy provides adequate coverage to them and their dependent family members.
4. **Early Pay Day:** In order to help employees navigate through the uncertainties brought on by the sudden lockdown, we pre-paid salaries in the month of March.
5. **Employee Development:** Encouraged employees to use the time to upskill via online learning – Coursera, Udemy, LinkedIn Learning. Employees were reimbursed for the paid courses.
6. **Employee Wellness Sessions:** Conducted weekly webinars on managing stress, dealing with anxiety, meditation, yoga, parenting, nutrition and immunity.
7. **Virtual Events:** Amped up the engagement levels and engaged teams virtually via talent shows, jam sessions, fitness challenges, cook-offs, virtual gaming and other celebrations.
8. **Unlock 1.0:** Enforced a phase-wise resumption plan by putting in place SOPs and guidelines for business continuity along with continued well-being of our employees.

Sharpened focus on communication – Fostering an informed and inclusive environment

1. **Leader Connect:** Our Chairman and CEO individually connected with all critical functions, providing much-needed assurance, appreciation, guidance and concern redressal.
2. **Town Halls:** Multiple virtual town halls conducted to ensure a transparent communication channel between business leaders and employees.
3. **Employee Connect:** Weekly communication from the CHRO's desk sharing a situation analysis and the road ahead. One-on-one HR intervention providing necessary support during the transition to remote working.
4. **Pulse Survey:** An anonymous pulse survey was conducted to cater to employee grievances.

Technology was our backbone –
Enablement was the cornerstone of the WFH setup

1. **Seamless Transition:** Enabled employees with the right tools to smoothly transition into a work from home setup.
2. **Enhanced Security:** Boosted overall cyber security to avoid compromising client information and data in any way.
3. **Heightened Collaboration:** Adopted the Office 365 collaboration suite including platforms like Microsoft Teams and Yammer to amplify employee engagement.

OUR RESPONSIBILITY TOWARDS CUSTOMERS AND PARTNERS

We knew that in such unprecedented times, our customers would be anxious and would need all the hand-holding we could provide. We went the extra mile to ensure authentic experiences. Our motto was simple – demystify the ambiguity and educate them on the best way forward.

Edelweiss General Insurance waived off the 30-day waiting period for Coronavirus treatment

- Waived off the 30-day wait period to ease claim settlement
- Covered everything from normal hospitalisation to ICU treatment
- Covered domiciliary hospitalisation benefit as well as alternative treatments under AYUSH

Edelweiss Gallagher introduced a Pandemic Group Insurance Cover for the informal sector

- Addressed the need for business owners to safeguard the well-being of their workforce
- Covers food delivery agents, informal sector workers, factory workers, hospital frontline staff, healthcare providers and pharmaceutical manufacturers
- Helped instil confidence in the community and allowed commerce to continue

Edelweiss Mutual Fund enabled seamless digital investments and advisories

- Leveraged digital platforms like Edelweissmf.com, Galaxy, Bharatbond.in to enable seamless digital investments
- Conducted numerous investments and advisory sessions to dispel uncertainties and share expert advice

Edelweiss General Insurance gave vehicle owners the option to SWITCH off/on their motor insurance

- Permitted vehicle owners to switch their motor insurance on and off, based on usage
- A driver-based motor insurance policy (under IRDAI's Regulatory Sandbox)
- Brought cost savings to customers who have been sparingly using their vehicles in recent times
- BOLT, the self-survey app, enabled remote inspections and offered instant settlements

Edelweiss extended EMI moratorium for MSMEs

- Extended the EMI moratorium in line with the RBI guidelines, helping those most impacted by the lockdown – small businesses and entrepreneurs
- Launched special pre-approved loans as per the Government's Atmanirbhar Bharat Abhiyaan, providing capital to MSMEs as they emerge out of the lockdown

Edelweiss Tokio Life Insurance reimagined customer experience by leveraging technology

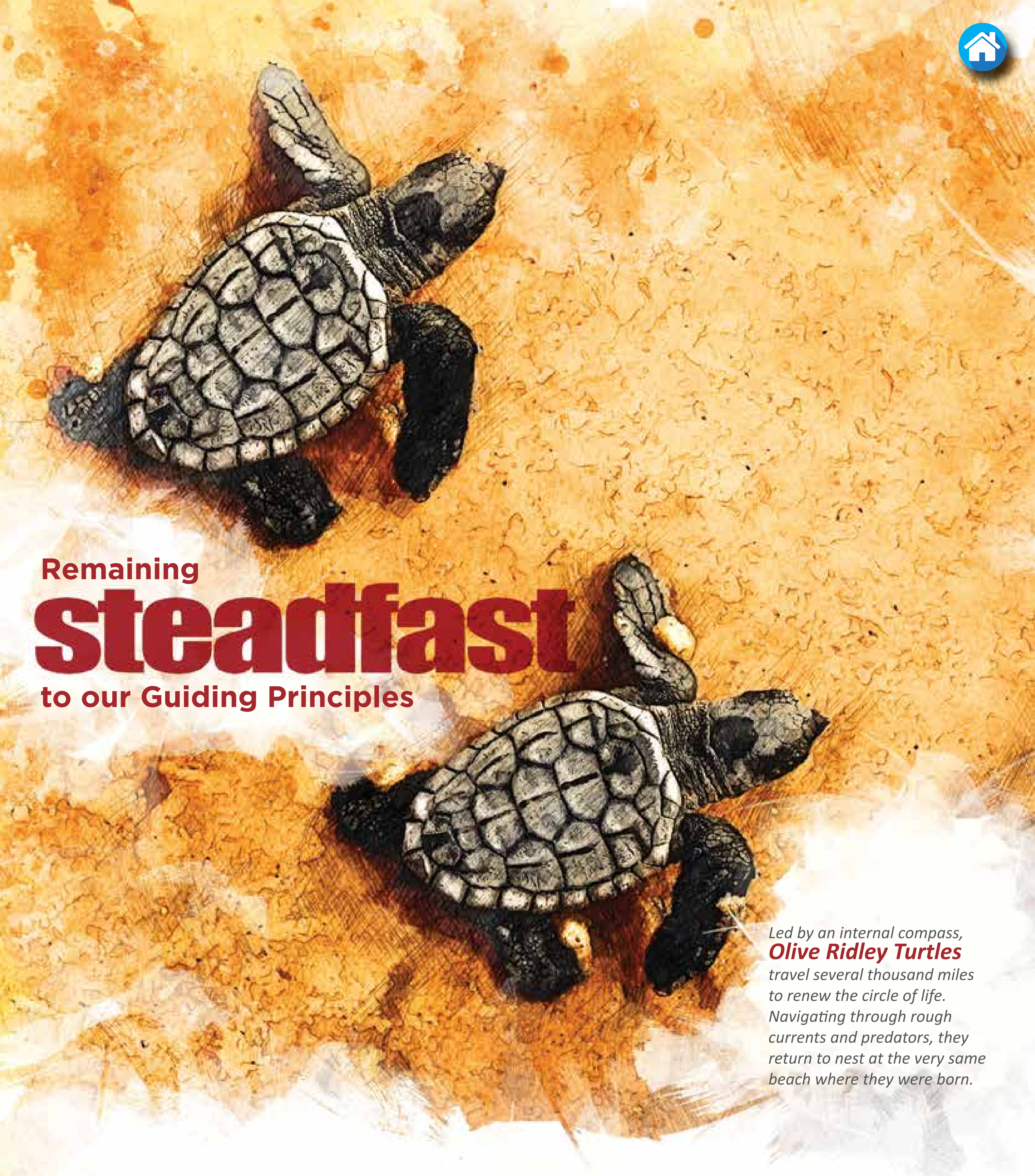
- Introduced 'Dial for success', a digital tool that helped convert face-to-face advisory to digital advisory, making it easier for our customers to protect themselves
- Enhanced non-medical limits; used credit bureau scores and income in lieu of financial documents for underwriting and leveraged the scores to waive medicals for Term and Savings plans
- Introduced a WhatsApp hotline number and facilitated seamless online claim intimation and tracking
- Introduced a dedicated medical helpline for customers to access GOI/WHO verified Covid-19 information

Edelweiss Wealth Management used technology to bridge the physical gap

- Relationship Managers facilitated Edelweiss Mobile Trader (EMT) adoption amongst clients, helping them remain connected to markets remotely as per their convenience
- Customers and partners were equipped with advice on their physical and financial health via webinars with industry experts

Edelweiss Institutional Equities enabled virtual corporate access

- Continued to provide global investors access to corporates and industry experts in India via virtual delivery platforms
- Topics included economic impact of and policy choices during Covid-19, ESG investments in a post Covid-19 world, among others



Remaining **steadfast** to our Guiding Principles

Led by an internal compass, ***Olive Ridley Turtles*** *travel several thousand miles to renew the circle of life. Navigating through rough currents and predators, they return to nest at the very same beach where they were born.*

After a gap of nearly seven years, owing to no human intrusion during the lockdown, Olive Ridley Turtles nested in broad daylight across the Odisha coast.

OUR GUIDING PRINCIPLES

Over the last 25 years, our 13 Guiding Principles have been our North Star – constant, unwavering and always helping us find our way home, however challenging the circumstances. Together, they reflect our ideals, culture and ethics, steering decision-making and helping us create consistent value for all our stakeholders. They ensure that we remain true to our long-term vision and always take the right path, for the right reasons, without compromising on what we stand for.

We are a Thinking Organisation. We constantly bring thought to everything we do. Our clients' and our own success depends on our ability to use greater ideation and more imagination in our approach.

We are Fair to our clients, our employees and all stakeholders.

We take care of our People. Our policies - in spirit and in letter - ensure transparency and equal opportunity for all. We go beyond the normal goals of attracting, recruiting, retaining and rewarding fine talent. We ensure that every individual in Edelweiss has an opportunity to achieve their fullest potential.

We operate as a Partnership, internally and externally. Though individuals are very often brilliant, we believe teamwork and collaboration always ensures a better and more balanced organisation. We also treat our clients as partners and show them the same respect and consideration that we would towards our internal team members.

We focus on the Long-Term. Though the world will change a lot in the coming years and our assumptions for the future may not hold up, we reflect on the long-term implications of our actions. Even when we make short-term decisions, we are aware of the long-term implications.

We focus on Growth for our clients, employees and shareholders.

Our Reputation and Image is more important than any financial reward. Reputation is hard to build and even harder to rebuild. It is impacted by our ability to think for our clients, maintain confidentiality and by our adherence to our value system.

We Obey and Comply with the rules of the land. We maintain the highest standard of integrity and honesty. When we are unclear, we seek clarifications.

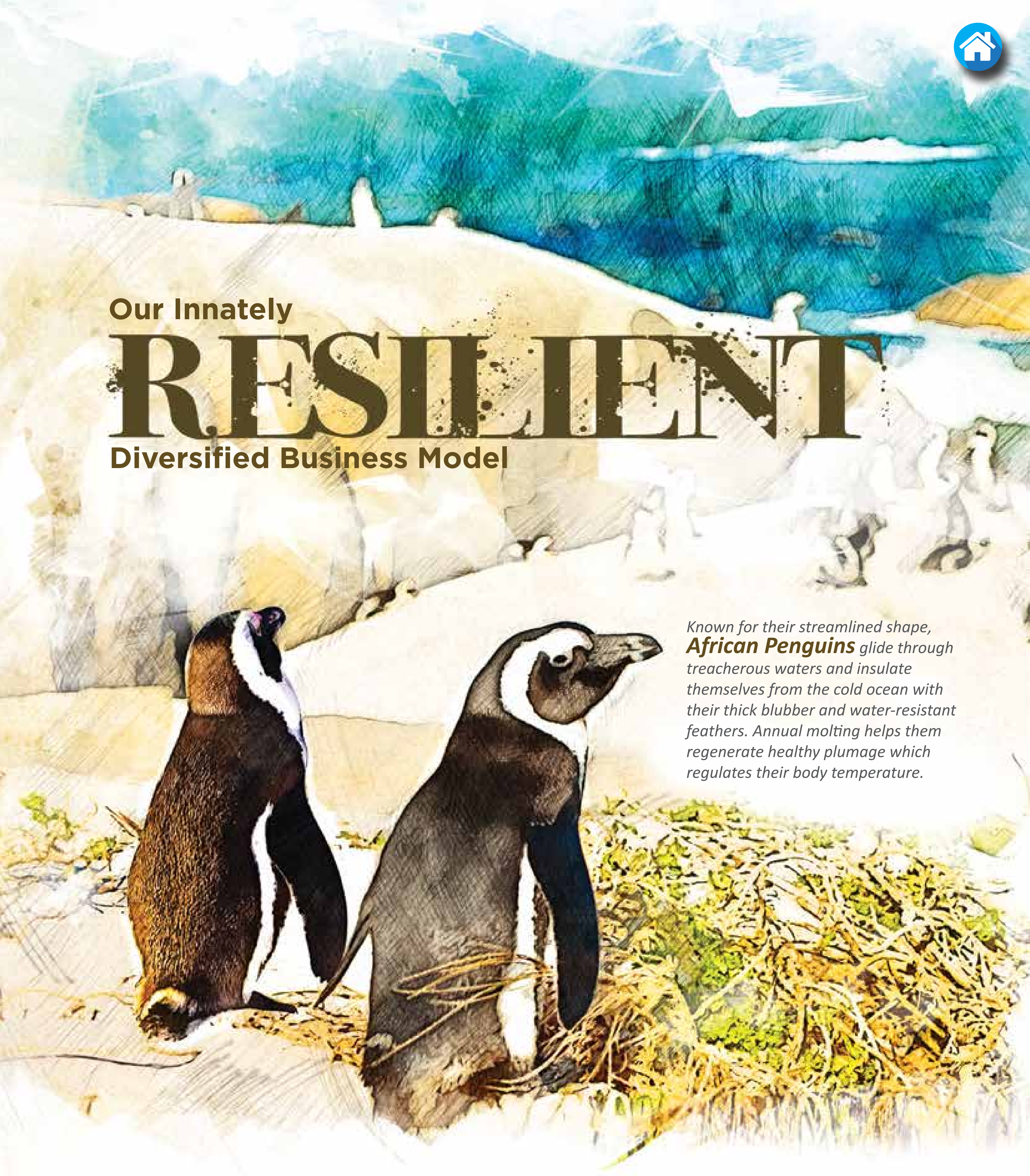
We Respect Risk. Our business is going to be a constant challenge of balancing risk and reward. Our ability to constantly keep one eye on risk will guide us through this fine balance.

Our Financial Capital is a critical resource for growth. We endeavour to grow, protect and use our financial capital wisely.

Our Customer Experience defines us. We strive to make it outstanding at all times.

We Listen and Fulfil our customers' needs. Listening is the start of the relationship wherein we understand their needs and fulfil them with the most appropriate products and solutions.

We satisfy the needs of all stakeholders; shareholders who entrust us with their capital, employees who create the organisation, customers who are the reason we exist and society which gives us the resources and opportunity to create value.



Our Innately RESILIENT Diversified Business Model

*Known for their streamlined shape, **African Penguins** glide through treacherous waters and insulate themselves from the cold ocean with their thick blubber and water-resistant feathers. Annual molting helps them regenerate healthy plumage which regulates their body temperature.*

A waddle of African Penguins were spotted exploring the empty streets of Cape Town in South Africa, amidst the lockdown.

OUR DIVERSIFIED BUSINESS MODEL

At Edelweiss, we have, over the years, built a vibrant diversified business model which relies on multiple income vectors. Each of our businesses are well-capitalised, backed by strong partnerships, with independent operations and ring-fenced governance. The resilience of this adaptable and agile model was evident as we continued to build strength in retail. Three out of our four businesses – Wealth & Asset Management, Asset Reconstruction and Insurance – continued to do well despite a less than ideal economic environment, while our Credit business battled sustained headwinds. We undertook conscious measures to strengthen our balance sheet as well as our dominant franchises. As the economy recovers over the next few quarters, we will be well-poised for growth.

	WEALTH & ASSET MANAGEMENT	ASSET RECONSTRUCTION	INSURANCE	CREDIT
Strengths	• Largest player in the Alternative Assets segment • Second largest non-bank Wealth Management company in India	Largest Asset Reconstruction Company (ARC) in the country	• Among the fastest growing in the industry • New-age and digital-first	• Capital-light model moving to a fund format • Focused on co-lending, on-lending and securitisation
Strategic Equity Partners	• Kora Management • Sanaka Capital • Arthur J. Gallagher & Co.	Caisse de dépôt et placement du Québec (CDPQ)	Tokio Marine Holdings	Caisse de dépôt et placement du Québec (CDPQ)
Main Entities	• Edelweiss Securities Ltd • Edelweiss Broking Ltd • Edelweiss Asset Management Ltd • Edelweiss Alternative Asset Advisors Ltd	Edelweiss Asset Reconstruction Company Ltd	• Edelweiss Tokio Life Insurance Company Ltd • Edelweiss General Insurance Company Ltd	• ECL Finance Ltd • Edelweiss Retail Finance Ltd • Edelweiss Housing Finance Ltd
Equity (Pre MI)	₹11.60 billion	₹20.35 billion	₹8.74 billion	₹46.80 billion
% share in Net Revenue	28%	10%	30%	32%

The business model depicted on this page is as on March 31, 2020. In FY21, these businesses have been further segregated to unlock value. As per the current structure, Edelweiss Asset Management includes Alternative Assets, Mutual Funds and Asset Reconstruction, while the Wealth Management business is housed under Edelweiss Wealth Management.

Numbers reported are for FY20 unless stated otherwise

Wealth & Asset Management

A strong franchise, our Wealth & Asset Management business has consistently outpaced market growth and made rapid strides in industry rankings over the last five years. Building strong capabilities and scale has enabled us to enjoy market dominance. With an expanding market share, these businesses continue to bolster our customer base. An ~8x growth in customer assets in five years is a strong testament to the trust our customers repose in us, despite market volatility.

Net Worth	Gross Revenue	Profit After Tax	Return on Equity
₹11.60 billion	₹15.07 billion	₹1.85 billion	23%

Expanding Customer Assets

~8x growth in 5 years

₹1,645 billion

(₹212 billion FY15)

Assets under Advice (AuA)	Assets under Management (AuM)
₹1,137 billion in FY20	₹508 billion in FY20
₹185 billion in FY15	₹27 billion in FY15
~6x growth	~19x growth

Strong Fee-based Revenue

~₹2.75 billion

every quarter in FY20

Strategic Global Partnerships

Validating the strength of our platform, leading global institutions, **Kora Management, Sanaka Capital and Arthur J. Gallagher & Co** forged alliances with us during the year

Earned Investor Trust

First tranche of the **Bharat Bond NFO raised ₹124 billion** (Second tranche oversubscribed by 3.7 times amidst the lockdown)

33% increase in Edelweiss Asset Management Company's Systematic Investment Plan book (Industry growth at 6%) in FY20

Business Leadership

- Market leader in the Alternative Assets segment in India[1]
- Second largest non-bank Wealth Management company in India[2]
- Fastest growing Asset Management Business, moving up from rank 26 to rank 17 in 3 years*
- Highest number of mid-cap Qualified Institutional Placements in the range of ₹1 billion to ₹10 billion managed in India in the last 6 years**
- Maintained #1 position in public issuance of bonds for the 6th consecutive year**
- Ranked among the top 5 Private Equity/Mergers & Acquisitions banks***

Source: [1]*Management estimates* | [2]*Asian Private Banker* | **AMFI India* | ***Prime Database* | ****Venture Intelligence League Tables*

As per the FY21 business structure, the Wealth and Asset Management businesses have been further segregated. Edelweiss Asset Management includes Alternative Assets, Mutual Funds and Asset Reconstruction, while the Wealth Management business is housed under Edelweiss Wealth Management.

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Asset Reconstruction

A standout performer, Edelweiss Asset Reconstruction (EARC) continues to be the largest Asset Reconstruction Company in the country. With a strong, well-capitalised balance sheet and steady fee income anchoring profitability, we have made recoveries worth ₹208.5 billion in the last three years. In the post Covid environment, EARC will play an important role in driving economic rehabilitation and revival.

Net Revenues	Net Worth	Profit After Tax (Pre MI)	Assets under Management
₹4.33 billion	**₹20.35 billion**	**₹3.06 billion**	**₹431.88 billion**

Steady Management Fee Income

1.8-1.9% of the AuM since FY18, anchoring profitability

Highly Profitable

Return on Assets (RoA)	Return on Equity (RoE)
5.1%	**16.5%**

Robust Recoveries

60% increase

₹112.57 billion

(₹70.19 billion FY19)

- Record recoveries of **₹208.50 billion in 3 years**
- Contributed by a large number of accounts

Healthy Capital Adequacy

32.5%

(25.6% FY19)

Strong Pipeline

Focus on acquiring large, viable, operating and EBITDA earning assets

Economic Revival Engine

Plays a key role in the redeployment of productive assets back into the economy

Numbers reported are for FY20 unless stated otherwise

Insurance

Our Insurance businesses are built on a digitally-driven new-age model and continue to be amongst the fastest growing in the industry. Designing innovative products that are tailor-made to address evolving customer needs, they leveraged their digital prowess to simplify processes for their customers. Owing to this, both Life Insurance and General Insurance have outperformed their peer set and grown, during the recent lockdown, when the industry saw a de-growth.

LIFE INSURANCE

Edelweiss Tokio Life Insurance continues to expand its distribution footprint across agency and alternate digital channels. With a distinctive product and channel mix, it has evolved into a quality proposition.

Customers	Agents	Branches	Number of Policies
370,000	51,723	121	79,953

Long-term Value Creation

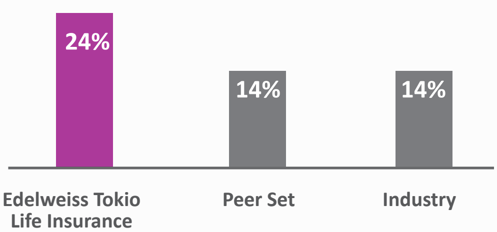
Individual Annualised Premium	Gross Premium	Assets under Management (AuM)	Value of New Business (VNB) margin
₹3.23 billion	₹10.48 billion	₹27.07 billion	38%
24% CAGR increase	36% CAGR increase	52% CAGR increase	
(₹1.38 billion FY16)	(₹3.1 billion FY16)	(₹5.11 billion FY16)	(24% FY16)

High Quality Franchise

- 13th month overall persistency at 78% - one of the best in the peer set
- Indian Embedded Value (IEV) as on March 31, 2020 at ₹13.36 billion
- Solvency Ratio at 232%

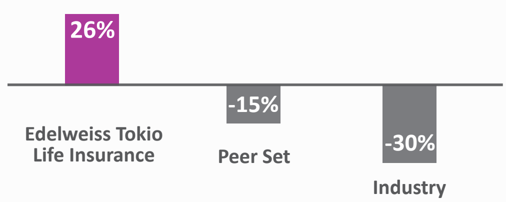
Annualised Premium Equivalent (APE) CAGR FY16-20

Collected Individual APE



Covid-19: Outlier during lockdown

Collected Individual APE: April and May 2020



Guinness World Records Title

for the highest number of pledges received for an organ donation campaign in 24 hours (54,626 pledges). Over 113,000 pledges collected via an impactful awareness drive in November 2019.

Numbers reported are for FY20 unless stated otherwise

GENERAL INSURANCE

Edelweiss General Insurance, our youngest business launched in February 2018, aims to bridge the distance between customers and insurance, by making insurance disarmingly effortless.

Primary Focus
Technology and Innovation

Gross Written Premium
₹1.59 billion

Solvency Ratio
236%

Industry Firsts

- **Switch** – Pay as per use multi-vehicle insurance
- **Health 241** – 2-year health cover for the price of 1
- **Motor Insurance** – 1st truly cashless solution
- **Health Insurance** – 1st to extend new-born cover right from birth
- **Group Total Protect** – Modular and customisable plan for Personal Accident and illness

Future-ready Tech Stack

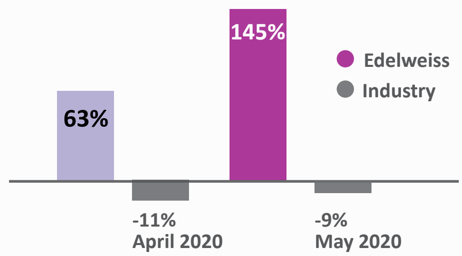
- 1st cloud native insurer in India
- 1st in India to implement scalable SAP insurance suite

Digital Native Organisation

- 100% paperless customer acquisition
- End-to-end digital onboarding

Robust growth in Gross Written Premium

while industry faced headwinds during Covid-19



Credit

Given the market environment, our Credit business is strategically transitioning to a capital-light model, through co-origination partnerships with India's leading Public Sector Banks. We accelerated the reduction of our corporate credit assets by moving them off the balance sheet to a fund format, where proven capabilities exist in our Alternatives Asset Management platform. Scaling down the Corporate Credit Book through sell-downs, we continue to remain focused on the affordable housing, SME and business loans segments.

Total Credit Book
₹210.32 billion

Retail Book
52% of the Total Book

Adequate Liquidity
₹50.5 billion in ECL Finance

Strategic Partnerships

- Long-term alliance with **Caisse de dépôt et placement du Québec** to participate in India's credit opportunities
- Co-origination with **State Bank of India, Central Bank of India, Bank of Baroda and Punjab National Bank** for priority sector lending

Reducing Wholesale Assets

- Sell-down of Wholesale Assets to global investors
- ECL Finance Wholesale Loan Book down 43% from peak levels

High Capital Adequacy

- ECL Finance Limited at 21.0%
- Edelweiss Retail Finance Limited at 29.4%
- Edelweiss Housing Finance Limited at 28.6%

Numbers reported are for FY20 unless stated otherwise

Building enduring relationships with our customers

***Dolphins** are known to be quite intuitive. Their unique echolocation ability, helps them explore the underwater world in 3D, aiding navigation when there is low visibility. They build relationships that last a lifetime, displaying extraordinary levels of compassion, especially in times of crisis.*

With the Mumbai harbour unusually quiet amidst the lockdown, Dolphins graced the southern tip of Mumbai, Marine Drive, after eons.

OUR CUSTOMER EXPERIENCE

At Edelweiss, we have forged lasting relationships with our 1.45 million customers, always striving to provide them with unique, authentic experiences. The pandemic offered an opportunity to renew and further reinforce this bond with our customers. Extending a patient ear, while understanding, anticipating and meeting our customers' most urgent needs, we helped them through challenging times. Backed by sharper customer insights, harnessing the power of digital, we offered a seamless Customer Experience (CX) across our products and services, to the delight of our customers.

Our **ASSURED Model** aligns the entire organisation towards providing a WOW Customer Experience

A	S S	U	R	E	D
We will be **Accessible** to our customers	We will be on the **Same Side** and listen to our customers with empathy	We will be **Upfront** and transparent in our dealings	We will **Remove Limitations** for our customers	We will be **Easy to Deal** with and uncomplicate	We will be **Dependable** and take ownership

Key Highlights:

- Inculcated a **CX first culture** with Group level oversight via a CX Council, business level supervision via CX Officers, along with a recognition program for Edelites who live by our ASSURED values
- Established a common framework to measure **real-time customer feedback** capturing transactional Net Promoter Score across four identified stages in the customer journey
- **Eased the transaction process** of Bharat Bond customers through an integration with NSDL and CDSL, enabling them to complete a transaction in less than a minute
- **Accelerated loan disbursement** via smart eligibility checks, paperless functioning and instant validation of the applicant's creditworthiness
- Introduced Prism, an Artificial Intelligence and Machine Learning based advice engine that provides wealth management clients with **portfolio analysis and monitoring at their fingertips**
- Developed dynamic algorithms that identify the right product for the right client at the right time and enables our wealth management business to **build proactive and regular engagement** with clients
- Lauded for the **user-friendly interface** and quality content on the Edelweiss Mobile Trader application – rated 4.6 on the Google Play Store
- Introduced several initiatives to ease customer interactions in light of the pandemic. To know more, please refer to ***Our Response to Covid-19***

Technology enabled us to swiftly transform

*The tiny caterpillar's gradual metamorphosis into a brightly-coloured, enchanting **Butterfly** is one of nature's most telling transformation stories, bringing about a radical shift in both its appearance and its capabilities.*

Confined to their homes, residents of Delhi spotted rare Butterfly species like the Indian Fritillary and Indian Jezebel, commonly spotted in the Himalayas.

OUR TECHNOLOGY

At Edelweiss, continually adopting new and emerging technology to fast-track operations and build efficiencies has always given us an edge over our peers. Over the last year, we embarked on a massive transformation journey that challenged the norm, re-shaped the way we do business and drove a digital revolution across the organisation. Led by a Board-level technology committee (TESCO), our platform-thinking approach and migration to cloud native platforms empowered us with the ability to tackle a never-seen-before work scenario. From designing an API infrastructure to developing reliable data models, we took bold steps towards reinforcing our digital-first orientation.

Four Pillars of **Technology Transformation** at Edelweiss

Secured data exchange internally and externally by designing **API Infrastructure**

Enabled secure anytime, anywhere access by revamping **Network Design**

Accelerated our time to market by adopting **Cloud Native Platforms**

Facilitated Group-wide collaboration by deploying an **Integrated Collaboration Suite**

Key Highlights:

- Strengthened data security by implementing **state-of-the art, multi-layered security solutions** encrypting all customer data from storage to transmission
- Brought in **flexibility and mobility**, empowering employees to work from any device, anywhere and at any time by moving to a cloud-based data centre
- Provided a Group-wide **single source of truth for accounting and MIS** by migrating to Symphony, a cloud-based data warehouse that aggregates data from different systems across the organisation
- Consolidated the Group budgeting process, **eliminating manual intervention**, while creating financial reports with Oracle Enterprise Performance Management
- Sharpened trading strategies for our treasury business through K2, a **real-time risk analytics platform**, which aggregates risk across various trading systems
- Enabled our credit business with a configurable, rule-based one-stop risk monitoring dashboard, providing **automated risk scores and trend analysis**

Our People thrived in a culture of

collaboration

The survival and success of a bee colony relies on strong leadership and great teamwork between every member of the swarm. ***Wild Bees*** *operate with the belief that the colony as a whole can achieve much more than an individual bee.*

Wild Bees are thriving again! The Earth's most valuable pollinators increased their honey-making productivity thanks to the drastic decrease in air pollutants.

OUR PEOPLE

At Edelweiss, the past year has proved that challenging circumstances bring out the best in people, strengthening their resolve to work together to beat all odds. Our 10,000 strong talent pool adapted to the new normal with renewed vigour, showcasing a high degree of ownership and collaboration to ensure business continuity. Despite an overnight shift to a work from home setup, they acted as true brand custodians, helping us service the needs of all our stakeholders, with minimal disruption.

Key Highlights:

- Encouraged a culture of appreciation amongst employees via Gratitude Wave, forging team spirit and motivating them to **come together as one united force**
- Motivated employees to care for their health with **#FitWithEdelweiss**, a movement focused on **holistic well-being**, along with free access to a wellness app to track progress - **56%** employees availed the free annual health checkup facility
- Honoured exemplary work in risk management, collaboration, customer-centricity, people development, technology and innovation via **well-rounded recognition programmes** at the Group and business level
- Galvanised employees to embrace uniqueness and **diversity in thoughts, ideas and perspectives** via our inclusion philosophy, **All In**
- Introduced **Step In**, a knowledge and **networking program for the external talent community**, helping them benefit from career advice from senior leaders across the organisation
- An inclusive workforce with a healthy gender ratio, wherein **21%** of our employee base comprises women
- Launched gender neutral employee welfare programmes such as **day care facilities** and a **parental leave policy**, among others

- About 6.7% of our employee base are part of a **multi-tiered leadership pipeline**, which runs across levels
- Organised multiple virtual leadership meets, maintaining an **open communication channel between leaders and employees**, while they dealt with the changing environment

- To read more about our workforce distribution, workplace diversity, employee welfare and learning and development initiatives, please refer to our ***Sustainability Report***.

Standing

UPRIGHT

on the strength
of our Governance

*Seemingly scanning the horizon while standing on one leg for hours on end, **Flamingos** actually regulate their body temperature while sleeping, to shield themselves from the caustic waters they breed in.*

The wetlands of Mumbai turned pink and played host to over 100,000 Flamingos this year, as the world around them took a pause.

OUR GOVERNANCE

At Edelweiss, the one golden rule we uphold above everything else is that we will always do what is right for the organisation. Strongly led by integrity, we are committed to always act in a transparent and fair manner, remaining accountable to our ecosystem of stakeholders. This is accompanied by self-defined rules for good behaviour, fostering corporate governance standards that go well-beyond statutory requirements and global benchmarks. This has gained us the trust of several International strategic investors and has held us in good stead in this period of volatility and uncertainty, ensuring business continuity, while protecting the best interests of our stakeholders.

Tenets of our **Corporate Governance Philosophy**

Trust
No compromise on ethics and integrity

Legitimacy
Transparency, authenticity and fairness

Accountability
Responsible decision-making and responsiveness

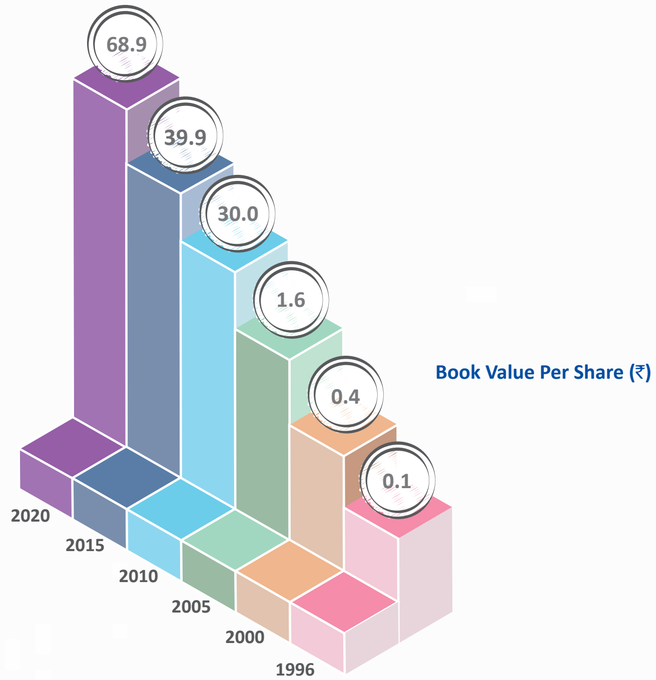
Competence
Simplification for enhanced effectiveness

Respect
Upholding the laws of the land in letter and spirit

Key Highlights:

- 13-member Board of Directors comprising 7 Independent Directors, 3 of whom are women - collectively represent over **350 man-years of rich and diverse experience**
- Formed an **Environmental, Social and Governance (ESG) Council**, spearheaded by women leaders across businesses, institutionalising sustainability across our operations
- Board-level and Group-wide holistic view of risk that helps us assess, avoid, mitigate and manage risk events across **11 risk vectors via a comprehensive Risk Register**
- **Represented the voice of the industry** through active participation in economic and policy discussions with regulators, as well as Central and State Governments
- **Mandatory workshops and e-learning modules** conducted to ensure policy awareness and assimilation amongst employees
- Instituted a mechanism to ensure **timely reporting of policy and process deviations** and conducted an internal audit to ascertain independent assurance on the effectiveness of our risk frameworks
- To know more about our Corporate Governance initiatives, please refer to our ***Sustainability Report.***

Chairman's Letter



As I sit and pen down this letter, I have spent the best part of the last five months inside my house practising social distancing – undoubtedly the word of the year 2020. I do not think this is a sentence with which I expected to start the letter marking 25 years of Edelweiss. But there are many things which we did not expect but are the reality today. We're living in a very different world to what it was a few months back. Clearly, we live in unprecedented times.

Living and Working in Unprecedented Times

Covid-19 continues to grow rapidly in many parts of the world, including India. I do hope that we find a vaccine soon; there are positive indications emanating from multiple directions. Covid-19 is a reality which we must accept and move on and the sooner we find a way to cure it, the better it will be for mankind. In the meanwhile, I do hope that we can minimise the number of cases by adhering to the required precautions. At Edelweiss, we continue to pray for the quick and speedy recovery of all those afflicted by Covid-19.

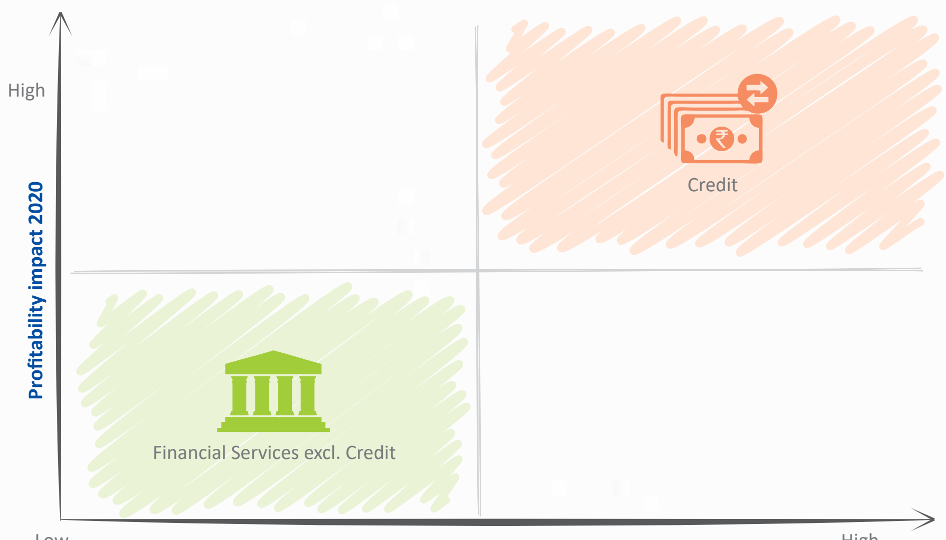
I also want to take a moment here to applaud the superheroes of this fight against Covid-19. All the doctors, nurses, medical staff, policemen, municipality workers, social workers and field staff of NGOs (and even our branch staff!), amongst others. They have been out there fighting so that the vast majority of us can stay safe and comfortable. Their actions are truly reflective of the resilience and determination of the human race – a spirit that shines through in the toughest of times.

It is under the greatest adversity that there exists the greatest potential for doing good, both for oneself and others

— His Holiness, The Dalai Lama

These unprecedented times have also created an unprecedented situation for businesses across the country. As we went into lockdown mode in the last week of March, the entire business machinery in the country came to a jarring halt, which continued through April. This was reflected in the numbers as well – zero car sales in April, Services PMI in single digits, capacity utilisation at historical lows, the examples are innumerable. This has impacted, in near term, both the profitability as well as the liquidity situation for businesses across sectors, irrespective of their size: small *kirana* shops, mid-sized enterprises or large conglomerates. Within Financial Services, except Credit, most businesses were impacted to a much lesser extent.

Financial Services (ex-Credit) unimpacted



However, we have been in gradual unlock mode for a couple of months now and businesses are starting to inch bank to normalcy. Government and Regulators' relief measures have gone a long way in helping manage the liquidity crunch which was exacerbated by Covid-19. While it will take time for complete normalcy to return, we are now well and truly on the slow road to recovery which will be helped by the resilience that is unique to our country. In fact, our country's ability to recover from shocks and come back with twice the strength often reminds me one of my favourite quotes from the movie Rocky –

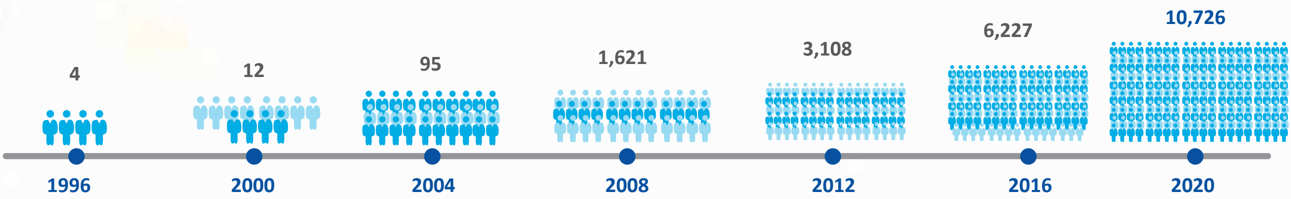
It ain't about how hard you hit. It's about how hard you can get hit and keep moving forward. That's how winning is done!

— Rocky Balboa

Last 25 vs Next 25 – Our journey

Someone recently asked me to put my Edelweiss journey of 25 years into one word and the first thought that came to my mind was 'fulfilling'. It has been a rollercoaster ride but I have thoroughly enjoyed every moment of it. We started out by creating a business which could help companies raise money but along the way, metamorphosed into a family which is helping fulfil the dreams and aspiration of millions of Indians, be it the small entrepreneur looking for SME loans, the homebuyer looking for home loans, the aspirational Indian looking for wealth and asset management services or the risk-conscious Indian looking to buy life and general insurance policies for himself and his family. But most importantly, we focused on fulfilling and help achieving the dreams and aspirations of the 10,000+ members of the Edelweiss family. They are the ones who have helped create the Edelweiss Group as it stands today, and it is to them that we owe everything that we have achieved in our 25-year journey.

Our Edelweiss Family



Over this journey, our sole focus was on building quality. As Rajesh Khanna's character says in the 1971 film Anand,

Babu moshai... zindagi badi honi chahiye, lambi nahi...

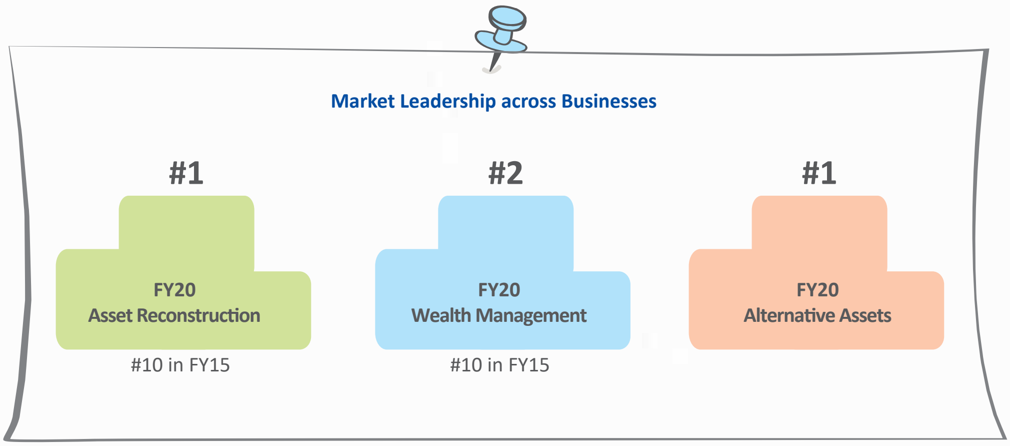
So, we focus on building quality in everything we do. That we have finished 25 years and are still going strong is purely incidental. In this journey, we have together achieved some truly remarkable things which give me immense pride –

- Starting from a capital base of only ₹10 million, created value of more than ₹80 billion
- Created an organisation which built its own unique ethos and principles centred around creating value for employees, customers and shareholders
- Created from scratch, multiple businesses, which we will touch upon in the subsequent section and built each of them to scale and even market leadership in their segments. Each of these businesses today have significant value unto themselves which will get truly reflected as these businesses chart their journey of independence – Edelweiss Wealth Management (EWM) has already launched into this journey with the partnership we have announced with PAG recently for an investment of ~₹22 billion for 51% stake in EWM
- Nurtured a family of more than 10,000 people supporting almost 2,000,000 clients in its journey with the sole focus on providing maximum satisfaction to both these employees and clients
- Established EdelGive Foundation in 2008, which has touched the lives of innumerable Indians in its 12-year journey, culminating in winning the National CSR Award last year

Did we achieve everything we set out to? In a way, yes and in a way, no. When we started out, we could never have imagined that 25 years hence we would be an organisation with more than 10,000 members spanning across the country. What our people have helped us achieve is far more than we could have ever envisaged. There is a lot more that we could have potentially achieved and which we will continue to work towards – this is what we intend to make our target for the next 25 years.

- **Market Leadership**

  Businesses like Wealth Management and Asset Management are the ones where we have built up market leadership over time. As we look at the next 25 years, not only do we want to maintain this leadership, we will look to incrementally capture market share and enhance our lead at the top of the pile. Global partners like PAG will play a significant role in this journey with their experience, expertise and ability to open new doors of opportunity. In our experience, in these businesses especially, size begets size and we do believe that with our strong platform, we can create an everlasting legacy.



- **Sizeable Presence**

  Businesses like Retail Credit, Life Insurance and General Insurance are the ones where the incumbents are significantly big and we are late to the party, so to say. But being late to the party has one advantage, which is going to be even more relevant in the post Covid-19 world.

  Newer retail businesses like ours have found it easier and more convenient to adapt to new technologies that are going to be the foundation for the future. Businesses like General Insurance, in fact, are meant to be pure-play tech businesses, our in-house Fintech businesses, so to speak!

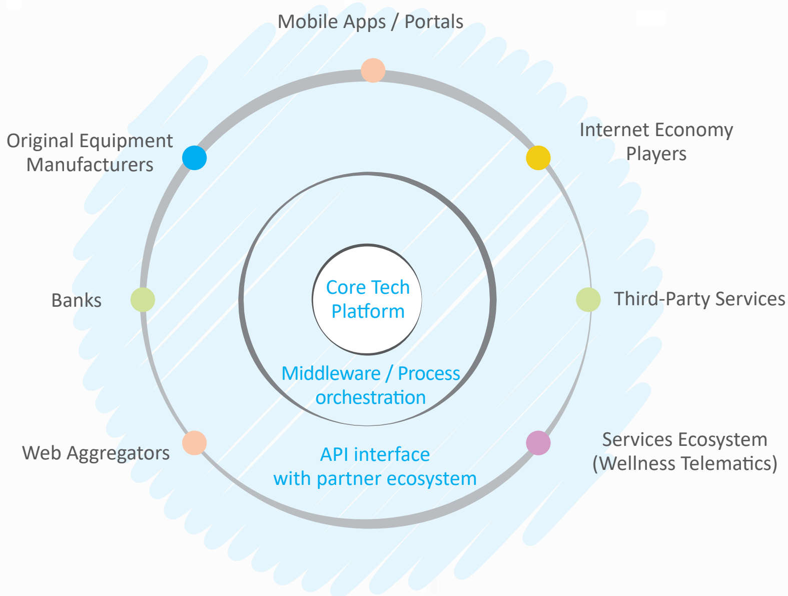
  With technology as the backbone, we expect to scale up these businesses substantially and reach a larger section of the population in the years to come. So while twenty five years down the line, we might not be market leaders in these businesses (or we could be, disruption is real!), we do hope to be amongst the bigger players in the industry, building on technology as a base to innovate and simultaneously putting customer experience at the forefront of all our endeavours.

- **Digital Financial Services Organisation**

  The world today is changing faster than it ever has. The impact of technology has been multiplied manifold in the Covid-19 era and has accelerated trends which were anyway gravitating towards a digital world. Organisations have three options – adapt to this change with time, react too slowly or not change at all. History has not been too kind to the last two categories, and it is imperative that we not only adapt to this change but become part of the change itself.

As mentioned earlier, our retail businesses will use technology as the backbone to what will eventually be a digital financial services organisation. In fact, some businesses like General Insurance, owing to their recency, are far ahead of the curve. Our General Insurance business has already established a fully integrated digital operating platform which has outperformed peers in the lockdown period (fastest growing private General Insurance player in Q1FY21!), as the lower dependency on physical interactions and higher use of technology helped ensure uninterrupted business flow. Our General Insurance business, in fact, is the first cloud native platform in this business, as well as the first to implement a SAP insurance suite in India. Going forward, our vision is to replicate the General Insurance model across all our retail businesses and to become a tech-first organisation, rather than only a tech-enabled one.

Fully integrated digital platform in General Insurance



While we hold these three objectives to core as we focus on our businesses going forward, the foremost objectives, as they remain today, will be to delight and enable our customers, ensure that we continue to support and grow our employees and continually enhance and unlock value for our stakeholders.

Diversified FS Organisation – Building Quality Mono-lines

We started Edelweiss in 1995 – a journey of 25 years with its fair share of ups and downs, thankfully more ups than downs. All through this ride, the intention was always the same, to start businesses in adjacent lines, nurture them in their initial years to build a solid foundation and then scale up once their foundations were established, helping create long-term value for shareholders. Edelweiss is like a family and even within a family, you take care of your kids when they are young, provide them with the right education and values till they are ready to go out and conquer the world. Our businesses are like our children. We have nurtured and strengthened them over the years, so that they are ready to face the world when the time comes. This has been core to our philosophy over the years and will continue to be key to how we operate going forward as well – build a diversified financial services business with quality mono-lines within it, each with the intention of creating shareholder value in the long-term.

Each of our businesses has charted its own journey since the beginning. We have, of course, provided the necessary resources and guidance, where required. But, as and when the need has arisen, we have also taken the decision to enlist people who can take the business to the next level. Take a daughter who excels in basketball, for example. The first lessons begin at home but there will eventually come a time where you might need to engage special coaches to take her skill to the next level. Similarly, we have also engaged and enlisted help from capable partners, as and when required.

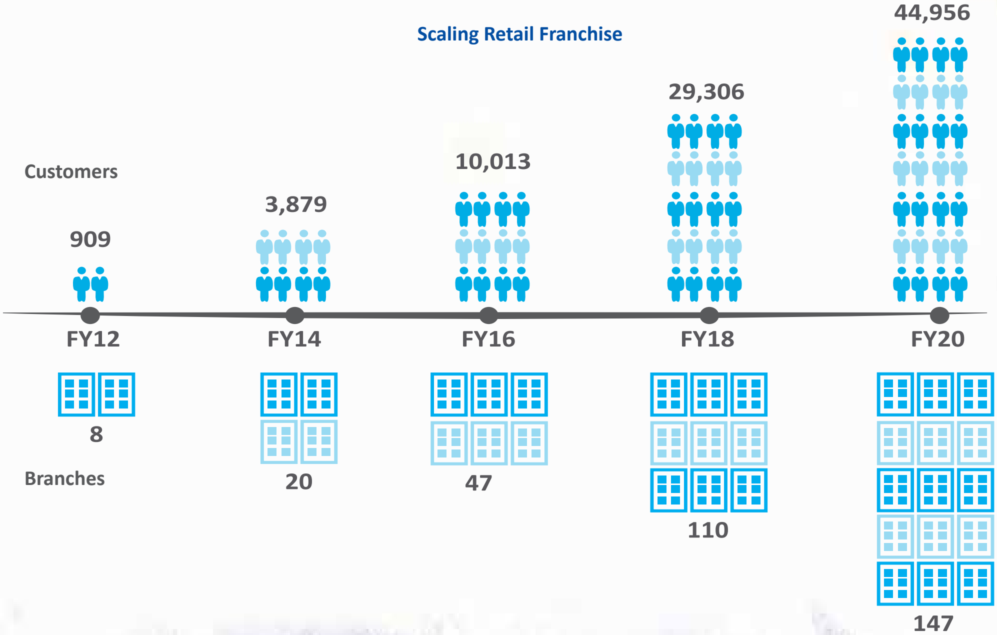
Each business is unique and has therefore seen this need arise at different points in its lifecycle. In Life Insurance, for example, we partnered with Tokio Marine early on in our journey – while the opportunity in the life insurance sector in India was obvious, we were also cognisant of the long gestation period of the business and hence the need to have a partner who can help accelerate the learning curve and our ability to create a strong, sustainable business. On the other hand, a business like Asset Reconstruction Company (ARC) had been fairly self-sufficient in its initial years and it was only after we had established a strong vintage and track record that we partnered with CDPQ, which helped open new vistas for the ARC business.

Similarly, our wealth management business today is at an inflection point. Being one of the largest wealth managers in India, our quality, pedigree and business acumen is well-established. The runway for the wealth management business in India is incredible and the recent disruption is an opportunity to capture even higher market share. We feel that we will be able to better capture this opportunity with a partner who will not only bring in the experience of global markets, where the industry is much more well-developed, but also provide a brand name which can open up windows which were hitherto restricted. To this effect, we have partnered with PAG, who will be buying 51% stake in our wealth management business, marking the onset of a new era in our wealth management journey. Most importantly, as we eventually undertake demerger and listing of the business, it will help us truly unlock shareholder value which will be more accretive than what it has been before.

Each of our mono-lines has had their own unique growth journey -

1. Retail Credit

Our retail credit journey started in 2011 with the launch of our Home Loan product. We gradually scaled this up to build a mortgages portfolio consisting of home loans (both prime and affordable) as well as Loan against Property (LAP). In addition, we also started our journey in SME Finance the year after and have since expanded to multiple products including Business Loans, SME LAP and Salary Advance, among others.



The retail portfolio has remained largely flat over the last two years, owing to the slowdown after September 2018 and a conscious focus on preserving liquidity and not scaling the book in such volatile times. Today, we are well-capitalised with Capital Adequacy ratio in excess of 25% and ready to scale, once the environment stabilises. In parallel, we are focused on further improving our business backbone and making it ready for growth. To this effect, our main priorities are –

- Use lockdown experience to improve cost efficiencies and productivity
- Focus on completing buildout of tech and analytics led platform
- Collaboration with Banks – Co-lending, On-lending and Securitisation

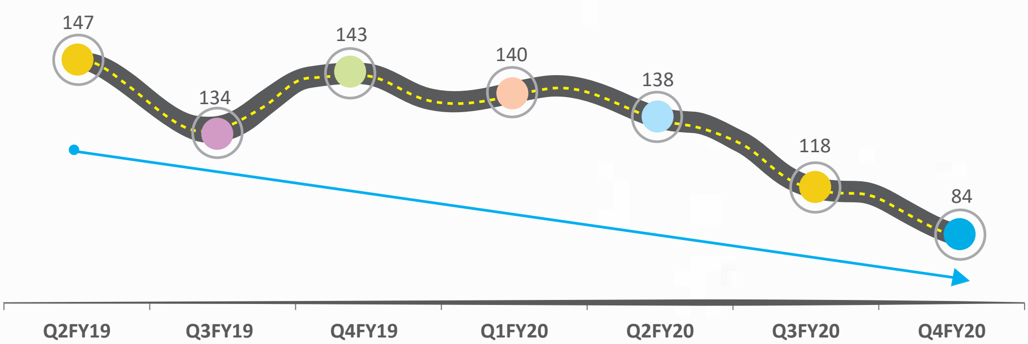
Bottomline – Well-capitalised, focused on technology and ready to scale once the environment stabilises.

2. Wholesale Credit

We launched our Wholesale Credit business in 2007. As luck would have it, this was right before the Lehman event happened and the Global Financial Crisis struck. It was a tough time for everyone, but we managed to navigate the challenges. We expanded into both Structured Credit as well as Real Estate Finance, once the market started normalising. Over the next few years, we gradually scaled up the book on both Structured Credit and Real Estate Credit side. However, one of our key learnings from running this business has been the uncertainty and vagaries associated with bespoke credit. This meant that, while it will continue to be a profitable business, the volatility in timing of cash flows, owing to short-term market dislocations, meant that this business is not well-suited to run within an NBFC structure.

With this learning and a strong asset management franchise, we have actively focused on reducing our on-balance Wholesale Credit portfolio worked towards moving this into the Asset Management structure. As we expedite the sell-down to release equity, we will continue to focus on preserving asset quality, going forward.

ECLF Wholesale Credit book (₹ billion)

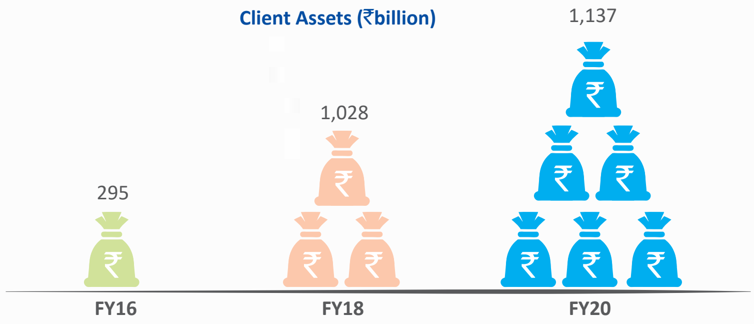


Bottomline – Focused on rapidly scaling down the book through organic repayments and movement into fund management structure to release equity and liquidity.

3. Wealth Management

We started our wealth management business, for all practical purposes, with the acquisition of Rooshnil Securities for only ₹80 million in the early 2000s. Since then, it has been a journey of inorganic growth burnished by the acquisition of Anagram in 2011. We were always focused on building a business which was not reliant solely on broking income, but was focused on creating an all-encompassing wealth management platform, be it broking, advisory services, distribution or funding in the form of Loan Against Securities (LAS) and ESOP. The business has seen strong growth in the last five years and today, we are one of India's leading wealth management players.

As we announced a few days back, we have entered into a partnership with PAG under which they will invest ~₹22 billion for 51% stake in EWM. The wealth management business is at an inflection point and we feel that with the immense scope for growth going forward, a marquee name like PAG would help elevate the business to the next level. This is also in line with our business strategy of building businesses to scale and then taking the requisite steps to help them achieve the next level in their growth, while unlocking shareholder value

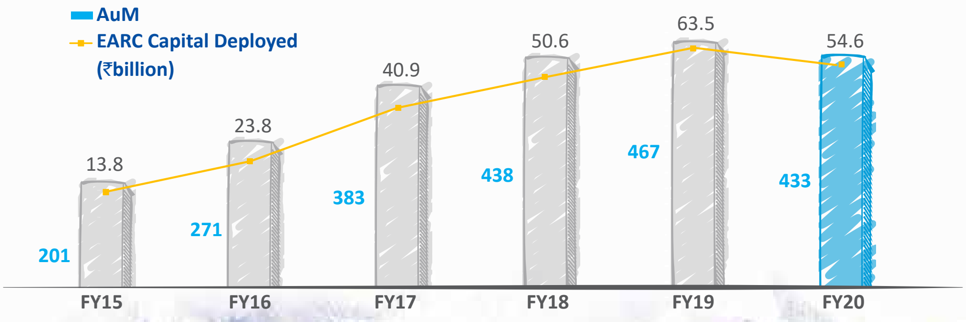


Bottomline – Commencement of a new phase in growth trajectory to create India's leading wealth management player.

4. Asset Management

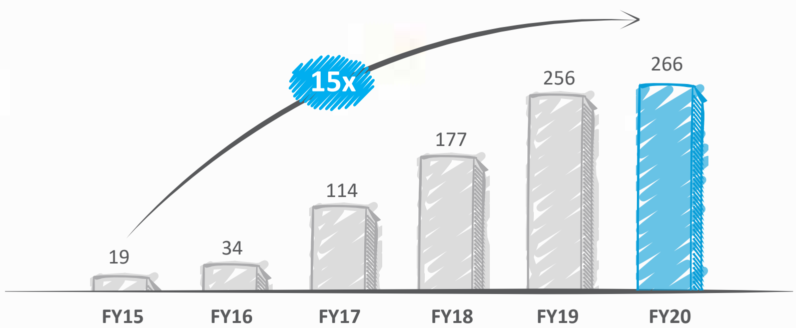
Our Asset Management (AM) business consists of Retail AM including our Asset Management Company (AMC), Public Market Alternatives and Institutional AM, including ARC and Private Credit funds. This business has also been a long vintage business for us, which marked its sunrise with the launch of Edelweiss Asset Reconstruction Company (EARC) in 2008 and the setting up of our AMC, as well as our Private Credit funds in quick succession.

EARC was set up with a view to create a specialised vehicle focused solely on stressed assets and in extracting value from them, be it through turnaround, restructuring or eventual liquidation. The real growth in Edelweiss ARC came from FY13 onwards, when it moved from an Assets under Management of only ₹3.7 billion to more than ₹90 billion by FY14 and then more than ₹200 billion by FY15. This growth trajectory has since continued, and we are today India's largest ARC with 50% market share. Significant resolutions and repayments in FY20 have led to some reduction in AuM and Capital Deployed.

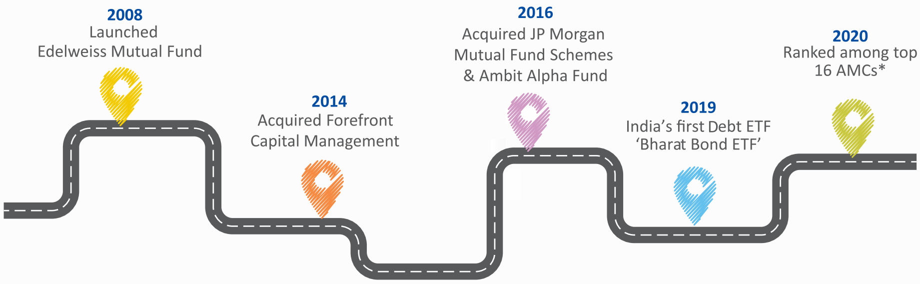


The Private Credit journey started at almost the same time with a small Special Opportunities fund nearly ten years ago, supported by a few Swedish pension funds. Today, we have Assets under Management of more than ₹210 billion across multiple private credit alternatives funds (and an additional ~₹50 billion in Public Market Alternatives), supported by marquee global investors. Along with our Retail Alternative funds, our total AuM in Alternatives is more than ₹260 billion. We have seen strong growth traction in our funds and are in the process of closing the third series of our Special Opportunities fund, which will significantly enhance this AuM by more than ₹60 billion very soon.

Edelweiss Alternatives AuM (₹billion)



Today, we run four key strategies across Special Opportunities, Real Estate, Infrastructure and Distressed Credit and have built a successful track record over a decade, including early success in the Infra fund. We will continue to make these four strategies the keystone of our Private Credit business going forward and continue to raise follow-on funds across these strategies. In parallel, we will also continue to gradually shift our on-book wholesale credit to a fund management structure, supported by the strength of our Institutional Asset Management business.



Data as on June 30, 2020

Our AMC was started in 2008 but started acquiring momentum from 2014, when we acquired Forefront. Not only did Forefront give a kickstart to our Retail Alternatives business, it also gave us the current CEO of our AMC! In that sense, the acquisition of Forefront was a turning point in our Retail AM journey. Today, we have grown by leaps and bounds and are the 16th largest (as on June 30, 2020) in the country. We have already closed two tranches of India's first Debt ETF, Bharat Bond, with considerable success, with more on the anvil. As it stands, we have Assets under Management of about ₹360 billion as of July. While this is a significant scale-up from where we were four years back (sub ₹50 billion), we feel that there is still room for a lot of growth with the growing financialisation that we are seeing in India and a growing focus on passives – both on the debt and equity side, which we hope to excel in. While the journey from rank 36 to rank 16 in four years has been a challenging one, the next stage of the journey will be even more challenging as we aspire to break into the top-10 of a hallowed club. However, we do believe that we have the right leadership and the right ethos in place to accelerate and move up another gear in this journey.

Bottomline – Focus on continued market leadership in Alternatives and building scale in our AMC through leadership in equity and debt passives.

5. Life Insurance

Our Life Insurance business was started in 2011. While we took some time establishing the business base, which has been our established strategy, our growth since 2016 has been nothing short of phenomenal. This has been on the back of strong strategic support from our partner, Tokio Marine, as well as the availability of resources to expand rapidly once a sustainable business model was established.

The focus in the business has been around building a quality, long-term franchise which can sustain not only any short-term internal hiccups, but also any interim slowdown in the overall market as well. This has been tested and validated, especially in the current Covid-19-induced lockdown, where our growth has far exceeded industry players (we were the second fastest growing player in the industry in Q1FY21!). This has been on the back of our technology backbone, as well as the strong connect we have built with our workforce as well as customers, which has helped sustain this phenomenal growth even today and for the foreseeable future.

Annualised Premium Equivalent

24% CAGR increase

₹3.23 billion

(₹1.38 billion FY16)

Gross Premium

36% CAGR increase

₹10.48 billion

(₹3.1 billion FY16)

Assets under Management

52% CAGR increase

₹27.07 billion

(₹5.11 billion FY16)

Value of New Business Margin

38%

(24% FY16)

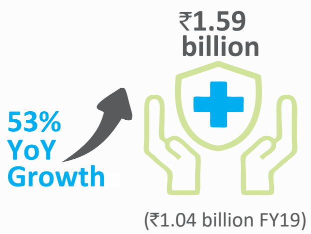
Bottomline – Focus on growth through digitisation and journey towards profitability leveraging support and experience of global partner.

6. General Insurance

Our General Insurance business is the newest business in our 25-year journey to building quality mono-lines within the Edelweiss fold. With General Insurance, we have taken a route which defines the need of the times. Edelweiss General Insurance is our in-house fintech business relying on technology as the core of the business and developing all other functions as adjunct to the core technology piece.

Similar to the Life Insurance business, the General Insurance business is based on a model which can withstand external shocks to the system, especially with its completely digital foundations and non-reliance on physical interactions. While the vintage for General Insurance is obviously much shorter compared to our other businesses, the performance chart is already reflecting the business potential. And this will only get burnished in the current year as shown in Q1FY21, where Edelweiss General Insurance was the fastest growing private general insurance company in India, truly a phenomenal achievement for a 2-year-old upstart!

Gross Written Premium



Bottomline – Establish a leading fin-tech business focused on cost efficiency – best of both worlds!

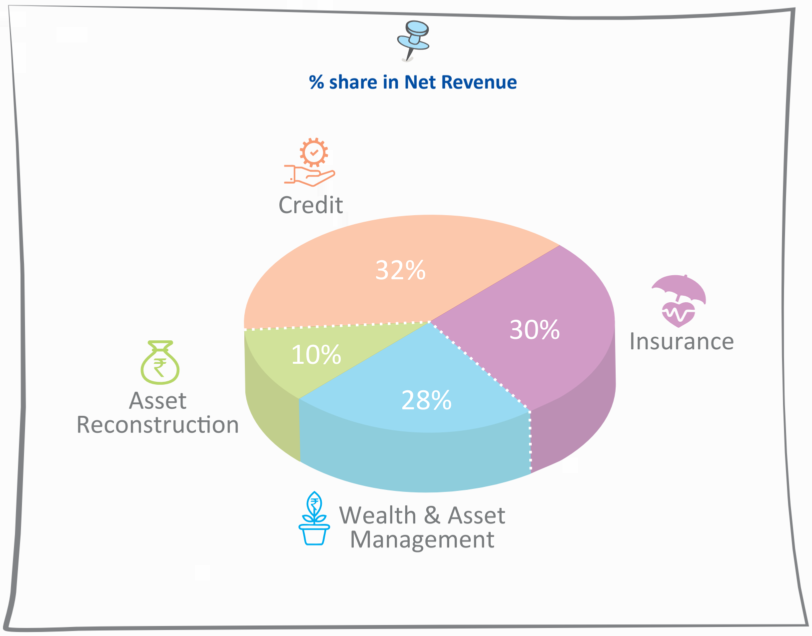
FY20 overview

A challenging time for the NBFC industry since September 2018 was further precipitated by the Covid-19 crisis. The last two years have seen the industry focus more and more on managing liquidity than on growth. As the overall economic environment took a turn for the worse, especially for Credit, even in the time preceding Covid-19, we initiated a detailed review of our Expected Credit Loss (ECL) model, both internally and with an independent international consulting firm. At the same time, the lockdown meant that business fundamentals were further impacted. With all these factors, we took the decision to be conservative on the Credit side and hence took a substantial impairment on our Credit portfolio. However, this was to some extent buffered by the diversified business model we have gradually built over the last decade, as businesses like Wealth Management, Asset Management and ARC continued to show good profitability and the Life Insurance and General Insurance businesses continued to focus on long-term value creation. These broadly were the key underlying themes of our results in FY20.

1. Diversified Business Model

One of the key tenets of the Edelweiss story has been the focus on building a diversified business model which straddles across the financial services sector. This not only helps us benefit from the various themes that drive India's growth story – financialisation of savings and democratisation of credit – but also helps us manage uncertainty and volatility in a specific part of the business.

While the overall environment has been challenging for the Credit business, other businesses have continued to outperform. As of FY20, our revenue streams are well-diversified with ~30% of the Net Revenue coming from Credit, Wealth & Asset Management and Insurance each.



2. Conservative Impairment

As mentioned before, we adopted a conservative stance on impairments overall. We took a total impairment of about ₹26.24 billion in Q4FY20 which was an outcome of three factors –

- Estimated impairment after revision of Expected Credit Loss model of ~₹12 billion
- Additional impairment taken to facilitate sell-down of ~₹5 billion
- Impairment taken on account of Covid-19 of ~₹9 billion

While the Covid-19 impact is playing out as we speak, we felt it was imperative that we took a pre-emptive provision on the same in Q4FY20 itself. The additional impairment of ~₹5 billion is to ensure that we can continue on the strong movement we have seen in the reduction of our wholesale credit exposure and quickly scale down the book to release equity.

3. Wholesale Book Reduction

As mentioned earlier, we continued to see good traction even in FY20 on our stated objective of reduction in our Wholesale Credit book. This was enabled by organic repayments as well as asset sell-down transactions like the Real Estate completion financing platform with Meritz. We have also finalised some more sell-down transactions which should lead to a further reduction in the wholesale book.

In fact, in the last eighteen months since ILFS, ECL Finance's wholesale loan book has come down by 43%, across both structured credit as well as real estate financing. We intend to take this number to zero by FY22.

4. Strengthening Capital Base

Through the year, we have focused on strengthening our capital base through both reduction in credit book as well as raising equity capital. We raised equity in both Credit and Wealth & Asset Management businesses with EWM being the most recent capital raise exercise. This has helped us maintain healthy capital adequacy across businesses, even after the impairments we have taken in Q4FY20.

Entity	Capital Adequacy Ratio
ECL Finance Ltd	21.0%
Edelweiss Retail Finance Ltd	29.4%
Edelweiss Housing Finance Ltd	28.6%
Edelweiss Asset Reconstruction Company Ltd	32.5%

Entity	Solvency Ratio
Edelweiss Tokio Life Insurance Ltd	232%
Edelweiss General Insurance Company Ltd	236%

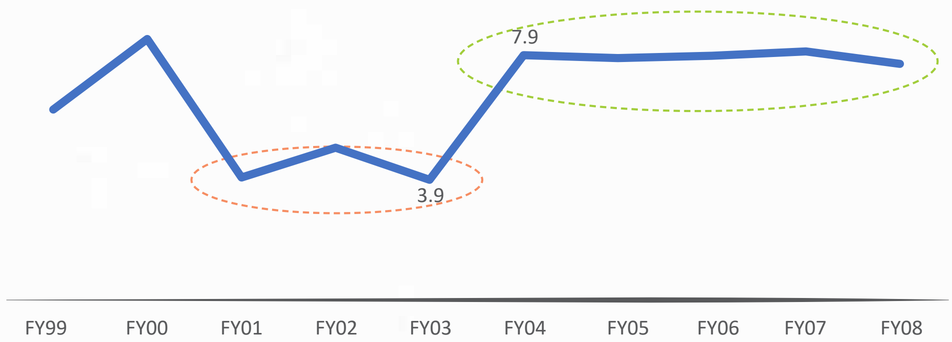
FY20 has been a year of consolidation as the overall economic environment and the Covid-19 onset meant that the focus was on strengthening the core rather than actively going for growth. FY21 will be similar with the focus on building on the successes in FY20 to further create an even stronger structural base. This will help us get back on the growth trajectory in FY22, once the economy is back on track and secular growth opportunities are available across all businesses.

Deja 'View' – 1998:2003:: 2015:2021?

One of the key questions that is on everyone's mind right now is when can we expect the economy to regain its heydays of growth and glory. To make even a calculated estimate on this, we must realise that the Indian economy swings in cycles; we have seen this over multiple decades. Often, every slowdown cycle is followed by an exponential growth cycle and vice versa. It therefore makes sense to study the past as a guide towards the future. While all of it may not get replicated in its entirety, there are enough indications for a broad guidance into what the future could possibly look like. With that context, the period between 1998 and 2003 is an interesting study, especially because that phase is strikingly similar to what we have seen panning out in the last five-six years.

1997 saw the onset of the Asian Financial Crisis. While India was relatively unimpacted, the after-affects were showing up in the economy, eventually culminating in a sharp fall in Gross Domestic Product (GDP) in line with the global slowdown, post the tech bubble burst. GDP growth fell sharply and remained at those levels for a few years after which it again rose sharply, reiterating the cyclical growth story of the Indian economy!

GDP Growth (%)



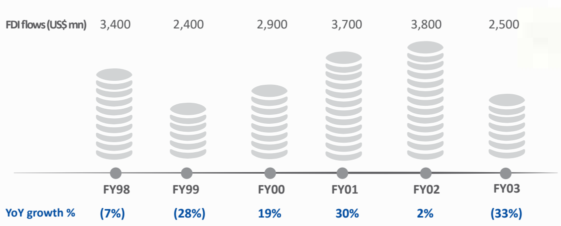
If we compare the period from 1998 to 2003 and then 2015 to 2020, there is an uncanny resemblance between the two periods –

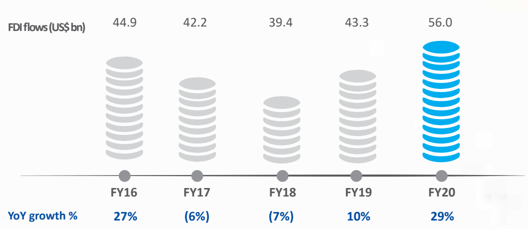
Real Estate

Then	Now
Real Estate prices had fallen dramatically in India in the late 90s – by as much as 50%!	Real Estate prices have started seeing corrections and have already moved as much as 20% in the last one year

FDI flows

Then	Now
FDI flows de-grew in some interim years, especially after the global tech bubble burst	Even from 2016 onwards, flows into India have been trending mostly flattish with a minor spike in FY20

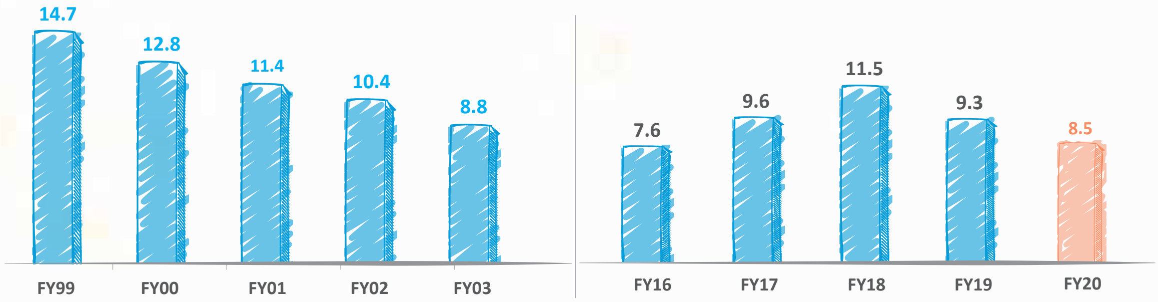




Gross NPAs

Then	Now
Gross NPAs were at very high levels but had started trending downwards	Gross NPAs were at record highs again but have started trending downwards

Gross NPAs for SCBs (%)



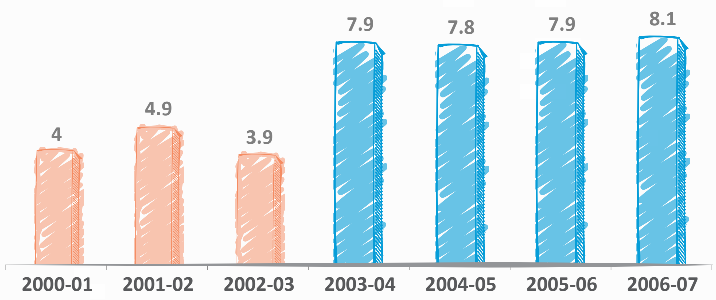
And the government response was also quite similar then as it is now…

- Sharp increase in Public Sector Undertaking (PSU) divestment at that time; is similar to government plans to divest significant stakes in PSU enterprises, be it the plan to sell Air India or to list LIC
- Significant rate cuts were effected then as have been done now
- Strong policy measures to infuse liquidity into the system were undertaken and the response this time has been even more robust since we have faced a double whammy due to Covid-19

All in all, we were facing similar changes in that period and the government response was also largely similar. Therefore, it might be useful to look at how the economy panned out once the bottom was hit.

1. Strong Growth post 2003 - best growth period in our history!

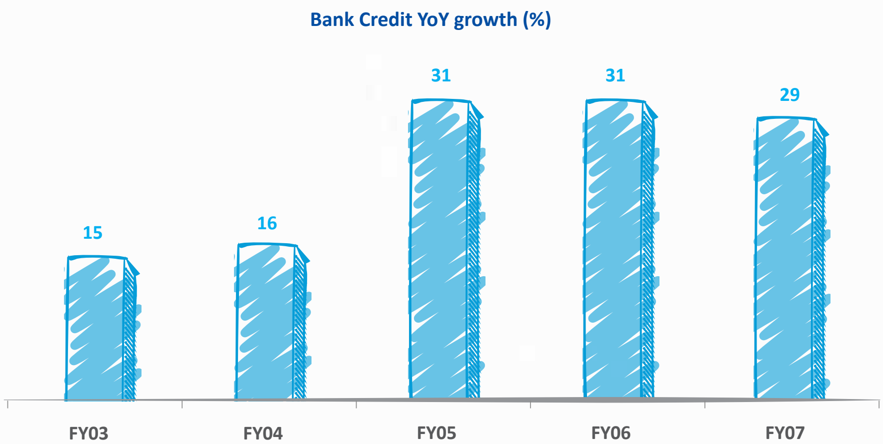
GDP Growth (%)



2. Strong increase in both government and private capex

	FY 97-03	FY 04-08
Government Capex Average *(as % of GDP)*	25%	35%
Pvt Sector Capex Average *(as % of GDP)*	17%	25%

3. Record credit uptake



Clearly, the economy has the potential to rebound rapidly and exponentially. While the situation has been compounded by Covid-19 today, we also think this is an excellent opportunity to undertake structural reforms, which can set the base for the future. Once the situation assumes normalcy, as we re-open the economy further, we do think 2021 onwards has the potential to be a 2004-2008 like growth trajectory.

At Edelweiss, we believe that growth will return to normal next year for the broader economy, barring a few sectors. The market will present good growth opportunities and we must be ready for the same. The PAG transaction is one such step to unlocking shareholder value as well creating a war-chest amongst others, which will provide us ample ammunition to ensure that we enter the growth run of India ready to be a significant beneficiary of the same.

Learnings in last two years

Bill Gates famously said,

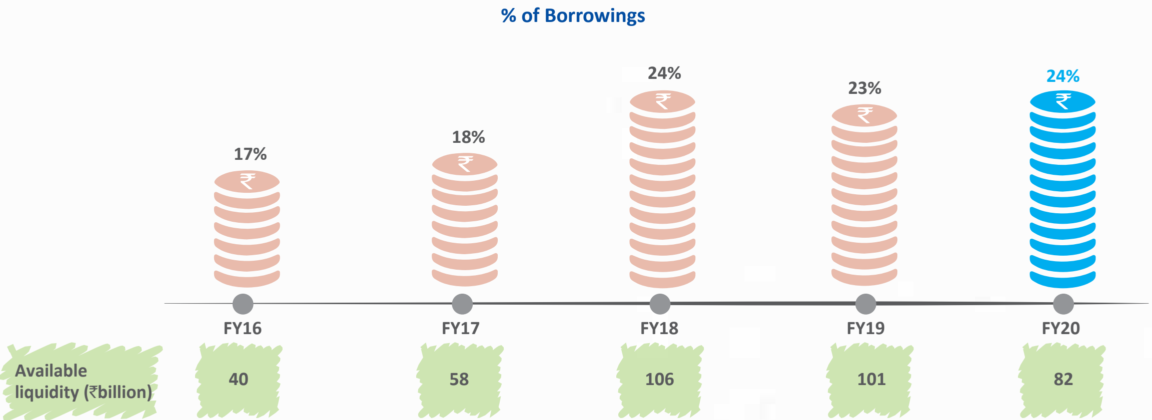
It's fine to celebrate success but it is more important to heed the lessons of failure

The last 24 months have been very challenging and while we would not describe them as a time of failure by any means, they have taught us some very useful lessons. These lessons have, in some instances, helped validate our hypothesis from our previous learnings, while in some other instances, they have provided some new insights.

On **liquidity**, for example, we have seen a validation of our decision to be conservative. We have always maintained a sizeable quantum of liquid assets on our balance sheet going way back to 2016. Even though this meant some amount of negative drag, it also meant that we felt comfortable at all points of time, even after ILFS when the liquidity squeeze was extreme. One thing we did not anticipate was the liquidity squeeze lasting so long.

We have been through recessions and financial crises before, but the current liquidity challenge has been unprecedented and quite surprising in its longevity, especially for a growing country like India. Events followed one after another since September 2018 and that meant that the market never had a chance to settle down and recover completely. There was extreme risk aversion in the bond markets and that meant that even when there was sufficient liquidity, the transmission was slow and subdued. Bond yields also remained elevated for a significant amount of time and the short-term funding market almost vanished. In such a backdrop, we have realised that you can never have enough liquidity!

Liquidity is largely comfortable for Edelweiss now but with the market still in a transition phase, it is important to be optimistic but with caution.



On **wholesale credit**, we had been working towards gradually moving our on-balance sheet book to the fund structure. However, we did not anticipate that a liquidity squeeze could have had such a significant impact on the sector. While this accelerated the movement of our wholesale book, it has also been a challenging time managing the overall impact on the wholesale portfolio. Clearly, a wholesale book needs a flexible financing structure, which is more conducive in the fund format rather than an NBFC format. This has been one of our major learnings from the last two years. While it has come at a cost, it has also clarified to us the long-term direction we want Edelweiss to gravitate towards – a retail, digital-led financial services organisation with wholesale businesses being run through the asset management vertical. We do remain positive on the wholesale credit sector overall through a fund structure and strongly believe that real estate, especially, will continue to present several opportunities, both in the near term as well as long term.

Another important reiteration during this phase has been on the **power of communication**. Mario Draghi, in 2012, famously vowed to do '*whatever it takes*' to preserve the Euro – a pledge that for many marked a turning point in the eurozone crisis. No one could have envisaged that a simple three-word phrase could have had such a profound impact on the global economy. Similarly, we have experienced that communication, both internal and external, is an extremely important part of any crisis management exercise and can often be the difference between success and failure.

These are just few examples of what an insightful 24 months these have been. The learnings we have had are something which will form a guide for our next 25 years as well. Hence, I want to conclude this letter with a summarisation of these learnings –

1. There is nothing such as excess liquidity
2. The power of communication is unparalleled and is accentuated 100 times during a crisis
3. Wholesale Credit business is most conducive through a fund management structure
4. The worst of times brings out the best in people and the quality of human capital in an organisation really shines through – tough times build character
5. A strong organisational backbone in the form of enterprise functions not only enables growth during good times but even more importantly helps build agility and responsiveness to negative changes in the environment
6. There is no better teacher than history – history repeats itself in every cycle in different forms but with the same outcome

It has been a challenging year but there have been challenges before and there will be challenges in future too. We have faced and overcome these challenges in the past and we will continue to do so as we go forward. As an organisation, we have come a long way in the last 25 years but there is, yet, a long way to go. At Edelweiss, we feel fresh, energised, and raring to go as if we are starting Edelweiss today! There are a lot of targets to achieve in the next 25 years and we are all geared up to do so. In the words of Robert Frost...

We have promises to keep, and miles to go before we sleep, miles to go before we sleep...

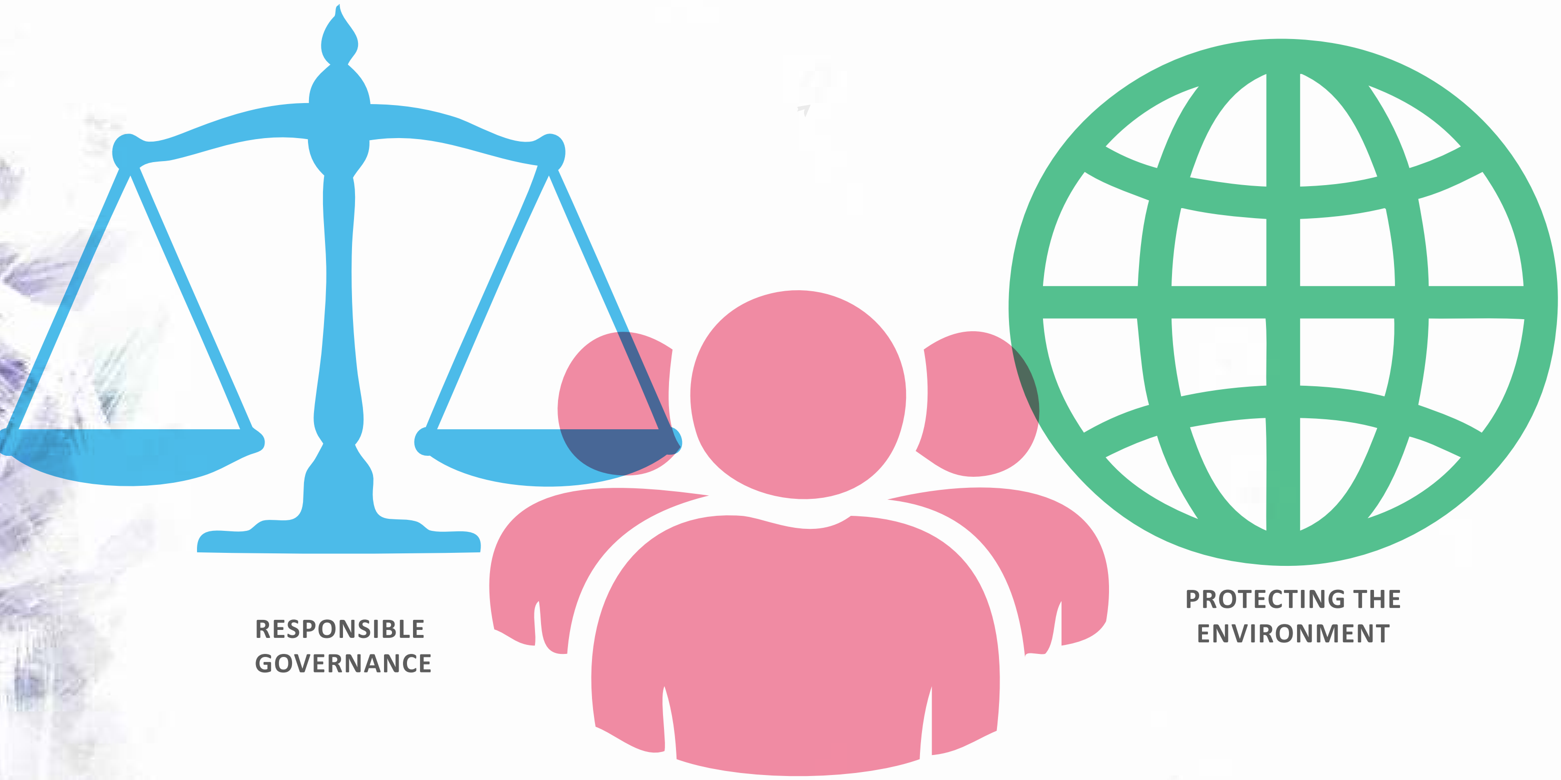
Yours sincerely,

Rashesh Shah

Rashesh Shah
Chairman & CEO

Sustainability Report

Edelweiss Group has always been at the forefront of sustainable growth, both for its diverse stakeholders and for society at large. Our 13 guiding principles determine the values we hold dear, govern all decision-making and set the tone for the culture within which we operate and conduct ourselves. This report is an extension of these values and our commitment to look beyond our own growth, towards addressing larger environmental, societal and governance (ESG) challenges.



RESPONSIBLE GOVERNANCE

CONTRIBUTING TO SOCIETY

PROTECTING THE ENVIRONMENT

ALIGNING WITH THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

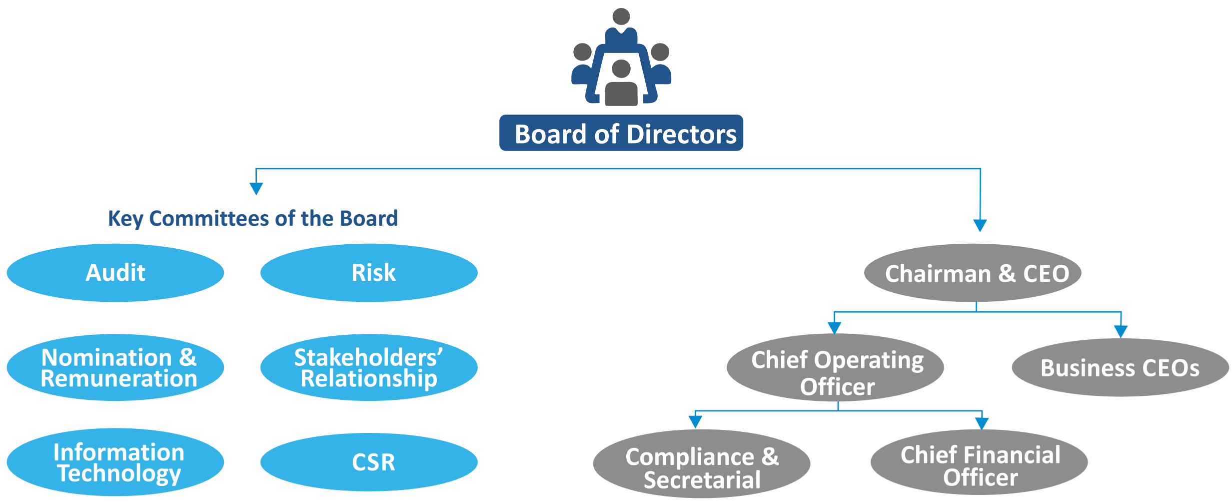
The United Nations Sustainable Development Goals (SDGs) are the blueprint to achieve a better and more sustainable future for all. 2020 marks the start of the Decade of Action. We are early adopters of the SDGs and have voluntarily committed to uphold them across our operations.

We align with 9 of the 17 SDGs and continue to monitor our progress and the impact we create for our multiple stakeholders across different focus areas.

Sustainable Development Goals	ESG Areas	Stakeholders impacted/ Operating environment	Key Areas of Focus
PEACE, JUSTICE AND STRONG INSTITUTIONS	**Responsible Governance**	• Regulators • Investors • Customers • Employees	• Developing effective, accountable and transparent institutions • Responsive, inclusive, participatory and representative decision-making • Promote a culture of compliance with the highest standards of integrity
GENDER EQUALITY	**Contribution to Society**	• Society • Employees	• Ending discrimination and violence against women • Promoting women empowerment • Equal access to economic resources and equal opportunities for leadership
DECENT WORK & ECONOMIC GROWTH		• Employees • Society • Economy	• Creating a safe and healthy working environment and enhancing efficiency and productivity • Supporting job creation • Promoting entrepreneurship and encouraging growth of MSMEs • Contribution to economy by financing real estate infrastructure and affordable housing
GOOD HEALTH AND WELL-BEING		• Employees	• Providing health-care facilities to employees • Encouraging healthy lifestyles • Supporting reproductive rights
QUALITY EDUCATION		• Society	• Ensuring access to quality early-childhood and primary education • Supporting development of education infrastructure and teaching capabilities
REDUCED INEQUALITIES		• Society	• Supporting women to get access to rights and entitlements • Ensure equal opportunities and reducing inequalities
CLIMATE ACTION	**Protecting the Environment**	• Economy • Society	• Aiding the development of resilience and adaptability to climate-related changes • Enhancing awareness, education and capacity of climate change mitigation and adaptation
AFFORDABLE AND CLEAN ENERGY		• Environment	• Increasing the share of renewable energy in energy consumption • Improving energy efficiency
RESPONSIBLE CONSUMPTION AND PRODUCTION		• Environment	• Using natural resources efficiently • Environmentally sound management of waste and limiting waste generation • Reducing release of emissions and greenhouse gases

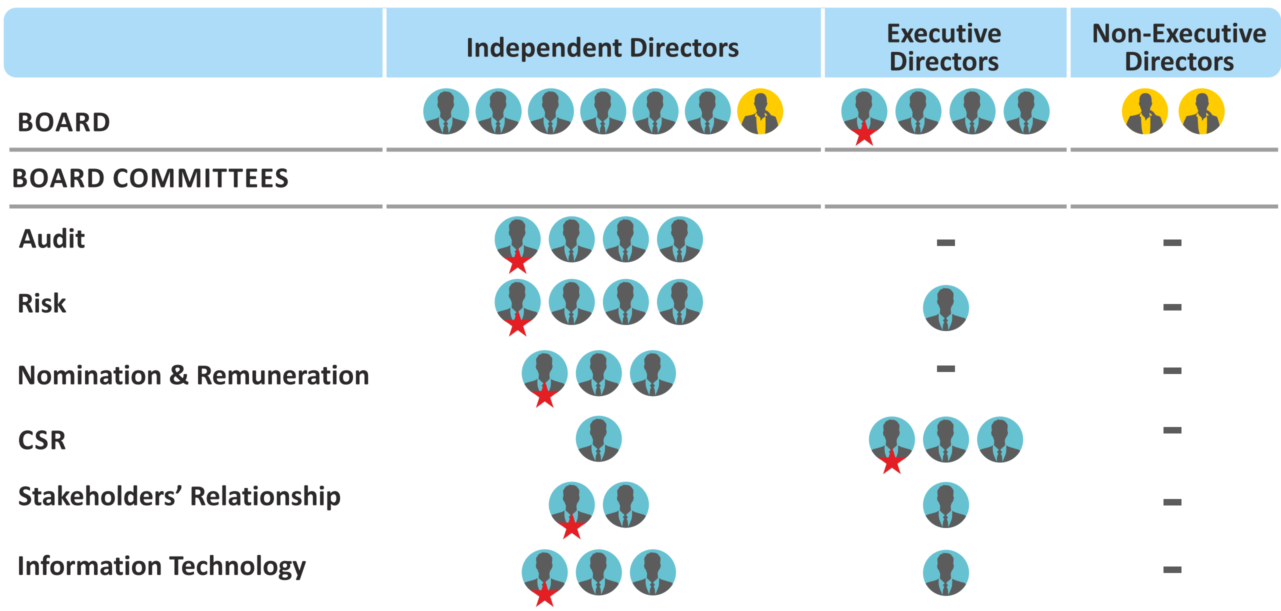
PEACE, JUSTICE AND STRONG INSTITUTIONS

BOARD COMMITTEES AND ORGANISATION



GOVERNANCE STRUCTURE

- 13-member Board with **majority independent** directors and **three women** directors. All major committees are **dominated and chaired by independent directors**
- Balanced and rich Board composition with over **350 man-years of experience**
- Board members strive for **100% attendance and active participation** in all Board and Board Committee meetings



★ Chair of the Board/Committee

Data for Board composition is as on March 31, 2020

Age Composition of the Board

Nine Board members in the age group of **50 to 64 years** and four in the age group of 65 to 75 years

50-54 Yrs · 55-59 Yrs · 60-64 Yrs · 65-69 Yrs · 70-75 Yrs

★ Detailed profile of our Directors and details of the composition of the Board committees and their terms of reference are available on our website.

ESG GOVERNANCE AT EDELWEISS

Formation of an **ESG Council** in FY20 to provide effective governance on ESG parameters

A **women majority body**, the ESG Council comprises heads of various enterprise units including HR, Admin, Compliance and Governance, Marketing, Corporate Development and Investor Relations

Brings together **rich and varied experience** of managing key stakeholder relationships

Supported by a team of **sustainability champions from various enterprise units** who monitor and track performance on various identified ESG parameters

- Edelweiss's ESG agenda is further augmented by a **CSR Committee** and **EdelGive Foundation**

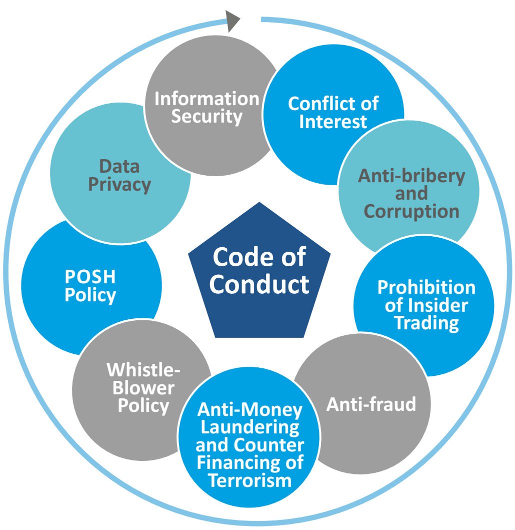
LEGAL AND REGULATORY COMPLIANCES

Operate with a **strong culture of compliance**, regulatory standards and remediation of escalations

- Adoption of a **'Group Compliance' approach**
- **Independent Compliance Officers** for each business entity and decentralisation of ownership
- **Automation of regulatory compliances** through technology-based applications
- **Periodic review** of regulatory compliances, directives of sectoral regulators and the SEBI Listing Obligations and Disclosure Requirements (LODR) by the Audit and Board Committees

FRAMEWORKS AND POLICIES

Code of Conduct adopted at an organisational level for senior management and directors covering critical areas such as professional integrity, honesty and ethical conduct



★ These polices are available for reference on our website. Additionally, our detailed report on Responsible Governance summarises the key highlights and details on implementation of these policies.

Responsible Governance

Compliance and risk consciousness amongst **employees fostered through an annual recognition programme**

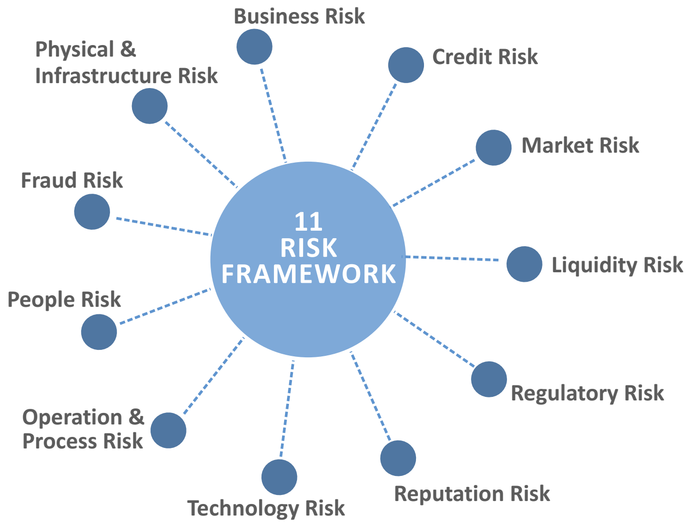
Over 60 Internal Complaints Committee (IC) members trained on POSH policy, investing **over 960 training hours**

All employees at the time of joining Edelweiss and thereafter, on an annual basis, are required to complete trainings on Anti-Money Laundering and Counter Financing of Terrorism (AML/CFT), Prevention of Sexual Harassment, Prohibition of Insider Training, Whistleblower Policy through the Edelweiss SHIELD module

- **Reported and investigated eight POSH cases** in FY20, which were concluded with appropriate actions
- **Six whistle-blower complaints** received via online portal, email and post in FY20, were investigated, none of which were identified as a whistle-blower case
- **Periodic communication on awareness and training** for all the relevant stakeholders provided

RISK MANAGEMENT

- Risk Management Committee constituted to devise and adopt **risk management frameworks** and plans for identification, evaluation and assessment of risks
- **11 Risk Framework** adopted to identify, quantify and monitor risk events in a comprehensive **Risk Register** across the Group
- Incident/exception **reporting mechanism** adopted to ensure timely reporting on deviations from the policies and processes
- Facilitated mandatory Risk Management **Training Programme** for employees
- Risk and Compliance **Awards** for employees and businesses
- **Independent assurance** on the effectiveness of the risk framework provided by Internal Audit



RESPONSIBLE INVESTMENT

- Voluntary adoption of ESG policy, **anchored to Principles of Responsible Investment (PRI) and UN Global Compact's 10 principles**, by Edelweiss's Asset Management entity (EAAA) – India's largest player in Private Debt (AuM of ₹217 billion as of FY20)
- List of **exclusionary sectors** formulated
- **Material ESG issues** focussing on human rights, labour, environment and anti-corruption taken into consideration by EAAA
- In the process of strengthening ESG frameworks and processes and **introducing ESG reporting**

SUPPLIER AND VENDOR RELATIONSHIP MANAGEMENT

- **Comprehensive Enterprise Procurement Guidelines** which incorporate important ESG issues is in the implementation phase
- Mandatory **vendor sign-off on a Supplier Code of Conduct** initiated, specifically enumerating vendor compliance with applicable environmental laws, regulations and other ESG parameters
- Target to **roll out and adopt the framework** across various business groups within Edelweiss in the medium term

POLICY ADVOCACY

Active participation in industry bodies and associations, policy discussions to highlight and address concerns on financial and economic growth, sustainable development and climate change.

- Part of the Alternative Investment Management Association (AIMA) APAC ESG working group.

INVESTOR RELATIONSHIP MANAGEMENT

We recognise our shareholders and investors to be our most important stakeholders and strive to create and protect value for them.

- Shareholder base of **165,800 retail and institutional investors** as on March 2020
- Ensured regulatory compliance via **timely and accurate disclosure** of material events, updates, and financial performance
- **Proactive engagement** with shareholders
- **Effective planning, execution and tracking** of investor outreach initiatives enabled by information systems and processes
- **Multiple modes of communication** adopted with investors
  - Stock exchange filings
  - Investor collaterals
  - Annual General Meeting
  - Analyst calls
  - Emails
  - Media interactions
  - Website
  - Conferences
  - Non-deal roadshows
- **22 events and outreach programmes hosted** in FY20 which include domestic conferences, overseas non-deal roadshows and post results analyst conference calls
- Ensured wider and **active coverage by eight research analysts**
- Continued focus on **enhancing the quality of disclosures** to investors and analysts, through benchmarking with peers
- **Proactively gathered investor feedback** and channelised it to the company management
- **Revamped the investor web page**, with a user-friendly interface for contact through web query/request form for service and information requirements
- Four investor complaints received and resolved in FY20

CUSTOMER EXPERIENCE

At Edelweiss, we serve a diversified client base that includes corporations, institutions and individuals. We put our customers at the centre of all that we do.

- **Addressing customer concerns** through physical, digital, ATL and BTL engagement, across the customer journey from pre-sales to servicing
- Robust **Customer Experience Framework** adopted
- In the process of appointing **Customer Experience Champions** in each business
- Constitution of a **Customer Council** comprising senior leaders
- **Customer Experience Officers Forum** initiated to share best practices and drive learning across customer representatives
- **No reported cases** of loss of customer data or breach of customer privacy
- Sophisticated **complaint management systems** adopted:
  - **625,035** queries, complaints and requests received in FY20 - with only 78 complaints and requests pending
  - **21** complaints registered by Edelweiss AMC with SEBI none outstanding for FY21
  - **588** complaints registered by Edelweiss Tokio Life Insurance with IRDAI - **17** outstanding for FY21
- Robust **measurement of customer experience** through a combination of metrics:
  - Digital Net Promoter Score
  - Customer Satisfaction Surveys
  - Individual business-led performance measures

GENDER EQUALITY

WOMEN EMPOWERMENT & GENDER EQUALITY

Our philanthropic initiative, EdelGive Foundation, is committed to addressing the social and economic inequalities that prevent women and girls from achieving their full potential, with a focus on the following five priority areas:

- Freedom from **Violence and Discrimination**
- Access to **Legal Justice**
- Grassroots **Leadership**
- Access to **Rights and Entitlements**
- Freedom from **Economic Dependence**

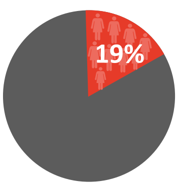
Supported **23 projects with 15 of EdelGive Foundation's NGO partners** to protect women's rights

- **114,934 women and girls supported** in their fight to address gender equality related issues in FY20, taking the total to 157,434 women
- Formed **454 Self Help Groups/Joint Liability Groups** in FY20, taking the total to 5,454 SHGs/JLGs
- **4,313 women and girls supported** under the financial inclusion programme in FY20, taking the total to 19,806
- **Supported 8,508 survivors of domestic violence and/or sexual violence** in their legal journey in FY20, taking the total to 20,077
- **2,794 grassroot leaders** developed and supported in FY20, taking the total to 5,765

WORKFORCE DISTRIBUTION

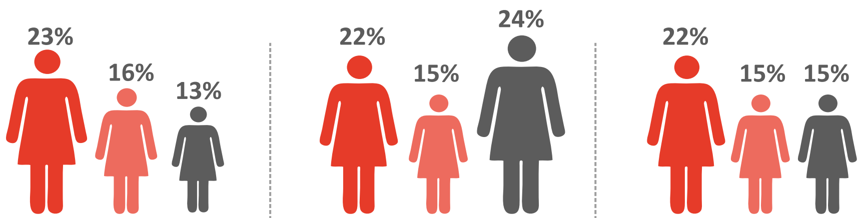
We have one of the better female workforce participation rates in the financial services industry in India.

21% female employees in total workforce as of March 31, 2020



19% of the total 1,773 contract staff are females

Proportion of female employees by Management level



As a % of total employees as on March 2020

As a % of new hires

As a % of total exits

Junior Mid Senior

DECENT WORK AND ECONOMIC GROWTH

INCLUSION AND WORKPLACE DIVERSITY

Edelweiss has experienced and diverse talent across different entities of the Group. Our procedures ensure the absence of discrimination by providing fair and equal opportunities to all employees and applicants.

- Propagating an **inclusive workplace** respecting distinctive skills, experiences, and perspectives:
  - Sensitivity towards inclusion strengthened across employees and leaders
  - Inclusion as a competitive advantage for Edelweiss implemented through policies and practices
- Inclusive brand – **All IN** ensures diversity across the Group:
  - You are INtegral to the Edelweiss family
  - Your INdividualism makes you unique
  - Your opinions are INvaluable
  - You should speak up without INhibitions
  - You INspire others with your ideas
  - You INvolve others to get a fresh perspective

PERFORMANCE MANAGEMENT

SMART Goal Setting → Mid-year Review → Annual Appraisal process

All eligible on-roll employees undergo **a performance review**

Year-round assessment process

Manager feedback sessions conducted through, 'Train the Trainer' model

EMPLOYEE WELFARE

Our diverse employee welfare programmes are designed to create an efficient, healthy and satisfied workforce.

Flexi Working Hours

Work from Home

Bereavement Leave

Sabbatical Leave

Day care facility – Partnered with EuroKids at **49 centres** to provide crèche facility

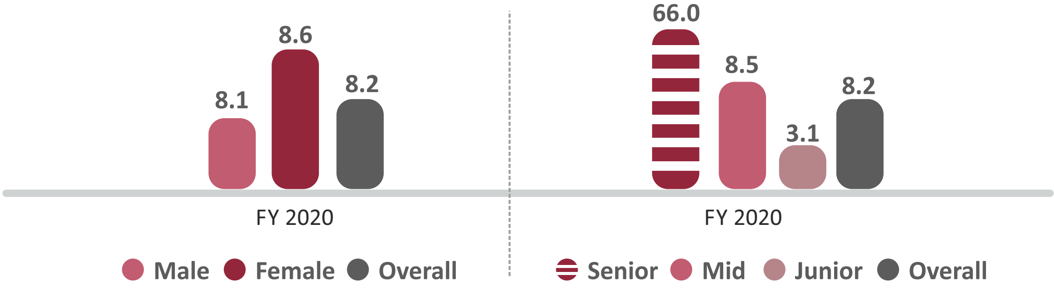
Parental leave policy **availed by 317 employees** in FY20

Kwench – Online library facility availed by **27% employees**

LEARNING AND DEVELOPMENT

Our training and development initiatives enable our employees to enhance technical and behavioural skills that are required for their professional and personal growth.

Average hours of training/employee by gender and by management level*



** Avg. number of hours = Total Training hours / Number of employees at year end*

- **87,548** hours of training undertaken in FY20
- **6.7%** of employees belong to a Leadership Group at Edelweiss[1]

Diversified leadership development programmes:

Programme	Percentage of employee base	Particulars
Managing Committee (ManCo)	0.6%	• Cohort of senior-most leadership • Custodian of culture, values and synergies across the Group • 28% of the ManCo have tenure of more than 12 years
Senior Leaders (SL)	2.1%	• SLs are the connective tissue of the organisation and form the bridge between strategy and execution • Structured engagement and development opportunities provided which include effective mentoring, regular SL huddles, informal breakfast meetings with the Chairman • 50% of the SLs have a tenure greater than 5 years
Business Leaders	3.1%	• Two-year developmental journey for mid-management employees • 150 hours of mentoring, 36 classroom sessions, 77 online lessons, 8,750 total hours of learning recorded
Emerging Leaders	0.9%	• Two-year developmental programme for young leaders at the start of their leadership journeys • Provide exposure to Edelweiss businesses and culture, foster leadership capabilities, as well as enable building an organisation-wide network

[1] Includes some employees who are part of the Young Leaders programme at Edelweiss Tokio Life Insurance

- **Learning & Educational Assistance Programme (LEAP)** adopted to enhance professional knowledge and promote talent – provide tuition fee assistance to employees that wish to appear for listed certifications and courses
- **Educational Assistance Policy** adopted to facilitate educational progress of wards of employees through financial assistance – availed by 162 employees and extended support worth ₹8 million

AWARDS AND RECOGNITION

To acknowledge and appreciate star performers across the organisation, Edelweiss has several well-established internal awards and recognition programmes for employees.

60 employees felicitated with the Long Service Awards for completing 10, 15 and 20 years in the calendar year 2019

25 awardees from a competitive pool of 4,000 online employee applications, felicitated at Edelweiss's Annual Employee Recognition Programme – **TITANS 2019**

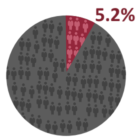
Risk and Compliance Awards conducted inviting 115 nominations of which 13 were declared winners

CONTRIBUTION TO THE ECONOMY

Our goal at Edelweiss is to deliver maximum returns to our stakeholders, while simultaneously having a positive impact on society and economy. Our strength comes from our diversified business model, which provides our customers with varied financial products and services to meet their economic goals.

Employment provided by Edelweiss

Diverse workforce of 10,726 employees as of March 31, 2020



5.2% of the workforce is less than 25 years of age

Supporting Small Enterprises

Financing working capital needs of small entrepreneurs through **business loans with average ticket size of ₹1.5 million** across 96 locations

Customised loans to purchase equipment/machinery to help micro and small enterprises build their manufacturing capabilities

Salary Advance product empowers employees from the MSME sector to avail an advance on their salary

Financed **2,500 Women Entrepreneurs** in FY20

Real Estate Infrastructure Financing

~51,000 housing units financed across 96 projects

Average price of a flat in the financed projects is approximately ₹7.9 million

Affordable Housing Loans

Serving **16,220 customers** with an average **household income of ~₹0.55 million**

Average ticket size of homes **financed is ~₹1.3 million**

Of the loans extended:

- 45% of the customers are **new to credit**
- Over 44% of individual customers are **women**
- Over 75% of the loan book accounts for **homes in tier 2 & tier 3 locations**

GOOD HEALTH AND WELL-BEING

EMPLOYEE HEALTH AND SAFETY

At Edelweiss, we care about the health, fitness and safety of our employees and make it our paramount commitment.

24.4% employees availed Mediclaim benefit

56% employees availed **free annual health check-up** facility

Medical practitioners visit premises at a scheduled frequency

Partnership with Striders – 35 employees **trained for marathons** in FY20

215 employees participated in the **Run India Run Mumbai Monsoon Marathon**

RoundGlass Reach App used to promote **#FitWithEdelweiss** pledge taken by over 1,200 employees

Enhancing work-life balance via Edelcare; employees engaged in various initiatives including fitness, health, sports and hobby pursuits

Promote **a Drug-Free Workplace**

Fire safety site inspections, building evacuation drills and **fire safety training** executed at regular intervals

QUALITY EDUCATION

EdelGive Foundation aspires to provide children with equal access to quality education, irrespective of background, gender and socio-economic standing. The Foundation works in collaboration with government systems to achieve widespread, long-term change and empower the community to make this change sustainable. Their work is broadly categorised in four priority areas:

- School **Transformation**
- Early **Childhood Education**
- **Innovation** & Experimentation
- **Research** & Advocacy

Executed **17 education programmes, through 13 NGO partners** of EdelGive Foundation

Worked towards **enhancing the learning outcomes of 389,963 children** in FY20, taking the total to 1,719,659

Supported 5,747 schools through the Quality Education Programme in FY20, taking the total to 17,575

Worked closely with and **supported over 20,273 Teachers and Government officials** for delivering quality education in FY20, taking the total to 66,705

REDUCED INEQUALITIES

Through contextual and targeted interventions developed by EdelGive Foundation's NGO partners, we are working to develop sustainable livelihood options for some of the most vulnerable communities, through systemic transformation in four focus areas:

- Water for Livelihood
- Financial Inclusion
- Skill & Institutional Building
- Employability Skill Building

Through **EdelGive Foundation's NGO** partners, we

Empowered and promoted the **social and economic inclusion of farmers, women and youth**

Supported 9,719 women to get access to rights and entitlements in FY20, taking the total to 25,826 women

Upskilled over 5,438 farmers through various capacity building training programmes in sustainable agricultural techniques in FY20, taking the total to 10,528 farmers

Achieved average **40% enhancement in annual income** of farmers in FY20

Supported 8 **Farmer Producer Companies** (FPCs)

Funded ₹208 million towards Sustainable Livelihood Programmes in FY20, taking the total to ₹432 million

Protecting the Environment

CLIMATE ACTION

EdelGive Foundation works with grassroots organisations in remote parts of rural India to build resilience amongst communities.

WATERSHEDS AND LIVELIHOODS

Supported construction/repairs of 148 watershed structures for water conservation in FY20, taking the total to 216

Brought under irrigation 284 hectares of land for enhanced agriculture yield in FY20, taking the total to 1,212 hectares

Supported 5,438 families through sustainable livelihood programmes in FY20, taking the total to 10,528 families

Supported 2,149 farmers for climate smart agriculture/organic farming in FY20, taking the total to 9,447 farmers

AFFORDABLE AND CLEAN ENERGY

We are committed to improving energy efficiency and increasing the proportion of renewable energy usage across our operations, through investments in sustainable energy solutions.

ENERGY CONSUMPTION AND SAVINGS *

8,115 — 2020
8,819 — 2019

Reduction in total electricity consumed by 8% in FY20

148 Kwh/sq. mt. p.a. — 2020
164 Kwh/sq. mt. p.a. — 2019

Through energy consumption optimisation initiatives, **energy intensity reduced by 10%** in FY20, which is 19% lower than BEE standards

45% — 2020
50% — 2019

Proportion of renewable sources is 45% of the total power consumption

2.3X

Electricity consumption through **renewable sources has increased 2.3x** as compared to FY18

Renewable energy capacity

- 1.2 MW solar power captive generation installed capacity at Solapur generated 1,687 Mwh in FY20
- Solar roof-top generation capacity of 0.06 MW at Fountainhead, Alibaug generated 54 Mwh in FY20
- Wind Power Purchase Agreement (PPA) for 2.8 MW capacity generated 2,756 Mwh units in FY20

** Data for our 3 key locations Edelweiss House, Kohinoor House and Fountainhead (our leadership development centre) which comprises ~38% of our total workforce*

Protecting the Environment

Energy saving initiatives:

- **Default ambient temperature** of all public areas and meeting rooms set at 24°-26°C as per BEE and government regulations
- **HVAC schedule running operation modified**, reducing the unnecessary usage of ACs

85% of fixtures converted from conventional lighting to LED

Automatic switches and sensors installed in unmanned areas to reduce/optimise energy consumption

Sleep mode and night mode lighting automation enabled to conserve electricity

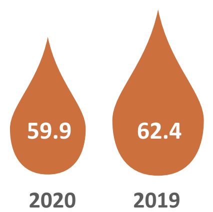
RESPONSIBLE CONSUMPTION AND PRODUCTION

We are committed to ensuring resource efficiency in our operations by responsibly managing waste and attempting to reduce the Greenhouse Gas (GHG) emissions, wherever possible.

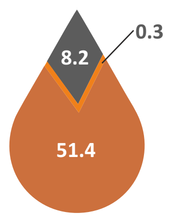
WATER CONSUMPTION *

- Total water **consumption reduced by 4% in FY20**

Total water consumption (Megalitres)



Water consumption by source (Megalitres)



Saved 0.73 Megalitres of water **through Rainwater Harvesting**

Installed **waterless pots** at all urinals

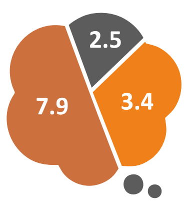
Reduction of water consumption through **Fine Aerators**

8.8 Megalitres of waste and sewage water has been **recycled through a sewage treatment plant** at Fountainhead

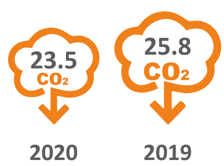
EMISSIONS *

Reduction in total GHG emissions by 7% and **GHG intensity by 9%** via effective carbon management initiatives in FY20

GHG emissions Kilotons



Kg/sq.ft. p.a.



- **Rationalised business travel requirements** of employees thereby reducing our Air Fuel Emissions by a healthy 11% in FY20

WASTE MANAGEMENT *

3Rs of Waste Management, viz. **Reduce, Reuse and Recycle** have been organically incorporated in our day-to-day routines

Plastic water bottle consumption reduced by 8,500 bottles

32.4 tonnes of e-waste recycled

7.34 tonnes of food waste **converted into compost** by composting machine

8.04 tonnes of paper **waste converted into green Edelweiss writing pads** with the help of associated NGOs

** Data for our 3 key locations Edelweiss House, Kohinoor House and Fountainhead (our leadership development centre) which comprises ~38% of our total workforce*

EdelGive Foundation

Founded in 2008, EdelGive Foundation is the philanthropic initiative of Edelweiss Group. Over the last 12 years, the Foundation has emerged as a leading grant-making organisation, funding and supporting the growth of high calibre NGOs across India.

Our Influence over the years

14 states and **111** districts across India

Over **150** NGO Partners supported

NGO

₹3.31 billion influenced through commitments to NGOs

Dedicated **~40,000** employee engagement man-hours

145 capacity building and skilled volunteering projects

SUPPORTING THE GROWTH OF CREDIBLE NGOs

Last year, EdelGive Foundation supported **42 NGO partners** across India who worked tirelessly towards providing quality education for children, promoting the social and economic empowerment of women and building resilient communities. EdelGive Foundation's grants and grants raised from other funding partners are used towards both the financial and capacity building needs of the organisations the Foundation supports.

In FY20, EdelGive Foundation has influenced over ₹1 billion as commitments to the sector.

Grants

To high-calibre, small to mid-size NGOs empowering

CHILDREN Through Education

WOMEN Through Empowerment

VULNERABLE COMMUNITIES Through Resilience Building

Financial Support

- Building new programmes
- Scaling existing programmes

Non-financial Support

- Capacity Building
  - Finance & Sustainability
  - HR & Communications
  - Strategy & Leadership
  - Processes & Technology
- Awareness Building

Social and Economic Empowerment of Women

EdelGive Foundation is committed to addressing both social and economic inequalities that prevent women and girls from achieving their full potential, with focus on five key priority areas:

Freedom from Violence and Discrimination

Access to Legal Justice

Grassroots Leadership

Access to Rights and Entitlements

Freedom from Economic Dependence

In FY20, EdelGive Foundation supported 23 projects with 15 NGO partners reaching 114,934 women and girls across 10 states in India. Our partner programmes have also supported 8,508 survivors of domestic violence and/or sexual violence in their legal journey.

For more information, please refer to our Sustainability Report

Access to Quality Education

EdelGive Foundation aspires to provide children with equal access to quality education, irrespective of background, gender, and socio-economic status. We work in collaboration with government systems to achieve widespread, long-term change and empower the community to make this change sustainable. EdelGive Foundation broadly categorises its work around four priority areas:

School Transformation

Early Childhood Education

Innovation & Experimentation

Research & Advocacy

In FY20, EdelGive Foundation worked on 17 projects with 13 NGO partners, across 6 states, to reach 389,963 children in 5,747 schools, to enhance their learning outcomes. Over the years, through our NGO partners, we have been able to reach over 1.7 million children and supported over 66,705 teachers and government officials.

For more information, please refer to our Sustainability Report

Building Resilient Livelihoods

Through contextual and targeted interventions developed by our NGO partners, we are working to develop sustainable livelihood options for some of the most vulnerable communities, through systemic transformation in four focus areas:

Water for Livelihood

Financial Inclusion

Skill & Institutional Building

Employability Skill Building

In FY20, EdelGive Foundation supported vulnerable communities through 14 projects with 13 NGO partners, across 8 states in India. We achieved an average 40% enhancement in the annual income of farmers.

For more information, please refer to our Sustainability Report

BUILDING CREDIBLE PARTNERSHIPS

In addition to providing grants to our partners, EdelGive Foundation invests its energies in sourcing funding for NGO partners and managing funding from other institutional, individual and corporate partners, at zero cost.

EdelGive Foundation's two existing coalitions, **The Collaborators for Transforming Education**, and **The Coalition for Women Empowerment (CWE)** are being executed as planned and have reached **over 1.4 million beneficiaries**.

- **The Collaborators for Transforming Education** - This year, *The Collaborators* expanded from Gadchiroli, Parbhani, Amravati and Nandurbar to three more districts of Satara, Solapur and Hingoli, in Maharashtra. Furthermore, the Government of Maharashtra has signed an MoU with EdelGive Foundation for the next five years with the provision to expand the *Quality Education Programme* to all districts of Maharashtra.
- **The Coalition for Women Empowerment (CWE)** - The partnership with **Ford Foundation**, in addition to significant funding, brought crucial knowledge from their rights-based work to the coalition. The **Chintu Gudiya Foundation**, a US-based family foundation, renowned for its technology for development work, has joined us as a partner in the CWE. This year, **The Influencers**, our collective of individual influential voices supporting the cause of women empowerment, completed one year of its official launch with 15 members, comprising eminent names in business, arts, media, public service and philanthropy.
- EdelGive Foundation was also on-boarded as a core partner to the **India Climate Collaborative**, a first of its kind initiative bringing together India's top philanthropies to address the increasing and pressing climate crisis in India.

KNOWLEDGE HUB

EdelGive Foundation actively partnered with organisations on varied research initiatives.

Partnered with Hurun Report India to release the EdelGive Hurun India Philanthropy List and Report 2019

Partnered with Final Mile to develop a study - Project Kriya - on the journey of a survivor of violence, back to her new normal

Evangelised our Philanthropy for Impact - State Paper Series in partnership with Sattva, into a microsite

EMPLOYEE ENGAGEMENT

EdelGive Foundation draws on the Edelweiss employee volunteer pool and external (volunteer) agencies to cater to the NGO needs. This year, Edelweiss volunteering has grown with:

- 82 immersion activities including in-kind donation drives
- Outreach across 100+ cities and 125 branches of the Edelweiss network
- ₹3.63 million raised through employee donations
- Of the total employee donations received, ₹1.08 million was contributed towards Cyclone Fani, Assam/Bihar floods, and Maharashtra flood relief initiatives.
- Edelweiss Financial Services Limited was felicitated as a finalist under the category 'Leader in Corporate Volunteering Awards' at the iVolunteer Award 2020.

CAPACITY BUILDING

EdelGive Foundation offers non-financial support to NGOs, through capacity building across four key areas: Finance and Sustainability, Human Resources and Communications, Strategy and Leadership and Processes and Technology. EdelGive Foundation has worked on **14 projects** across these areas and conducted **27 financial literacy sessions** this year.

Some of the key capacity building initiatives were:

- **Under the Genpact Social Innovation Fellowship (GSIF)** programme, six sigma experts from Genpact along with social sector experts introduced process re-engineering within non-profit organisations. In its fourth and final year, **35 fellows** worked with **25 NGOs** in the areas of employability and skilling, education and women empowerment.
- **Shailesh Mahangade** and **Jueli Paygude** from Edelweiss General Insurance Company successfully created the **Management Information System (MIS) for NGO Lakshyam.**
- **2 Capacity Building** cohorts were conducted in partnership with SocialLens which were attended by **13** and **17 Non Profit Organisations (NPO)** respectively.
- For EdelGive Foundation's NGO partners, **Jan Sahas Social Development Society** and **Association for Advocacy and Legal Initiatives (AALI)**, **Team Sankalp** developed an innovative **mobile and web-based application** that will automate recording and reporting processes for survivors of sexual and domestic violence, and trafficking. Over 100 caseworkers of Jan Sahas and AALI have been trained to use this application.
- Edelites have been a part of over **10 consultancy and intensive capacity building projects** with NGOs towards development of business plans and technology solutions.
- As part of the **Edel Mentor programme**, **Kalpana Ajayan, Group Head - Customer Experience, Edelweiss**, has been working very closely with Ms. Mariaelena Figueredo, Director - Torpa Rural Development Society for Women (TRDSW), EdelGive's partner NGO, to guide her in the strategic planning for the organisation.

THOUGHT LEADERSHIP

EdelGive Foundation is present on governing boards of global agencies and has a strong presence on discussion platforms like **Asian Venture Philanthropy Network (AVPN)** and **Empower Families for Innovative Philanthropy (ERFIP).**

During the year, EdelGive Foundation actively participated in several conversations on philanthropy on platforms such as **Indiaspora, BBC, IIT-IIT, Goalkeepers, Sankalp Global Forum and UNESCO** and conducted discussions with prestigious organisations such as **India Climate Collaborative, Organisation for Economic Co-operation and Development (OECD), Northeastern University and Tata Trusts.**

EdelGive Foundation also hosted **At The Same Table™ (ATST)**, an equal platform for free and frank discussion on issues and ideas that collectively concern the funding community on:

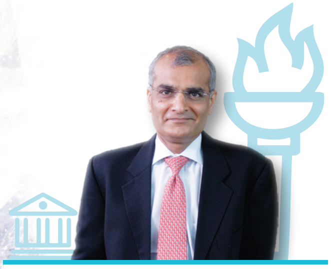
- Using technology to build grassroots leadership for women empowerment
- Capacity building as a critical enabler of social development programmes.

EDGE 2019

Built around the theme **The Power of One**, EdelGive Foundation's annual conference **EDGE**, celebrated stories that remind us that even the smallest shift of the needle is significant. Structured into five broad topics - Entrepreneurship, Vision, Audacity in belief, Representing the unrepresented and Emotions driving change - EDGE saw the participation of esteemed speakers across the country, such as Magsaysay award winning journalist, P. Sainath and Chief National Coach for the Indian Badminton Team, Pullela Gopichand, among others.

Board Of Directors

Standing (L to R)	**Kunnasagaran Chinniah** Independent Director	**Navtej S. Nandra** Independent Director	**Anita M. George** Non-Executive, Non-Independent Director	**Biswamohan Mahapatra** Independent Director	**Ashok Kini** Independent Director	**P N Venkatachalam** Independent Director	**Rujan Panjwani** Executive Director
Sitting (L to R)	**Dr. Ashima Goyal** Independent Director	**Himanshu Kaji** Executive Director	**Rashesh Shah** Chairman, Managing Director & CEO	**Berjis Desai** Independent Director	**Venkatchalam Ramaswamy** Vice Chairman & Executive Director	**Vidya Shah** Non-Executive, Non-Independent Director & Chairperson, Edelweiss ESG Council	



Rashesh Shah
Chairman, Managing Director & CEO

Rashesh Shah, co-founder, Edelweiss Group, has three decades of diverse experience in the financial markets and has been instrumental in building Edelweiss into one of India's leading diversified financial services organisations.

Rashesh is passionate about financial services and the role it plays in translating India's vast savings into investments, thereby powering economic growth and development. A regular commentator on macro-economic policies, he has served as President of FICCI, which is India's apex industry association in 2017-18.

He has also been a part of the High Level Task Force on Public Credit Registry for India, the Insolvency Law Committee, Executive Committee of the National Stock Exchange as well as the committee to review Insider Trading Regulations set up by SEBI – the country's capital markets regulator.

An MBA from the Indian Institute of Management, Ahmedabad, he also holds a Diploma in International Trade from the Indian Institute of Foreign Trade, New Delhi.

Venkatchalam Ramaswamy
Vice Chairman & Executive Director

Venkatchalam Ramaswamy, co-founder, Edelweiss Group, has almost three decades of experience in the financial markets. He has been one of the driving forces in transforming what was once India's first new-age boutique investment bank to a leading diversified financial conglomerate.

Venkat co-heads Edelweiss Group's advisory businesses and has been instrumental in building a client-need based solutions approach in the Distressed Asset Resolution and Asset Reconstruction business, which is India's leading ARC.

Using his skills at building and maintaining large institutional relationships, including International Pension Funds and Insurance companies, the Alternative Asset Management business has earned the reputation of being among the largest in India.

An MBA from the University of Pittsburgh, United States of America, he also holds a Bachelor's degree in Electronics Engineering.

Himanshu Kaji
Executive Director

Himanshu Kaji has over three decades of diverse experience in the areas of business strategy, risk, finance, regulatory frameworks, process re-engineering, technology, strategy and implementation across the financial services space.

At Edelweiss Group, he oversees Global Risk, Assurance, Finance, Governance, Legal and Administration. He is co-chairperson of the FICCI Capital Markets Committee and a member of the Secondary Market Advisory Committee of SEBI. He is also on the Trading Member Advisory Committee of the NSE.

In the past, he has served on the board of the Bombay Stock Exchange (BSE) and played a key role in the overhaul of the Exchange, contributing largely to the demutualisation and corporatisation of BSE. He has been a Corporate Advisor to eminent Indian and global financial services companies.

A Chartered Accountant, he holds a Post-Graduate Diploma in Securities Law.

Rujan Panjwani
Executive Director

Rujan Panjwani has over three decades of multifaceted domain expertise in the financial sector spanning across capital markets, asset management, insurance and others.

Having spent the last 2 decades with Edelweiss, he has played a key role in setting up several flagship businesses. Today, apart from overseeing the Corporate Treasury and related functions, he is in charge of the Insurance businesses within the Group – Edelweiss Tokio Life Insurance and Edelweiss General Insurance, where besides being on their respective boards, he has strategic oversight of key business decisions and development of new business models.

Additionally, he has helmed multiple functions across the Group such as Human Resources and Leadership development. He continues to play a fundamental role in several key initiatives including strategy, business development and incubation of new businesses.

Rujan holds a Bachelor's degree in Electrical Engineering from the Manipal Institute of Technology.

Vidya Shah
Non-Executive, Non-Independent Director &
Chairperson, Edelweiss ESG Council

Vidya Shah is the CEO of EdelGive Foundation, an organisation set up by Edelweiss Group, with the aim of funding and building the capacities of India's not-for-profit sector. With over three decades of rich industry experience, she has established EdelGive Foundation as a platform for strategic philanthropy. Under her stewardship, EdelGive has been instrumental in growing over 150 organisations, scaling their budgets, impact and reach exponentially.

She also serves on the boards of various prominent Civil Society Organisations such as Agastya International Foundation, Janaagraha Centre for Citizenship and Democracy, Centre for Social Impact and Philanthropy at Ashoka University, Mann Deshi Foundation and the Indian School of Public Policy.

She spent the first 11 years of her career in the field of investment banking with companies like ICICI, Peregrine and NM Rothschild.

Vidya holds an MBA degree from the Indian Institute of Management, Ahmedabad.

P N Venkatachalam
Independent Director

P N Venkatachalam has over four decades of experience in the banking sector in India and abroad and has also worked in the banking and finance verticals of the software industry.

He joined State Bank of India in 1967 and retired in 2004 as its Managing Director. He was a member of the Interim Pension Fund Regulatory Authority of India.

He holds a Master's degree in Economics and is a Certified Associate from the Indian Institute of Bankers.

Berjis Desai
Independent Director

Berjis Desai has rich experience, spanning over three decades. He retired as the Managing Partner of J. Sagar Associates, one of India's leading law firms and is now an independent legal counsel engaged in Private Client Practice viz. Taxation & Estate Planning, Family Arrangement & Resolutions and Wills.

He has varied experience in the legal field, with a specialisation in Corporate Law, Mergers & Acquisitions, Derivatives, Securities & Financial Laws, International Business Laws and International Commercial Arbitration.

He holds a Master's degree in Law from the University of Cambridge, UK.

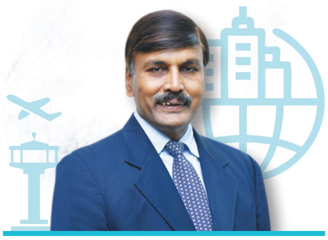
Navtej S. Nandra
Independent Director

Navtej S. Nandra has over three decades of global growth, transformation and governance experience.

He serves on various boards including Edelweiss Group, Cadence, OakNorth Bank, Pidilite USA, Center for Governance, Institutions and Organisations. He is a venture partner at Secocha and a distinguished visiting fellow at the National University of Singapore's Business School.

In the past, he was President of E*TRADE and Head of International for Morgan Stanley Investment Management. He has handled individual contributor roles in various funds, Executive Committee roles at Merrill Lynch across Wealth Management and Investment Banking and was Partner at BoozAllen & Hamilton. He has also served on various boards including MS Huaxin Fund Management and Nuveen Investments.

He has a Post Graduate Diploma from the Indian Institute of Management, Ahmedabad and holds a Bachelor of Commerce (Hons.) degree from Shri Ram College of Commerce, New Delhi.



Kunnasagaran Chinniah
Independent Director

Kunnasagaran Chinniah has more than three decades of experience in the financial sector. He is presently a Director of Changi Airport International, Keppel Infrastructure Trust, Azalea Asset Management, Hindu Endowments Board, Singapore and several other companies.

Kunnasagaran joined GIC Special Investments (GIC SI) in 1989 and after having served the company in various capacities, he retired as the Managing Director/Global Head of Portfolio Strategy.

He is a Chartered Financial Analyst and his other academic qualifications include a Bachelor's degree in Electrical Engineering from the National University of Singapore and an MBA from the University of California, Berkeley.

Biswamohan Mahapatra
Independent Director

Biswamohan Mahapatra's career spans over three decades. He retired as an Executive Director of the Reserve Bank of India (RBI) in August 2014.

At RBI, he was in charge of banking regulation, policy and supervision. Post retirement, he was an Advisor to the RBI on the new bank licensing process. He has represented RBI at various national and international forums and chaired several RBI committees. He was also the Member-Secretary to the Committee set up to introduce a financial holding company structure in India and was also involved in the formulation of Basel II and Basel III regulations.

He also serves as an Independent Director on the boards of various companies and was re-appointed as the Non-Executive Chairman of National Payments Corporation of India.

He holds a Master of Science in Management (MSM) degree from the Arthur D. Little Management Education Institute, Cambridge, USA and an MBA from the University of Delhi.

Ashok Kini
Independent Director

Ashok Kini has over four decades of experience in the financial services industry. He joined State Bank of India as Probationary Officer in 1967, holding key positions before retiring as the Managing Director in 2005. In addition to the Edelweiss Financial Services Limited Board, Ashok is on the Board of Edelweiss Asset Reconstruction Company Limited, a subsidiary of the Company since November 2011.

He has, throughout his career, held important board-level positions across numerous corporates in India Inc., namely IndusInd Bank Limited, SBI Capital Markets Limited, UTI Trustee Company Pvt. Ltd. and Gulf Oil Lubricants India Limited, to name a few.

He holds a Bachelor's degree in Science from Mysore University and a Master's degree in English Literature from Madras Christian College, Chennai.

Dr. Ashima Goyal
Independent Director

Dr. Ashima Goyal has over three decades of experience. She is a professor at the Indira Gandhi Institute of Development Research, a part-time member of the Economic Advisory Council to the Prime Minister and also serves as an Independent Director at IDBI Bank.

She is a specialist in the areas of open economy macroeconomics, international finance, institutional economics and development economics. She has been a visiting fellow at the Economic Growth Centre, Yale University, USA and a Fulbright Senior Research Fellow at Claremont Graduate University, USA.

An MPhil, MA and BA in Economics from the University of Delhi, she also holds a PhD in Economics from the University of Mumbai.

Anita M. George
Non-Executive
Non-Independent Director

Anita Marangoly George has over three decades of experience. She is Executive Vice-President, Strategic Partnerships – Growth Markets, CDPQ. She joined CDPQ as the Managing Director, South Asia in April 2016.

Prior to joining CDPQ, she was Senior Director of the World Bank's Energy and Extractive Industries Global Practice. She also held the position of Director, Infrastructure and Natural Resources of the International Finance Corporation, a member of the World Bank Group and Head of Siemens Financial Services in India. Her various roles have led her to work in several regions of the world, including Europe, Asia, the Middle East and Africa.

She holds a BA in Economics and Spanish from Smith College, Massachusetts, a Master's degree in Economics and an MBA in Finance from Boston University.

Board Composition is as on March 31, 2020

Company Information

Board of Directors

Mr. Rashesh Shah
Mr. Venkatchalam Ramaswamy
Mr. Himanshu Kaji
Mr. Rujan Panjwani
Ms. Vidya Shah
Mr. P. N. Venkatachalam
Mr. Berjis Desai
Mr. Navtej S. Nandra
Mr. Kunnasagaran Chinniah
Mr. Biswamohan Mahapatra
Mr. Ashok Kini
Dr. Ashima Goyal
Ms. Anita M. George
(resigned w.e.f. July 13, 2020)

Chief Financial Officer

Mr. S. Ranganathan

Company Secretary

Mr. B. Renganathan

Statutory Auditors

M/s. S. R. Batliboi & Co. LLP,
Chartered Accountants

Registered Office

Edelweiss House, Off C.S.T. Road,
Kalina, Mumbai - 400 098.
CIN: L99999MH1995PLC094641
Tel: +91 22 4063 5445/58/4086 3535
Email: efsl.shareholders@edelweissfin.com
Website: www.edelweissfin.com

Registrar & Share Transfer Agent

Link Intime India Pvt. Ltd.
C-101, 247 Park, L.B.S. Marg,
Vikhroli (W) - 400 083.
Tel: +91 22 4918 6270
Fax: +91 22 4918 6060
Email:rnt.helpdesk@linkintime.co.in
Website: www. linkintime.co.in

Edelweiss Presence

447 offices covering
~1.45 million clients

Bankers

- Andhra Bank
- Bank of India
- Axis Bank
- Central Bank of India
- Corporation Bank
- DCB Bank
- HDFC Bank
- IDBI Bank
- IDFC Bank
- Citibank N.A.
- Karur Vysya Bank
- Kotak Mahindra Bank
- Punjab & Sind Bank
- South Indian Bank
- State Bank of India
- ICICI Bank
- Syndicate Bank
- UCO Bank
- Union Bank of India
- Indian Bank
- IndusInd Bank
- Yes Bank
- Allahabad Bank
- Bank of Baroda
- Bank of Maharashtra
- Canara Bank
- RBL Bank
- Standard Chartered Bank
- The Federal Bank
- Karnataka Bank
- Lakshmi Vilas Bank
- Oriental Bank of Commerce
- Punjab National Bank
- Catholic Syrian Bank
- Equitas Small Finance Bank
- DBS Bank
- Indian Overseas Bank
- United Bank of India
- AU Small Finance Bank
- SBM Bank (Mauritius) Ltd
- Bandhan Bank
- Saraswat Bank
- HSBC Bank
- Kotak Bank
- Fincare Small Finance Bank Ltd
- SBM Bank (India) Ltd.
- Dhanlaxmi Bank Ltd
- Ujjivan Small Finance Bank Ltd

Major Cities:

Domestic

- Agra
- Ahmedabad
- Ajmer
- Allahabad
- Ambala
- Amritsar
- Anand
- Aurangabad
- Bengaluru
- Bhavnagar
- Bhillai
- Bhopal
- Bhubaneshwar
- Bilaspur
- Chandigarh
- Chennai
- Coimbatore
- Cuttack
- Dehradun
- Dhanbad
- Erode
- Gandhinagar
- Ghaziabad
- Gorakhpur
- Gurgaon
- Guwahati
- Hyderabad
- Indore
- Jabalpur
- Jaipur
- Jalandhar
- Jammu
- Jamnagar
- Jamshedpur
- Jodhpur
- Junagadh
- Kanpur
- Karnal
- Kochi
- Kolhapur
- Kolkata
- Kottayam
- Kurnool
- Lucknow
- Ludhiana
- Madurai
- Mangalore
- Meerut
- Mehsana
- Mumbai
- Muzaffarpur
- Mysore
- Nagpur
- Nashik
- Navi Mumbai
- New Delhi
- Noida
- Panipat
- Panjim
- Patiala
- Patna
- Pondicherry
- Pune
- Raipur
- Rajkot
- Ranchi
- Rourkela
- Mathura
- Salem
- Secunderabad
- Shimla
- Siliguri
- Silvassa
- Surat
- Thane
- Thanjavur
- Tirunelveli
- Tirupathi
- Tirupur
- Trichy
- Trivandrum
- Udaipur
- Vadodara
- Vapi
- Varanasi
- Vellore
- Vijayawada
- Vizag
- Warrangal

International

- Dubai
- Hong Kong
- Mauritius
- New York
- Singapore
- London

Board's Report

To the Members of Edelweiss Financial Services Limited,

Your Directors hereby present the 25th Board's Report on the business, operations and state of affairs of the Company together with the audited financial statement for the year ended March 31, 2020:

FINANCIAL HIGHLIGHTS

I. Consolidated Financial Performance:

(₹ in million)

	2019-20	2018-19
Total Revenue	96,026.29	1,11,612.29
Total Expenses	1,20,592.81	94,217.18
Profit / (Loss) before share in profit of associates and tax	(24,566.52)	17,395.11
Share in profit / (loss) of associates	-	41.99
Profit / (Loss) before tax	(24,566.52)	17,437.10
Tax expense	(4128.80)	6,993.41
Net Profit / (Loss) for the year	(20,437.72)	10,443.69
Other Comprehensive Income	4,726.42	573.35
Total Comprehensive Income / (Loss)	(15,711.30)	11,017.04
Profit / (Loss) for the year attributable to		
Owners of the parent	(20,452.45)	9,951.66
Non-controlling interests	14.73	492.03
Other Comprehensive Income for the year attributable to		
Owners of the parent	4,241.54	384.13
Non-controlling interests	484.88	189.22
Total Comprehensive Income/(Loss) for the year attributable to		
Owners of the parent	(16,210.91)	10,335.79
Non-controlling interests	499.61	681.25
Earnings per share (₹) (Face value ₹ 1 each)		
Basic	(23.01)	11.28
Diluted	(23.01)	11.09

II. Standalone Financial Performance:

(₹ in million)

	2019-20	2018-19
Total Revenue	2,590.06	3,203.75
Total expenses	1,794.59	2,144.48
Profit before tax	795.47	1,059.27
Tax expenses	(30.32)	30.49
Profit for the year	825.79	1,028.78
Other Comprehensive Income	(0.47)	0.82
Total Comprehensive Income/ (Loss)	825.32	1,029.60
Earnings Per Share (₹) (Face Value of ₹ 1 each)		
Basic	0.93	1.17
Diluted	0.92	1.15

SHARE CAPITAL

During the year under review, 17,39,438 Equity Shares of face value of ₹1 each were allotted on exercise of the Options granted under various Employee Stock Incentive Plans of the Company. Consequently, as at March 31, 2020, the total paid-up share capital of the Company stood at ₹ 934.41 million divided into 93,44,09,002 Equity Shares of ₹1 each.

The disclosures with regard to the Employee Stock Options and Stock Appreciation Rights as required under the SEBI (Share Based Employee Benefits) Regulations, 2014 is available on the website of the Company at the link: www.edelweissfin.com. Pursuant to Regulation 43A of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Dividend Distribution Policy is provided as Annexure I to this Report and is also available on the website of the Company at the link: www.edelweissfin.com.

INFORMATION ON THE STATE OF AFFAIRS OF THE COMPANY

Information on the operational and financial performance, amongst others, is given in the Management Discussion and Analysis Report, forming part of this Annual Report and is in accordance with the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

The impact of the COVID -19 pandemic on the Group, including credit quality and provisions, remains uncertain and dependent on the current and further spread of COVID -19, steps taken by the Government and the Reserve Bank of India (RBI) to mitigate the economic impact and also the time it takes for economic activities to resume and reach the normal levels. In accordance with the regulatory package announced by RBI, the Group has granted a moratorium initially for period of 3 months and extended the same for a further period of 3 months.

The Group has assessed the impact of the COVID-19 pandemic on its liquidity and ability to repay its obligations as and when they are due. Based on the same and necessary stress tests undertaken considering various scenarios, the Group will be able to meet its obligations as and when these become due in the foreseeable future. The Group would continue to focus on maintaining adequate capital and ensuring liquidity during current period and for the period going forward.

ABRIDGED FINANCIAL STATEMENT

In terms of the provisions of Section 136 of the Companies Act, 2013, the abridged Financial Statement as at March 31, 2020 and the Auditors' Report on the abridged Financial Statement forms part of this Annual Report. Full version of the Annual Report with unabridged financial statement is available on the website of the Company at the link: www.edelweissfin.com and will also be made available to the Members of the Company on request.

SUBSIDIARIES AND ASSOCIATES

During the year under review, the following companies ceased to be subsidiaries of the Company with effect from November 29, 2019, consequent to their merger with ECap Equities Limited, a wholly owned subsidiary of the Company:

- Edelweiss Holdings Limited
- Alternative Investment Market Advisors Private Limited
- Edelweiss Trustee Services Limited

Edelweiss Securities Trading and Management Private Limited merged with Edelweiss Securities and Investments Private Limited and consequently ceased to be a subsidiary w.e.f. November 29, 2019.

With effect from November 12, 2019, EW India Special Asset Advisors LLC, was dissolved and ceased to be a subsidiary.

During the year, under review ESL Securities Limited was incorporated on October 1, 2019 as a subsidiary of the Company.

The salient features of the financial statement of each of the subsidiaries and the associates as required under the Companies Act, 2013 is provided in the consolidated financial statement in Form AOC-1. The financial statement of the subsidiary companies are available on the website of the Company at the link: www.edelweissfin.com. Any member interested in obtaining a copy of a financial statement of the subsidiaries may write to the Company Secretary, at the Registered Office of the Company.

LOANS, INVESTMENTS AND GUARANTEES

Particulars of loans given, investments made, guarantees given and securities provided, if any, are reported in the financial statement.

RELATED PARTY TRANSACTIONS

Particulars of contracts or arrangements with the related parties as referred to in sub-section (1) of Section 188 of the Companies Act, 2013 and forming part of this Report is provided in the financial statement in Form AOC-2. All the Related Party Transactions as required under Ind AS-24 are reported in the Notes to the financial statement.

In accordance with the provisions of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Company has formulated the Related Party Transactions Policy (the Policy). The Policy is available on the website of the Company at the link: www.edelweissfin.com.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

(i) Independent Directors

Mr. Ashok Kini (DIN: 00812946) and Dr. Ashima Goyal (DIN: 00233635) were appointed as Independent Directors of the Company at the Annual General Meeting (AGM) held on July 25, 2019, to hold office for a period of three years.

In accordance with the provisions of Section 149 of the Companies Act, 2013, the Independent Directors have given a declaration that they meet the criteria of independence as provided in the said Section and also in terms of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. In the opinion of the Board of Directors of the Company, the Independent Directors are persons of integrity and possess relevant expertise, experience and proficiency as per the Act.

(ii) Executive Directors

Mr. Himanshu Kaji (DIN: 00009438) was re-appointed as an Executive Director of the Company at the AGM held on July 25, 2019, for a period of 5 years effective from November 1, 2019.

Pursuant to the recommendation of Nomination and Remuneration Committee, the Board of Directors have re-appointed Mr. Rujan Panjwani (DIN: 00237366) as an Executive Director of the Company for a period of 5 years with effect from June 24, 2021, subject to the approval of the Members of the Company in the ensuing AGM.

(iii) Other Directors

Ms. Anita M. George (DIN: 00441131) was appointed as a Non-Executive Non- Independent Director of the Company at the AGM held on July 25, 2019.

Mr. Rujan Panjwani (DIN: 00237366) and Ms. Vidya Shah (DIN:00274831) retire by rotation at the ensuing AGM and being eligible, offer themselves for re-appointment.

(iv) Key Managerial Personnel

There was no change in the Key Managerial Personnel (KMPs) during the year under review. Some of the KMPs of the Company are also the KMPs of the subsidiaries and draw remuneration from those subsidiaries.

NUMBER OF BOARD MEETINGS HELD

During the year ended March 31, 2020, the Board met 4 times.

REMUNERATION POLICY

The Company has formulated a Remuneration Policy (the Policy) pursuant to Section 178 of the Companies Act, 2013 and the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. The Policy is provided as Annexure II to this Report.

EVALUATION OF THE PERFORMANCE OF THE BOARD

A Board Evaluation Policy (the Policy) for evaluating the performance of the Board, its Committees, the Chairman, the Managing Director, the Executive Directors, the

Non-executive Directors and the Independent Directors has been adopted by the Company.

The Policy inter alia provides the criteria for performance evaluation such as Board effectiveness, quality of discussion, contribution at the meetings, business acumen, strategic thinking, time commitment, relationship with the stakeholders, corporate governance practices, review of the terms of reference of the Committees and the contribution of the Committees to the Board in discharging its functions.

A meeting of the Independent Directors was held wherein, the Independent Directors evaluated the performance of the Non-Independent Directors, performance of the Board as a whole and also that of the Chairman in terms of the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

INTERNAL FINANCIAL CONTROLS AND RISK MANAGEMENT

The Company has in place adequate internal financial controls with reference to financial statement. The Company's internal control system is designed to ensure operational efficiency, protection and conservation of resources, accuracy and promptness in financial reporting and compliance with laws and regulations. The internal control system is also supported by an internal audit process.

Risk management is an integral part of the Company's business strategy that seeks to minimize adverse impact on business objectives and capitalise on opportunities. The Risk Committee oversees the risk management framework of the Company through regular and proactive intervention by identifying risks and formulating mitigation plans. Also refer to the Management Discussion and Analysis Section forming part of this Annual Report.

AUDIT COMMITTEE

The Audit Committee comprises of:

Mr. P. N. Venkatachalam (Chairman)	Independent Directors
Mr. Berjis Desai	
Mr. Biswamohan Mahapatra	
Mr. Kunnasagaran Chinniah	

WHISTLE BLOWER POLICY/ VIGIL MECHANISM

The Company has adopted a Whistle Blower Policy (the Policy) for the Directors and employees to report genuine concerns/grievances. The Policy is available on the website of the Company at the link: www.edelweissfin.com .

The Policy provides for adequate safeguards against the victimisation of the employees who use the vigil mechanism. The vigil mechanism is overseen by the Audit Committee.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Board of Directors has constituted a Corporate Social Responsibility (CSR) Committee in accordance with the provisions of the Companies Act, 2013. The CSR Committee comprises of:

Mr. Venkatchalam Ramaswamy (Chairman)	Executive Directors
Mr. Himanshu Kaji	
Mr. Rujan Panjwani	
Mr. P. N. Venkatachalam	Independent Director

The Company has made contributions under Corporate Social Responsibility mainly through its philanthropic arm Edelgive Foundation, a subsidiary of the Company. The CSR Projects of the Company focus broadly on sustainable livelihood, quality education, women empowerment etc.

CSR Report

The CSR Report on the activities undertaken during the year is provided as Annexure III to this Report. The CSR Policy is available on the website of the Company at the link: www.edelweissfin.com .

AUDITORS

At the 23rd AGM of the Company held on July 26, 2018, the Members had appointed M/s. S. R. Batliboi & Co. LLP (Firm Registration No. 301003E/E300005), as the Auditors of the Company for a term of 5 years and to hold office until the conclusion of the 28th AGM to be held in the year 2023. The Auditors' Report annexed to the financial statement for the year under review does not contain any qualification, reservation, adverse remark or disclaimer.

SECRETARIAL AUDIT REPORT

M/s. BNP & Associates, Company Secretaries, were appointed as the Secretarial Auditors, to conduct the Secretarial Audit for the financial year ended March 31, 2020. The Report of the Secretarial Auditor is provided as Annexure IV to this Report. The Secretarial Audit Report does not contain any qualification, reservation, adverse remark or disclaimer.

As required under the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Secretarial Audit Report of Edelweiss Tokio Life Insurance Company Limited, the Material Unlisted Subsidiary of the Company for the year ended March 31, 2020 forms part of this Annual Report.

PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

The Company has a Policy on Prevention of Sexual Harassment of Women at Workplace. No cases were reported during the year under review. There were no complaints pending as on March 31, 2020. The Company has complied with the provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS/OUTGO

A. Conservation of energy

i. The steps taken or impact on conservation of energy – The operations of your Company are not energy intensive. However, adequate measures have been initiated for conservation of energy wherever possible.

ii. The steps taken by the Company for utilising alternate sources of energy – though the operations of the Company are not energy intensive, the Company explores alternative sources of energy, as and when the necessity arises.

iii. The capital investment on energy conservation equipments – Nil.

B. Technology absorption

i. The efforts made towards technology absorption – The minimum technology required for the business has been absorbed.

ii. The benefits derived like product improvement, cost reduction, product development or import substitution – Not Applicable.

iii. In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) – Not Applicable.

(a) the details of technology imported;

(b) the year of import;

(c) whether the technology has been fully absorbed;

(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and

iv. The expenditure incurred on Research and Development – Not Applicable.

C. Foreign exchange earnings and outgo

Foreign exchange earnings and outgo (including dividend) during the year under review were ₹ 196.90 million (previous year ₹ 118.60 million) and ₹ 29.40 million (previous year ₹ 52.70 million) respectively.

OTHERS

No disclosure is required in respect of the details relating to the deposits covered under Chapter V of the Companies Act, 2013, as the Company has not accepted any deposit. There was no significant or material order passed by any regulator or court or tribunal which would impact the status of the Company as a going concern and the operations in future. The Company has complied with the Secretarial Standards issued by the Institute of Company Secretaries of India.

ANNUAL RETURN

In accordance with the provisions of Section 92 of the Companies Act, 2013 and the Rules framed thereunder, the extract of the

Annual Return in Form MGT- 9 and the Annual Return for the financial year 2019-20 is available on the website of the Company at the link https:// www.edelweissfin.com .

DISCLOSURE UNDER SECTION 197 OF THE COMPANIES ACT, 2013

The information as required under Section 197 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, forms part of this Annual Report.

Disclosures as required under Rule 5(1) of the aforesaid Rules are provided as Annexure V to this Report. In terms of the provisions of Section 136 of the Companies Act, 2013, any member interested in obtaining a copy of information under Rule 5(2) of the aforesaid Rules, may write to the Company Secretary, at the Registered Office of the Company.

CORPORATE GOVERNANCE

Pursuant to the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Report on Corporate Governance together with the certificate issued by M/s. BNP & Associates, Practicing Company Secretaries, on compliance in this regard forms part of this Annual Report.

A Business Responsibility Report pursuant to the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 is provided as Annexure VI to this Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134 of the Companies Act, 2013, the Directors confirm that:

i) in the preparation of the annual accounts, the applicable accounting standards have been followed;

ii) such accounting policies have been selected and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2020 and the profit of the Company for the financial year ended on that date;

iii) proper and sufficient care had been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv) the annual accounts have been prepared on a going concern basis;

v) internal financial controls have been laid down and the same are adequate and were operating effectively; and

vi) proper systems had been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

ACKNOWLEDGEMENTS

The Board of Directors acknowledge the valuable guidance and continued support extended by the Securities and Exchange Board of India, the Reserve Bank of India, Stock Exchanges, Insurance Regulatory and Development Authority of India, Ministry of Corporate Affairs, other government authorities, Banks and other stakeholders. Your Directors would also like to take this opportunity to express their appreciation for the dedicated efforts of the employees of the Company.

For and on behalf of the Board of Directors
Edelweiss Financial Services Limited

Rashesh Shah
Chairman, Managing Director & CEO
DIN: 00008322
July 04, 2020

Management Discussion & Analysis

MACRO ECONOMY: REVIEW AND OUTLOOK

The global economy had been enjoying a modest recovery on the back of the US Fed's balance sheet expansion since late 2019, until it encountered a speed breaker in the form of the Covid-19 pandemic.

The Indian economy was stabilising post the economic slowdown, owing to large liquidity injections from the Reserve Bank of India (RBI). Systemic liquidity has been running in surplus in the last twelve months. On the reforms front, India made considerable progress with a reduction in corporate tax rates.

On the monetary policy front, the RBI has been accommodative by cutting policy rates by 250 bps since April 2019. It indicated in its announcement on May 22, 2020 that post the pandemic, real GDP is likely to contract in FY21 and hinted that if inflation progresses as per expectation, it will open up more room for rate cuts.

On the fiscal front, the Government maintained fiscal prudence in FY20, though the recent stimulus package would cause a dent. This has resulted in India's macro stability being significantly anchored. From being a current account deficit country, India is on its path to having a current account surplus.

With the ongoing Covid-19 crisis, operating conditions are challenging in the near term with the FY20 GDP growth at 4.2% and real GDP likely to slip into negative territory in FY21. Bringing back the economy on a growth path would be arduous. However, we see two big opportunities for India. First, the sharp fall in oil prices. Second, the global narrative to diversify facilities from China. In this context, it is important that we capitalise on these opportunities.

Covid-19 and Macro-Economy:

- The macroeconomic and financial conditions are austere
- The global economy is inexorably headed into recession
- The combined impact of demand compression and supply disruption will depress economic activity in H1FY21
- Given all the uncertainties, GDP growth in 2020-21 is estimated to remain in the negative territory, with some pick-up in growth impulses from H2FY21 onwards

(Source: RBI Governor's Statement dated May 22, 2020)

Overall Outlook

While the near-term outlook post lockdown is clouded with challenges, we believe that the medium-term looks brighter. As developed markets continue with fiscal and monetary expansion, emerging markets will benefit significantly on the exports front. In this context, India could potentially be a big winner. On the flip side, however, a prolonged Covid-19 crisis across the world has the potential to play spoilsport. Therefore, it is expected that while economic activity will remain muted in FY21, it should gradually start to gain traction.

INDUSTRY STRUCTURE AND DEVELOPMENTS

NBFC Industry

The past few quarters have been volatile for Non-Banking Financial Companies (NBFCs) triggering fear of a liquidity crisis. However, this fear has remained largely unfounded as most players were well-capitalised to handle any short-term market dislocation. Although, funding did become more expensive in this backdrop. As a result, risk appetite waned, impacting growth of the NBFC sector, as it focused more on liquidity management rather than asset growth.

Going forward, while the segment is not entirely out of the woods, comfortable capital position, control on asset quality and strengthened liquidity management practices will continue to provide comfort.

Retail Finance

India has one of the lowest credit penetration among larger economies and retail credit presents a large growth opportunity driven by long-term trends in democratisation of credit, rising household income and increased consumption. However, current challenges turn the consumption-driven story on its head.

Asset financing and consumption financing may be subdued as lenders focus on existing customers before they embark upon a growth trajectory again.

Asset Reconstruction Industry

Asset Reconstruction Companies (ARCs) play a significant part by not only purchasing Non-Performing Assets (NPAs) from the banking system, but also by helping companies restructure and revive, while putting productive assets back into the mainstream economy.

For ARCs, the end of FY20 turned challenging due to Covid-19, which impacted recovery from potential assets. At the same time, as the lenders registered higher delinquencies, this increased the pool of assets for acquisition by ARCs.

At the end of FY20, AuM of ARCs, as per market estimates, was ~₹1.1 trillion, with underlying Gross Loans of ~₹4 trillion.

Wealth Management

Financialisation of assets, democratisation of wealth and increasing sophistication are some of the key emerging trends in the Indian wealth management industry in the medium-term.

Investors are increasingly becoming more aware. Coupled with structurally low interest rates and increased investment choices, they are willing to explore newer options. Simultaneously, UHNIs and affluent clients are keen to look at sophisticated investment strategies and turn towards more personalised investment advisory services in their quest for higher yields which augurs well for the industry.

Asset Management

The asset management industry in India offers mutual funds and alternative investment funds (AIFs). Mutual funds' AuM recorded a negative growth of ~6% and stood at ₹22.26 trillion as on March 31, 2020, compared to ₹23.80 trillion a year ago, due to higher redemptions and fall in indices (Source: AMFI reports).

Alternative assets funds in the structured credit, distressed assets and real estate space also saw lower inflows of ~US$4.5 billion during the year, compared to ~US$7.5 billion in FY19. Their AuM stands at ~US$44.5 billion at the end of this year in India.

Capital Markets

FY20 was a volatile year for equity markets. Nifty scaled lifetime highs after the ruling Government came back for a second term with a larger majority. Corporate tax cuts also supported Indian equity markets. However, all the gains were wiped off as the world grappled with the Covid-19 pandemic. Nifty declined by 26% in FY20, as compared to +15% in FY19.

For the debt capital markets, overall risk aversion persisted with sub-AAA spreads remaining elevated.

As a result of the above, the issuance volume in the debt capital markets came down in FY20. Public issuance of bonds, which stood at ₹368 billion in FY19, fell to ₹150 billion in FY20 (Source: Prime Database).

Life Insurance

The life insurance sector in India suffers from a low level of penetration at 2.7% and per capita insurance density of only US$55, while global insurance penetration stands at 3.3% with a density of US$370 (Source: IRDAI Annual Report 2019).

In FY20, the individual Annualised Premium Equivalent (APE) growth of the industry dropped to 6%, compared to 9% in FY19, with APE of ₹735 billion in FY20, compared to ₹692 billion in FY19. The private sector life insurers recorded a growth of 5% and their Individual APE market share dropped marginally from 58% in FY19 to 57% in FY20 (Source: Life Insurance Council).

We believe that the structural story for life insurance remains intact and may receive a Covid-driven boost in focusing customer needs on protection.

General Insurance

The general insurance industry continued to show promise in FY20, despite the slowdown observed in March 2020. However, growth prevailed for the year under review with private general insurance players leading the charge at ~12% growth and continuing to marginally increase their share further to 48.2% in FY20. For private general insurers, Motor Third Party Liability and Group Health segments drove growth, with an increase of ~22% and ~32% respectively, during the year (Source: IRDAI).

The year also saw many regulatory changes in the product space with a focus on enhancing transparency and inclusivity in health insurance and encouraging overall innovation. The progressive regulatory regime, along with new players leveraging a tech-led operating model, aided the introduction of new products, partnerships and business models, which augurs well for the industry, as well as consumers.

EDELWEISS OVERVIEW

A DIVERSIFIED FINANCIAL SERVICES GROUP

We started from a small footprint in the area of investment banking and advisory services, 25 years ago. Today, we are present in four business verticals: Credit, Wealth & Asset Management, Asset Reconstruction and Insurance helping around 1.45 million customers fulfil their dreams and aspirations.

EDELWEISS STRATEGY

Edelweiss's growth over last two decades is a result of a relentless focus on building capabilities to service diverse customer segments with bespoke products to suit their needs, building a leadership pool and developing culture and agility to adapt to the ever-changing environment. At a broader level, our strategy and key business tenets continue to be **profitability, scalability, sustainability, management quality** and **governance,** converging four vectors - customer needs, cost, people and careful use of capital.

Over the years, Edelweiss has also demonstrated its ability to reinvent itself at the turn of each economic and business cycle and emerge stronger. Every setback is an opportunity to recalibrate. We are confident that while FY20 has been a stressful year for all of us, armed with a time-tested strategy and a resilient diversified business model, we shall overcome and return to the path of growth, sooner rather than later.

EFSL FINANCIAL PERFORMANCE HIGHLIGHTS

Over the last 25 years, we have experienced various growth phases and downturn cycles in our journey. While we were in the midst of a scale-up phase, economic downturn coupled with a general risk aversion towards NBFCs in the recent past and pandemic-related impact have resulted in a cyclical blip in our performance. At the same time, following our long-term growth strategy, we use the downtime to invest in strengthening our organisation and enhancing our infrastructure. As we gain scale, we are grateful to all stakeholders for helping us build this robust platform.

CONSOLIDATED RESULT – FY20

A summary of EFSL's consolidated FY20 financial performance and its comparison with FY19 performance is as under:

Total Revenue
₹96.03 billion
(₹111.61 billion for FY19),
down 14%

Profit/(Loss) post Tax and Minority
₹**(20.45) billion**
(₹9.95 billion for FY19)

Group Net Worth
₹72.07 billion
(₹87.15 billion for FY19),
down 17%
(includes minority interest)

Diluted EPS
₹**(23.01)**
(₹11.09 for FY19)
(FV ₹1)

Book Value per Share
₹68.90
(₹86.48 at the end of FY19)
(FV ₹1)

The Group Net Worth is ₹85.41 billion as on March 31, 2020, including the investment by Caisse de dépôt et placement du Québec, Kora Management and Sanaka in equity convertible instruments.

FINANCIAL HIGHLIGHTS

INCOME

Total revenue for FY20 was ₹96.03 billion compared to ₹111.61 billion for FY19, a drop of 14%. Out of this, interest income, which constitutes the largest component of the revenues, was ₹59.02 billion for FY20 (₹68.38 billion FY19), down 14%. The drop in interest income reflects the degrowth in credit book during the year, as explained later in this report.

Fee & commission revenue was marginally lower at ₹20.99 billion for FY20 (₹21.33 billion FY19) because of the subdued market environment, despite scaling up of various Advisory businesses.

The Net Interest Income for FY20 was ₹11.09 billion (₹20.55 billion FY19), down 46%, due to interest income being lower in FY20, whereas the interest and finance cost was flat compared to FY19. Though the overall borrowings at the end of FY20 were lower compared to the previous year, interest and finance cost did not decrease correspondingly in FY20, due to overall increase in the cost of borrowings for NBFCs in general, following the liquidity squeeze and increased risk aversion.

The Net Revenue for FY20 was ₹48.10 billion (₹63.78 billion FY19), down 25%, mainly due to lower revenues and finance cost not falling commensurate with the fall in borrowings as explained above and higher credit impairment and expected credit loss as explained under Expenses below.

Insurance business recorded a net premium of ₹10.57 billion for FY20 (₹8.84 billion FY19), a growth of 20%.

Presence in large and emerging opportunities in India has helped us diversify our earnings base to be able to withstand volatility in the market during the year.

EXPENSES

Total costs for FY20 was ₹120.59 billion (₹94.22 billion FY19), up 28%. Within total costs, other operating expenses fell by 7% in FY20, as we controlled costs during the challenging environment, despite continuing to invest in scaling up younger retail businesses.

Employee expenses declined by 15% in FY20 as we witnessed an overall reduction in our head count in view of the tough business environment that was not conducive to growth. We saw a fall of about 684, decline of ~6%, in our employee strength during FY20 taking the year-end head count to 10,726.

Finance cost was flat at ₹47.93 billion for FY20 compared to ₹47.83 billion a year ago, despite lower borrowings during FY20 caused by the resources crisis for the NBFC industry. The cost of funding thus went up in FY20, despite RBI reducing rates in the year, due to risk aversion of lenders towards NBFCs. At the end of FY20, borrowings were lower at ₹366.57 billion compared to ₹461.48 billion a year ago, degrowth of 21%. Liquidity crunch resulted in repayment of maturing borrowings from Mutual Funds without rollover. In this environment, we considered it prudent to focus more on risk management rather than asset growth. During the year, we considered it judicious to maintain an adequate level of available liquidity in view of the volatile environment though it resulted in a negative carry.

While other expenses and employee expenses were lower and finance cost flat in FY20, the reason for an overall 28% increase in total expense was due to higher impairment cost on financial instruments and change in valuation of credit impaired loans. During the quarter ended March 31, 2020, we completed re-assessment of the probability of default loss, with respect to exposures to certain sectors that were experiencing operational challenges. Credit and market risks for certain counter parties increased significantly, relative to such risks at initial recognition, resulting in recognition of higher amount of expected credit losses and gain/loss on fair value changes for the quarter ended March 31, 2020. Our judgement for expected credit losses and gain/loss on fair values changes has been accentuated on account of factors caused by the Covid-19 pandemic. Accordingly, for the quarter ended March 31, 2020, we have recorded an amount of ₹26.24 billion towards expected credit losses, write-offs, loss on sale to ARC Trusts and Funds and net loss on fair value changes. Total impairment cost for FY20, including Covid-related impairment, was ₹35.62 billion. As a result of our conservative approach, as well as upfronting expected credit loss arising out of Covid-19, we have recorded higher impairment and expected credit costs as above, leading to the overall 28% rise in total expenses in FY20, over the previous year.

PROFIT AFTER TAX (PAT)

Profit/(Loss) post Tax and Minority for FY20 was ₹(20.45) billion compared to ₹9.95 billion for FY19, which was mainly due to 14% decline in revenues and total expense being higher by 28%, on the back of our decision to take credit cost upfront, rather than spreading it over several quarters, amid challenging business environment as explained above. These, along with the cost of maintaining adequate available liquidity during FY20, mainly contributed to the decline in profitability.

Business-wise Analysis of Profitability

Operations of Edelweiss are organised around the following **four business groups:**

- **Credit business,** including Retail Credit and Corporate Credit,
- **Edelweiss Global Investment Advisors (EGIA),** which includes Wealth Management and Asset Management,
- **Asset Reconstruction,** and
- **Insurance,** including Life and General Insurance.

The business-wise financial data for FY20 as on March 31, 2020 is as under:

₹ in billion

Business	End of Period Pre MI Equity	% Share in Net Revenue	Pre MI PAT/(Loss)
Credit	46.80	32%	(14.20)
Wealth & Asset Management	11.60	28%	1.85
ARC	20.35	10%	3.06
Insurance	8.74	30%	(3.67)

While the Credit business has been a significant driver of growth in profits in the past, the Advisory businesses, backed by investment in these businesses over the last few years, have steadily scaled up during FY20. However, economic downturn, exacerbated by the pandemic related dislocation, resulted in higher credit costs, which we decided to take upfront. In addition, as fresh resource raising became a challenge due to risk averse attitude of lenders towards the NBFC sector, the book had to be allowed to run down in order to ensure that the maturing liabilities were repaid on time. Similarly, asset quality challenges in the wholesale credit book necessitated selling down part of the book to improve our asset quality. This resulted in higher provisions and lower revenue for the Credit business impacting its profitability this year. Thus, while our Credit business faced challenges, other businesses including Wealth Management & Asset Management, ARC, Life Insurance and General Insurance continued to perform relatively well despite a not so ideal economic environment.

Balance Sheet

The effective Balance Sheet size (Borrowings plus Net Worth) at the end of FY20 was ₹438.64 billion. Total Net Worth, including minority interest, was lower at ₹72.07 billion as on March 31, 2020, compared to ₹87.15 billion as on March 31, 2019, mainly due to markdown/provisions related to credit assets and other Covid-19 impact. Borrowings as on March 31, 2020 were lower at ₹366.57 billion (₹461.48 billion as on March 31, 2019), reflecting the degrowth in credit book.

The Balance Sheet as on March 31, 2020 comprises credit book assets at ₹210.32 billion, securities investments at ₹102.52 billion, treasury & other investments at ₹92.02 billion and other assets at ₹33.78 billion.

Covid-19 and Edelweiss:

- Digital operating model enabled seamless business as usual during lockdown in all of our businesses
- Liquidity management stood out, despite the volatility
- Credit book markdown in Q4 amplified by Covid-related provisioning
- We have taken a conscious decision to take credit costs upfront instead of over several quarters
- People practices swiftly adapted to the new normal in the way of working with the help of technology
- Edelweiss culture shone brightly during this crisis with high levels of adaptability, resilience, ownership and commitment to serve the needs of customers

Capital Raise during FY20

Despite the gloom and doom scenario of the NBFC landscape in the country during FY20, one of the most heartening features for Edelweiss was that we could still raise capital for our Credit and Advisory businesses from diverse investors.

We received equity infusion of US$150 million (₹10.4 billion) from CDPQ in our flagship NBFC subsidiary ECL Finance during Q1FY20, as the first tranche of an overall investment of US$250 million (~₹18 billion).

Next, on August 14, 2019, we announced that US-based Kora Management will be investing up to US$125 million (~₹8.75 billion) in Edelweiss Group, including US$75 million (~₹5.25 billion) in Edelweiss Global Investment Advisors (EGIA), the Group's investment advisory business, subject to structuring related milestones. Finally, on November 12, 2019, we announced that growth-focused private equity platform Sanaka Capital along with co-investors will invest up to US$75 million (~₹5.25 billion) in EGIA.

Earlier, CDPQ had also invested in the equity of EARC. With this, we now have independent businesses which are well capitalised for future growth. At the same time, we continue to evaluate the possibility of further capital raise in EGIA.

Including the amount of capital already received from these investors in the form of convertible instruments till March 31, 2020 in our networth and excluding the liquid treasury assets that we maintain for liquidity management, the Net Gearing Ratio improved to 3.5 times as on March 31, 2020 compared to 4.5 times as on March 31, 2019.

ANALYSIS OF SIGNIFICANT CHANGES IN FINANCIAL RATIOS

As per the SEBI Listing Obligations and Disclosure Requirements (LODR), we share the below additional information with respect to financial parameters that are applicable to our company:

1. Details of significant changes (i.e. change of 25% or more as compared to the immediately previous financial year) in key financial ratios:

(a) Debt Equity Ratio

The Debt Equity Ratio as on March 31, 2020 stood at 5.1 times, compared to 5.3 times as on March 31, 2019, an improvement of 4%. This was mainly due to lower borrowings of ₹366.57 billion as on March 31, 2020, compared to ₹461.48 billion as on March 31, 2019. At the same time, Net Debt Equity Ratio, as mentioned above as on March 31, 2020, stood at 3.5 times, compared to 4.5 times a year ago, an improvement of 22%.

(b) Profit before Tax Margin (%)

The Profit before Tax Margin for FY20 was negative, compared to 16.0% for FY19, due to the loss incurred during the year amidst economic downturn, NBFC funding crisis and Covid-19 pandemic.

(c) Net Profit Margin (%)

The Profit after Tax Margin for FY20 was negative, compared to 9.1% for FY19, for aforementioned reasons in case of Profit before Tax Margin decline.

Other parameters, namely Debtors Turnover, Inventory Turnover, Interest Coverage Ratio and Current Ratio are not applicable to our company.

2. Details of any changes in Return on Net Worth as compared to the immediately previous financial year:

Return on Net Worth, i.e. Return on Equity (RoE), on consolidated basis for FY20 was negative compared to 13.4% a year ago. RoE declined due to significant movement in our profitability as explained above on the back of challenging operating conditions in FY20, where risk management and strengthening the balance sheet was the prime focus.

BUSINESS SEGMENT-WISE PERFORMANCE

Brief highlights of business segment-wise performance in FY20 are as under:

CREDIT BUSINESS

Credit business of Edelweiss is a mix of diversified and scalable businesses. It consists of retail credit and corporate credit. The retail credit segment offers mortgages (including home finance, retail construction finance and loan against property), SME finance, Agri and Rural finance and ESOP and margin funding. Corporate credit business offers products like cash flow based loans and structured collaterised credit to corporates and real estate finance to developers.

Total Credit Book stands at ₹210.32 billion at the end FY20, compared to ₹361.29 billion at the end of previous year, a reduction of 42%. The book comprises retail credit of ₹109.82 billion (making up about 52% of the total book) and corporate credit at ₹100.50 billion (which is 48% of total book). The Net Interest Margin (NIM) across products for FY20 was at 5.20% (ECLF), at 7.00% (ERFL) and at 3.80% (EHFL).

The **asset quality** of the overall credit book deteriorated due to headwinds with Gross Non-Performing Loans (NPLs) at 5.32% (as per Ind AS) and Net NPLs at 4.11% (as per Ind AS) as on March 31, 2020, compared to 1.87% (as per IGAAP) and 0.83% (as per IGAAP) respectively a year ago. The specific Provision Coverage Ratio (PCR) on Gross NPLs was 23% (as per Ind AS) at the end of FY20, compared to 56% (as per IGAAP) at the end of FY19. Total Provision Cover, including the expected credit loss provision on stage I and II assets is 97% (as per Ind AS) at the end of this year, compared to 120% (as per IGAAP) at the end of FY19.

Wholesale Book Reduction

In line with our stated strategy to reduce wholesale exposure, we have reduced book size by ~₹61.28 billion from ₹161.78 billion in September 2019 to ₹100.50 billion in March 2020. We have achieved this partially through sell-downs to asset management platforms where we can organise last-mile funding like we did in November 2019 with Meritz, a Korean company for ₹12 billion.

RETAIL CREDIT BUSINESS

As a part of our long-term strategy of diversification and to focus on large, scalable retail credit opportunities in India, Edelweiss entered the business of housing finance in the year 2011. The business diversified further into small ticket housing loans, retail construction finance, loans against property (LAP), rural finance and loans to SME under the umbrella of Edelweiss Retail Credit Business.

There were three key challenges faced by the Retail Credit business in FY20 - economic slowdown, liquidity constraints and impairment in customer credit quality. However, our strong business fundamentals empowered us to stand strong even during the headwinds faced by the NBFC industry.

Retail Mortgage Finance

Retail mortgage finance caters to home buyers across India with a strong focus on the affordable housing and self-employed segments. The business is present in around 96 locations and serves a loan book of ₹65 billion as on March 31, 2020. The loan to value ratio in its home loans and LAP portfolio remained at a comfortable level.

Credit Business:

- Structural changes in our NBFC model announced earlier have been accelerated
- Starting FY21 with a clean slate – Path to Resilience
- Focus on capital light model by collaborating with Banks (Co-lending, on-lending and securitisation)
- Continued sell-down will release equity, generate liquidity and reduce debt-equity ratio further
- Equity base will remain robust: capital adequacy will continue to be high
- ECL Finance, our NBFC, remains liquid and adequately capitalised in spite of higher provisions in Q4FY20
- Total Coverage ratio a healthy 97% (as per Ind AS)

This loan book has performed well through the tight liquidity conditions faced over the past couple of years. During this period of market uncertainty, the business invested time and effort in making its business processes and risk management culture future-ready for the new normal. At the centre of this journey has been the adoption of analytics and technology, which in turn has helped us work on enhancing customer experience in an increasingly digital world.

SME Finance

SME finance business, our key focus area in retail credit, caters to the under-served and highly scalable market. It operates in ~100 locations and has a book of ₹16 billion at the end of FY20.

During the year under review, focus of our SME business was on:

- Improving productivity of our employees.
- Ensuring quality of credit and the customers that we lend to. Strong business processes, robust risk management framework and governance mechanisms are well-cascaded to the ground level.
- Technology has been ingrained in multiple business processes empowering our sales and credit teams, while keeping a focus on customer delight.
- Establishing customer relationship management practices to improve our understanding of customer needs to be able to design products to suit them.
- Robust collections and recovery teams spread across the country.

Going forward, the SME business will choose a calibrated response to the changing economic landscape. Once the economy restarts post lockdown, the Edelweiss SME business will focus on:

- Re-evaluating the credit criteria and risk models and overlaying the same with recent data points to better differentiate MSMEs impacted by the pandemic.
- Strong customer-connect and launch of new digital products and processes.
- Collection analytics to segregate and rightly target delinquent set of clients.
- Work as a business partner with our MSMEs and offer the Atmanirbhar Bharat Abhiyaan emergency credit line guarantee scheme announced by the Government of India to our eligible set of customers.

OTHER RETAIL CREDIT BUSINESSES

Agri Credit

Agri credit book stood at ₹0.47 billion at the end of FY20, compared to ₹2.63 billion a year ago. We managed ~480 leased warehouses with a storage capacity of ~1.7 million metric tonnes with tie-ups with 21 banks for collateral management.

Total Retail Credit Portfolio

The retail credit business (retail mortgages, SME and rural finance) has a total book of ₹82.31 billion at the end of FY20. In addition, Agri Credit, along with ESOP and margin funding to retail clients and other retail loans aggregate ₹27.51 billion at the end of FY20. Taken together, total retail credit portfolio stands at ₹109.82 billion, compared to ₹180.75 billion at the end of FY19, a degrowth of 39%.

Retail credit accounted for 52% of total credit at the end of FY20, compared to 50% a year ago and is poised to increase its share further, going forward.

EDELWEISS GLOBAL INVESTMENT ADVISORS BUSINESS

Edelweiss Global Investment Advisors (EGIA) business group includes **Wealth Management** and **Asset Management.**

WEALTH MANAGEMENT

As one of India's fastest growing companies, we rank second amongst the Indian wealth management businesses excluding banks (Source: Asian Private Banker League Tables as on FY20). We proudly cater to the evolving needs of ~2,400 Ultra High-Networth (UHNW) families and ~575,000 Affluent clients across all major locations in India.

The businesses housed under EGIA include Wealth & Asset Management. With ~₹1,645 billion in customer assets, EGIA businesses enjoy market dominance in each market segment. With Assets under Advice (AuA) at ₹1,137 billion at the end of FY20, we have demonstrated consistent growth of 44% CAGR, since FY15.

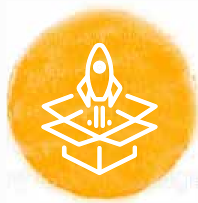
Our offerings include:

- Family governance, wealth structuring, inheritance planning
- Investment management across all asset classes
- Risk management
- ESOP financing and margin funding
- Insurance advisory
- Philanthropy

Our competitive edge in this business emanates from our specialisation around selected client segments, offering:

Uniform and seamless advisory through expert teams

Bespoke value propositions through transparency, simplicity and constant communication



Relevant product innovations

Smart and contextual digital platforms for ease and agility in transactions

We achieved excellence in operations and customer-centricity, by sharpening focus on –

Our Customers:

- We constantly demonstrated commitment to customer-centricity through simple and active advisory
- We continuously aimed at offering institutional quality portfolio management at affordable costs

Our People:

- Our Relationship Manager (RM) headcount currently stands at ~835. Of these, ~695 RMs cater to Affluent Investors
- Our Wealth Management Learning Academy provides best-in-class training to enhance RM capabilities, aligned to global best practices and benchmarks

Our Partners:

- Our strategic partnership with the Bank of Singapore provides global access to our customers to expand their investment portfolio
- We also have notable partnerships with renowned global institutions like Arthur J Gallagher, Kora Management, Sanaka Capital and Meritz

Our Digital Platforms:

- We have launched India's first subscription-based wealth management platform – Infinity – to democratise high quality customer advisory
- Our award-winning mobile trading app (Edelweiss Mobile Trader) crossed 1.2 million downloads and is the highest rated app in India with a user rating of 4.5
- Our Advisor Edge Tool provides real-time client portfolio analytics to enhance client experience

Our Technology:

- We are perhaps India's first Wealth Manager to fully migrate to cloud and have the ability to digitally offer all services to customers
- We work with some of the world's best technology companies like Salesforce, Microsoft, AWS and Infosys, to strengthen our technological backend
- Our in-house tech team is developing IPs in analytics, research and advisory tools, to consistently enhance product propositions and customer experience

Our business has been globally recognised and awarded:

- **Best Private Bank, India:** Global Finance Magazine 2020, Asiamoney 2019
- **Best Wealth Manager, India:** AIWMI India Wealth Awards 2019, The Asset AAA Best Private Banking Awards 2019, Asian Private Banker 2019
- **Best Merchant Banker in Debt Capital Market:** Public Issue
- **Mobbys Award for Best Mobile App**: For Mobile Trader App
- **Best Use of Technology in Risk Management (Treasury Risk & Technology team):** Treasury, Financial Risk and Compliance Summit 2019
- **Global Award for Excellence in Quality Management & Leadership:** 7th World Quality Congress & Awards

Edelweiss Investment Banking continues to be among leaders and has executed 16 transactions in FY20. It has by now advised ~67 transactions aggregating over ~US$9 billion during the period January 2017 to March 2020. As a mid-size QIP player, we are ranked #1 in India for QIPs in the range of ₹1 billion to ₹10 billion in the last 6 years period from April 2014 to March 2020, with a market share of ~18% in terms of number of issues handled (Source: Prime Database).

Edelweiss Fixed Income Advisory business maintained its number one position in public issuance of bonds in FY20 for the 6th year running. We were lead arrangers to ~75% of the amount mobilised via this route. Our market share stood at ~7% in FY20 in private placement segment, ranking 9th in the league tables (excluding banks). We were arrangers to 20 issues aggregating ₹333 billion in FY20 compared to ₹762 billion in FY19. In CP issuances, Edelweiss improved its rank to 3rd position with a market share of ~14% in FY20 from 4th in FY19 (Source: Prime Database).

ASSET MANAGEMENT

The Asset Management business provides clients with a comprehensive bouquet of investment solutions. Our offerings include bespoke alternative strategies and mutual funds. The aggregate AuM of this business stands at ₹508 billion at the end of FY20, compared to ₹370 billion at the end of FY19, a growth of 37%. AuM have grown at 79% CAGR over ₹27.68 billion at the end of FY15.

Alternatives Asset Management

We have been pioneers in the alternative asset management business in India and today we are amongst the most diverse alternatives product platform in the country. We are focused on credit and yielding strategies that seek to preserve and grow client capital. Our investing strategies span across performing credit, stressed assets/asset reconstruction, real estate and infrastructure financing in addition to liquid alternative strategies such as hedge funds and PIPE funds.

Recently, we have been ranked as the 4th largest fund manager across Asia and Rest of the World (Source: 2020 Prequin Global Private Debt Report).

We managed assets worth ₹266 billion at the end of FY20 compared to ₹256 billion a year ago. AuMs have grown at a CAGR of 69% since FY15.

Mutual Funds

The Mutual Fund business manages an AuM of ₹242 billion under 35 schemes across Equity, Debt and Liquid categories. AuM has grown 112% over the AuM of ₹114 billion a year ago. The business has improved its ranking to 17th from being 36th in 2015 and caters to ~275,000 unique investors, compared to ~178,000 at the end of FY19.

EGIA Business:

- Market dominant presence: We have continued to grow in terms of Net New Money, Fee Income, Franchise strength and number of customers
- Consistently delivered strong growth and profitability in the last few years
- Equity raise and value unlocking
- **Wealth Management:** Strategic investment in people and technology to drive customer delight to maintain our leadership position
- **Alternative Assets Management:** Dominant yield focused alternatives platform
- Customer Assets have grown ~8x in last five years to ₹1,645 billion

A proud moment for Edelweiss AMC this year was to partner with the Government of India to launch India's first Corporate Bond ETF, viz. Bharat Bond ETF. The Bharat Bond ETF, in its debut, became India's largest debt NFO at ₹124 billion, subscribed 1.8 times the base issue, with more than 55,000 retail investors participating. Subsequently, we launched Bharat Bond ETF 2 in FY21.

ASSET RECONSTRUCTION BUSINESS

Asset Reconstruction business comprises Edelweiss Asset Reconstruction Company (EARC), distressed funds and turnaround advisory services.

EARC is the largest ARC in the country which manages stressed assets with AuM of ~₹432 billion. EARC adopts a multi-pronged strategy for resolution of stressed assets with the primary focus to 'Revive' or 'Reconstruct' operating assets with last-mile funding needs/weak management or promoters. Based on asset specific complexities, settlement/enforcement of security interest/resolution through the Indian Bankruptcy Code are also adopted with an aim to optimise stakeholder benefits.

EARC has been able to recover more than ₹112 billion in FY20, as compared to ₹70 billion in FY19. The recovery scenario got a major boost during FY20 with the successful resolution of several large accounts under IBC.

Our acquisitions continue to generally target operating assets which can be revived. The foray into the retail segment is also progressing well and would remain a focus area in the coming years. EARC's pipeline continues to remain robust for future growth.

EARC has been able to maintain its market leadership with nearly 45% of market share. We have partnered with over 65 banks/NBFCs backed by our expertise on resolution of stressed assets.

INSURANCE BUSINESS

Edelweiss expanded its addressable retail markets by launching its life insurance business in 2011. We completed our insurance offering by entering the general insurance business in Q4FY18.

LIFE INSURANCE

Edelweiss Tokio Life Insurance (ETLI) is a joint venture between EFSL and Tokio Marine Holdings Inc, one of the oldest and largest insurance companies in Japan. It was launched in July 2011 with a capital of ₹5.50 billion – among the highest start-up capital for any Indian life insurer. Edelweiss holds 51% equity in this JV with Tokio Marine holding the rest. Tokio Marine's lineage brings together a deep understanding of customer needs and international expertise.

True to our brand philosophy of **#ZindagiUnlimited**, we protect people's dreams and aspirations through our customised insurance solutions for all their needs including education funding, wealth accumulation, income replacement, wealth enhancement, retirement planning and impaired health.

The company serves over 300,000 customers through 121 branches and over 51,000 personal finance advisors as on March 31, 2020.

The Gross Premium income in FY20 was ₹10.48 billion, compared to ₹9.19 billion in the previous year – a growth of 14%. The Collected Individual Annualised Premium Equivalent (APE) declined by 5% to ₹3.23 billion in FY20. However, its CAGR since FY16 is 24%, compared to 14% recorded by the industry. Overall Value of New Business (VNB) Margin is at 38% in FY20, compared to 42% in FY19. The 13th month persistency is at 78% in FY20, compared to 83% in FY19 and the Individual Claims Settlement Ratio is at 83% in FY20, compared to 96% in FY19. The Embedded Value of the business, calculated on market consistent basis, stands at ₹13.36 billion as on March 31, 2020.

IRDAI's new product regulations were implemented in FY20 resulting in almost all our products undergoing changes. We now have a bouquet of 25 products, comprising 19 individual products (including one micro insurance product), 6 group products (including one micro insurance product) and 9 riders, comprising 7 individual riders and 2 group riders.

ETLI has been consistently recognised for its product innovation capabilities at several forums, including India Insurance Summit 2019 and Skoch Awards 2019 for Zindagi Plus and India Insurance Summit & Awards 2020 for Wealth Secure+.

GENERAL INSURANCE

Edelweiss General Insurance Co. Ltd. (EGIC) continues to focus on bringing out new and innovative solutions for its clients. Further, there is impetus on investing in ecosystem partnerships and leveraging technology to deliver superlative customer experience.

EGIC, which crossed the ₹1 billion premium mark in its very first year (FY19), registered a robust ~52% growth in premium in the second year (FY20) as well. The Edelweiss Group platform with diversified retail and corporate businesses continues to offer leverage and a wide base for EGIC to spread its wings. We have also developed external distribution partnerships with new-age internet economy players.

With a core system already in place, EGIC is now strengthening its digital tech stack with a future-ready architecture. In fact, our digital operating model stood us in good stead in enabling the swift transition to work from home due to the pandemic, towards the end of FY20. We also launched our self-survey app, BOLT, in March 2020, which was extremely helpful in ensuring expeditious settlement of motor claims even during lockdown, with several customers being offered instant settlements.

Insurance Business:

- Both Life and General Insurance businesses continue to maintain robust growth
- Insurance Businesses built on new-age model – driven digitally

We received approvals for 16 products in FY20 (overall 42 including FY19 & FY20). A key highlight of this year has been a regulatory nod to our application in the 'Sandbox' initiative by the Insurance Regulatory and Development Authority of India (IRDAI), encouraging new and innovative products. Our multi-user, multi-vehicle, motor floater policy, **Edelweiss Switch**, got approved for a pilot, which allows policy coverages on a **pay-as-you use** model. It allows the customer to 'switch' the cover 'on/off', on demand, based on their need to use it in a day.

We remain committed to operational excellence and nuanced underwriting. Towards this end, we have initiated automation of processes to reduce human intervention for optimal utilisation of resources and increase cost efficiencies. We also won the '**Insurtech of the Year'** award at the India Insurance Awards 2020 recently.

All our initiatives are driven with a view to deliver unparalleled customer experience. This helps us stay focused towards the vision we have set for ourselves. We started with the philosophy of '**TakeUsForGranted'** and are proud to have stayed true to it.

BALANCE SHEET MANAGEMENT UNIT (BMU)

Balance Sheet Management

The BMU manages the Group's liquidity in a way similar to that of Corporate Treasury of a commercial bank. As a part of this process, BMU tracks daily cash flows and expected cash flows for near and medium term. BMU ensures maintenance of Liquidity Pool at the Group and entity level and its investment across different asset classes. BMU also manages internal Funds Transfer Pricing.

Asset Liability Management Committee (ALCO)

Edelweiss ALCO manages allocation of capital among businesses along with Asset Liability Management (ALM). It also manages the Group's interest rate and liquidity risks besides a host of other crucial functions.

Available Liquidity

BMU ensures that an adequate liquidity cushion is maintained at all times to take care of immediate requirements while continuing to honour our commitments as a going concern. For Edelweiss, what stood out in FY20 was liquidity management despite volatility.

At the end of FY20, we maintained available liquidity at around ₹82 billion, which is ~24% of borrowings. This included Balance Sheet liquid assets of ~₹37 billion, high-quality liquid assets of over ₹39 billion, which can be liquidated within a short span, if the need arises, and undrawn committed bank credit lines of ~₹5.5 billion. With this, a large part of balance sheet is liquid and can be converted into cash in a fairly quick time span and we are well-positioned to honour our liabilities repayments.

With enhanced monitoring of available liquidity, we will be able to successfully navigate the tight liquidity situation in the coming months. We also expect increased inflows from steps taken by the Finance Ministry and RBI with regard to providing liquidity to MFs and NBFCs especially as a part of Covid-19 stimulus package. We also continue to work on various sources to raise fresh funds in FY21 through sell-down of wholesale assets etc., which should ease the situation. We expect FY21 to be a year of resilience as the economy recovers, with management of liquidity and liabilities remaining a priority.

Maintaining Liabilities Profile in sync with Lengthening Assets Profile

We continue to reduce dependence on market borrowings, diversify sources of borrowings, diversify the type of instruments through which we borrow and increase liabilities in the medium to long-term buckets. We have reduced dependence on CP borrowings to ~1% of borrowings with the borrowings from NCDs and bank finance accounting for 99% of total borrowings at the end of FY20. We have also increased the proportion of funding from retail sources from 23% to 28% in the past one year. Overall, share of long-term borrowings now stands at 62%.

During the year, we have also been able to raise resources in the form of equity-linked instruments from strategic investors like CDPQ (₹10.4 billion), Kora Management and Sanaka Capital (₹3 billion). We have also raised other resources from Meritz (₹12.00 billion), other investors (₹12.50 billion) and have done retail securitisation of ~₹17.50 billion to replenish available liquidity.

All these steps have ensured that we continue to maintain a positive gap in ALM through all time buckets, individually as well as at consolidated level.

OPPORTUNITIES

Despite the current economic downturn being exacerbated by the pandemic, the long-term growth story of India and the trend of compounding growth remains in place. While FY21 will be a year of resilience, financial services in India will continue to offer immense opportunities in the future for firms like Edelweiss as under:

- The financialisation of Indian household savings, low credit penetration and demand for consumption are presenting newer opportunities, notwithstanding the current dip, in areas like credit, asset management, wealth management and insurance, which are our major businesses.
- Democratisation of credit, increased availability of credit for SME sector and the Government's push for affordable housing and 'Housing for All by 2022', augur well for companies like ours which already have a strong foothold in the retail credit segment.
- The monsoon has already set in on time this year and is expected to be a normal one. Agriculture production is likely to continue to grow in FY21 fuelling consumption, which augurs well for the overall economy.

The expected return of growth in the Indian economy in FY22 would continue to offer opportunities for us to grow our various diversified businesses.

THREATS

While the opportunities landscape is promising in the medium-term, the following threats could dampen the growth of the financial services sector in India:

- Slower than expected recovery of macro-economy, domestically as well as globally, or a prolonged Covid-19 pandemic. While the oil prices are currently benign, any increase in oil prices or a weak monsoon or a delay in the revival of the capex cycle can also impede growth.
- If the current tight liquidity situation does not normalise soon, it could affect the natural growth of the NBFC sector.

OUTLOOK & STRATEGY

With the GDP growth sliding down to 4.2% for FY20 and real GDP growth likely to fall into the negative territory in FY21, the outlook in the short-term is uncertain. However, our belief in the long-term India story continues to remain the same and growth opportunities will stage a comeback, sooner than later.

We think this will restore consumer confidence in due course. The post Covid-19 world will also need a significant re-thinking in the way financial services industry does business.

While FY20 was devoted to strengthening the balance sheet, liquidity management and risk management, as we look ahead for Edelweiss, we see lot of promise and opportunity in the medium-term. FY21 will be all about productivity and efficiency, strengthening and consolidation, acting as the launch-pad for FY22 and our future aspirations as we get back into growth mode across all our businesses.

We have, over 25 years, built a business model which relies on multiple income streams. In fact, some of our businesses performed better than our peers as the digital-first approach in these businesses helped them reap rich dividends.

In preparation for the next phase of growth, we have raised equity in our NBFC, ECL Finance Ltd. Our debt to equity ratio is significantly lower now and it provides us ample headroom for growth when the business environment improves. We have also brought in strategic investors in our Advisory businesses where our franchise remains strong. Insurance will continue to focus on execution.

We are moving towards entity-wise reporting of financials, in response to stakeholders' feedback and this is expected to bring in greater transparency into our working. In order to help business groups operate independently, while focusing on growth, scale and enhanced governance. We will continue to simplify our business structure and make businesses autonomous. The corporate centre will continue to exercise Group level oversight on risk, strategy, leadership and culture in the new structure.

Edelweiss Outlook & Strategy:

- As the economy recovers, the India opportunity story is getting back on track
- We will carry excess equity as a strategy, and comfortable liquidity until then
- We will continue to reduce debt
- We are committed to unlocking shareholder value in our diversified business model
- We will improve operating efficiency by cutting costs and using technology aggressively to enhance customer experience

We have a solid track record of building profitable and dominant businesses over the past 25 years. Though the Credit business is facing headwinds, great opportunity and strong positioning of the other businesses remains intact.

As we look ahead, we will continue to focus on creating value for stakeholders. Our growing customer base has kept faith in us. Our talent pool is unmatched and closely aligned with the interests of our stakeholders. Our global and domestic partners continue to be staunch in their support, even during these difficult times.

GOVERNANCE

At Edelweiss, Governance is at the heart of everything we do. It goes beyond compliance and includes our values as well.

Governance to us means:

- Trust – No compromise on ethics and integrity
- Legitimacy – Transparency, authenticity and fairness
- Accountability – Responsible decision-making and responsiveness
- Competence – Simplification for enhanced effectiveness
- Respect – Uphold the laws of the land in letter and spirit

Our Board attaches the highest importance to Governance and thus sets the tone of culture, flowing from the top throughout the fabric of our organisation.

We are continuously recalibrating some of the processes of decision-making to facilitate smooth functioning, while working from home. Through use of technology and good governance controls, we are ensuring that compliance standards are met even in challenging circumstances.

RISK MANAGEMENT

Respect for risk is an integral part of business at Edelweiss. The good risk management practices of the Group have facilitated navigating through environmentally turbulent times. Our Enterprise Risk Management (ERM) framework has helped us strategically benchmark our practices across different business lines to best-in-class levels. We have also put into practice an **11-risk framework** to assess, avoid, manage and mitigate risks across business verticals, in a continuous manner.

A number of new initiatives were undertaken in these 11 risk areas:

- For regulatory risk, we introduced analytics to identify early warning signs, which facilitated effective implementation of pro-active mitigant measures, along with compliance training programmes for employees on policies and framework.
- For operational and process risk, all businesses have identified their critical as well as non-critical processes and conducted a thorough review of the standard operating procedures (SOPs).
- For credit risk, a comprehensive framework for asset quality review was put in place in the previous year and the recalibration of the expected credit loss (ECL) model has been concluded.
- Reputational risk has been factored in all business strategies and it is managed with an effective crisis management approach and a timely, transparent response to all stakeholders.
- For technology risk, significant progress has been made on the IT security front to manage the risk emanating from the changing ecosystem.

The risk governance structure at Edelweiss includes Board Risk Committee, Global Risk Committee, Enterprise Risk Management (ERM) Council, Corporate Risk & Assurance, Investment Committees, Credit Committees and Business Risk Groups. Following the needs of various growing businesses, the Business Risk Groups within all businesses have been further strengthened.

Recently, the whole world faced a tail risk event with the Covid-19 pandemic, coupled with lockdowns. This event necessitated unique approaches to mitigate different types of risk. Our advance preparation, along with technology enablement, ensured almost all our critical staff could work from home seamlessly for business continuity and serving customer deliverables.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Internal Financial Controls

The internal controls of Edelweiss are commensurate with the business requirements, its scale of operation and applicable statutes to ensure orderly and efficient conduct of business. These controls have been designed to ensure assurance with regard to maintaining proper accounting controls, substantiation of financial statement and adherence to Ind AS requirements, safeguarding of resources, prevention and detection of frauds and errors, ensuring operating effectiveness, reliability of financial reporting, compliance with applicable regulations and relevant matters covered under section 134 (5) (e) of the Companies Act 2013.

The Internal Control Framework of Edelweiss follows the below assurance practices to strengthen overall control:

- **C**OSO framework is implemented by considering the control environment, periodic risk assessment, performing control activity, timely communication to management and monitoring the control activities on a continuous basis.
- **A**ssurance on process efficiency by identifying relevant and adequate coverage by defining scope of internal audit, pro-actively preparing for regulatory review, remediating through preventive and corrective steps for identified risk events.
- **R**eliability of internal controls are aligned to risk identified in Risk Control Self-Assessment (RCSA)/ERM and are monitored through process reviews, internal financial control review etc.
- **E**ffective and efficient processes through automation and review mechanism, control dashboards and its monitoring and benchmarking with peers, wherever possible.
- **S**tandardisation through Standard Operating Procedures (SOP) which emphasise on documentation and its repository of existing and new process along with delegations and controls.

Internal Audit

Internal Auditors follow Standards on Internal Audit, along with guidelines issued by regulators and ensures compliance with section 138 of the Companies Act 2013, read with Rule 13 of the Companies (Accounts) Rules, 2014, as amended and notified from time to time. The Internal Audit function operates under the supervision of the Audit Committee of the Board.

The Internal audits are carried out by an Edelweiss team of 30 employees, supported by over 40 external professionals, who provide independent view and assurance by assessing the adequacy and effectiveness of internal control, compliance to internal and external guidelines and risk management practices across the Group.

HUMAN RESOURCES

Edelweiss's biggest strength has always been its people. At the end of FY20, we had a total of 10,726 full time employees, spread across 447 offices in India and overseas.

Employee inclusion and diversity are an important element at the heart of Edelweiss. 21% of our employees are women. Through our unique inclusion initiative **All In**, we reinforce tenets that enable employees with different backgrounds, gender, ways of thinking and style of operating to work together effectively, holistically playing to their strengths. A significant component of our value-based culture is commitment to acknowledge and appreciate efforts of employees through extensive recognition programmes.

People Practices during Covid-19 Pandemic

At the start of 2020, the Covid-19 pandemic came with specific challenges and a new normal in the way of working. Our advanced planning and unique approach helped us address it promptly.

Employee safety being of utmost importance in this crisis, almost all critical staff were enabled to work from home with the help of technology. It further enabled employees to maintain their productivity to support business continuity, service internal and external stakeholders and customers.

Leadership Development

Leadership Development is ingrained in the DNA of Edelweiss.

The four-tiered Edelweiss Leadership Program continues to build and evolve with changing context. Respecting our geographical spread, our programs are extensively leveraging digital interaction mediums to work with participants. About ~6.7% of our employees are a part of this pipeline, which runs across levels. Leaders align and collaborate to build an Edelweiss of the future.

TECHNOLOGY

Building on the foundation laid by a platform-thinking approach, Edelweiss advanced its digital transformation journey by:

- Adopting the cloud for high availability, scalability and resiliency
- Redesigning the network topology to enable secure access of both on-premises and cloud applications from anywhere
- Embracing an Application Program Interface (API) first approach for secure exchange of data both within and outside Edelweiss
- Modernising the workplace by deploying an integrated collaboration suite

All these initiatives have actually turned out be a blessing in disguise in the Covid-19 lockdown situation because the digital business model enabled seamless Business as Usual (BAU) in all our businesses with almost all of our critical employees enabled to work from home.

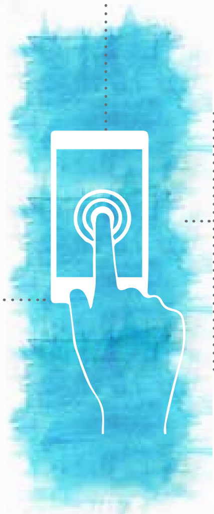
Some of the other key initiatives undertaken across our businesses over the last year include:

Symphony cloud-based data warehouse provides a single source of truth for accounting and MIS data for the organisation.

Digital Net Promoter Score (NPS) platform empowers our businesses with much-needed insights about customer satisfaction, allowing us to develop a customer-centric culture.

K2 real-time risk analytics platform aggregates risk across various trading systems, providing trends and patterns to facilitate trading decisions for our Treasury business.

Business Illustration tool acts as a single platform for configuration and generating benefits illustration for all retail life insurance products.



Digital Lending Platform for loan origination has accelerated the decision-making and disbursement via smart eligibility checks, paperless functioning and instant validation of applicant's credit-worthiness, thereby providing a frictionless user experience.

Prism is an AI/ML based advice engine that provides our clients with a variety of portfolio analysis and monitoring features at their fingertips and enables them to identify risks and capture market opportunities in a timely manner.

Bharat Bond (India's first bond ETF) platform launched for our Mutual Fund business, enabled clients to process transactions in less than 60 seconds and in just 3 clicks. To achieve this feat, the platform was directly integrated with NSDL and CDSL.

Technology has been a standout for us in the lockdown, not only from a communication perspective, but also for the adoption by businesses for customer outreach. We will continue to drive new tech initiatives to differentiate ourselves.

Information Security

Emerging technologies and digitalisation bring along new challenges and expose organisations to new risks as data no longer resides within the traditional network boundaries. Cyber risk landscape is changing fast and attacks are becoming more frequent, severe and systemic. To safeguard ourselves in these changing times, we implemented security solutions across all layers, viz., data, application, endpoint and network, with a special focus on cloud security.

Further, we implemented state-of-the-art security solutions for data loss prevention, advanced threat protection, zero-day protection, ethical walls etc. For customer data, we have gone the extra mile where all our customer data is well-identified and encrypted at rest and in-motion from storage to transmission.

EDELWEISS BRAND – #BeUnlimited

FY20 is special for Edelweiss as we enter our 25th year. We are extremely proud of our journey and achievements so far and look ahead with a sense of anticipation, purpose and promise for the next 25 years. As a brand, we have been resilient, withstanding the current VUCA environment, recovering from setbacks and realigning our focus to strengthen our organisation.

Year after year, we continue to remain committed to support sports and while we had prepared our marketing ammunition as Principal Sponsors for the Indian contingent for the Tokyo Olympics 2020, the same has been deferred to 2021. We also promoted women in sports via our sports ambassadors, Hima Das, Mirabai Chanu, Heena Siddhu, Manika Batra and Dipa Karmakar, engaging our customers and employees with motivational and inspiring content.

CUSTOMER EXPERIENCE

CWOW is a way of life at Edelweiss. We achieved exemplary customer service and connect during the lockdown period, with business continuity kicking in seamlessly.

One of the key initiatives this year has been the implementation of the digitisation of our feedback strategy for the Group. This has been done by mapping customer journeys across businesses and identifying the key, impactful touchpoints for the customer.

Net Promoter Score (NPS) is a global standard when it comes to measuring customer experience and we now capture transactional NPS across these four identified stages in the customer journey: onboarding, transaction, servicing and relationship. The digital platform now captures the score at each touchpoint on a real-time basis, helping us identify and execute actions that can lead to better customer experience. Through this we have established a standardised way of measuring customer satisfaction with the capability to provide a unified score across various businesses.

Cautionary Statement

Statements made in this Annual Report may contain certain words or phrases that are forward-looking statements, which are tentative, based on current expectations of the management of Edelweiss Financial Services Ltd. or any of its subsidiaries and associate companies ("Edelweiss"). Actual results may vary from the forward-looking statements contained in this report due to various risks and uncertainties. These risks and uncertainties include the effect of economic and political conditions in India and outside India, volatility in interest rates and in the securities market, new regulations and Government policies that may impact the businesses of Edelweiss as well as the ability to implement its strategy. The information contained herein is as of the date referenced and Edelweiss does not undertake any obligation to update these statements. Edelweiss has obtained all market data and other information from sources believed to be reliable or are its internal estimates unless otherwise stated, although its accuracy or completeness cannot be guaranteed. Some part of the report relating to business-wise financial performance, ex-insurance numbers, balance sheet, asset books of Edelweiss and industry data herein is reclassified/regrouped based on Management estimates and may not directly correspond to published data. All market or industry numbers are internal management estimates unless specifically mentioned. The numbers have also been rounded off in the interest of easier understanding. Numbers have been re-casted, wherever required. Prior period figures have been regrouped/reclassified wherever necessary. FY18, FY19 and FY20 numbers are as per Ind AS whereas the rest are as per IGAAP. All information in this presentation has been prepared solely by the company and has not been independently verified by anyone else. The business model depicted in this report is as on March 31, 2020. In FY21, these businesses have been further segregated to unlock value. As per the current structure, Edelweiss Asset Management includes Alternative Assets, Mutual Funds and Asset Reconstruction, while the Wealth Management business is housed under Edelweiss Wealth Management.

Integrated Reporting

At Edelweiss, we realise that the true value of any organisation is based on tangible and intangible aspects. Some, like financial performance are tangible, but others, like intellectual capital, brand equity and culture are harder to quantify. Our philosophy on quality and humanity is intertwined with who we are, what we do and how we create value, adopt strategy, seize opportunities and control risks. Here is a holistic view of us as an organisation through our performance, business model and strategy.

STRATEGY AND RESOURCE ALLOCATION

Edelweiss as a business has used the pandemic as an accelerator of strategic decisions already taken. We are committed to unlocking shareholder value via our diversified business model and will continue to prioritise liquidity management, hold excess capital, manage asset quality & recoveries with a sharpened focus on technology and our responsibility to society.

RISKS AND OPPORTUNITIES

A second wave of Covid-19 could impact growth along with a slower than expected recovery of the macro-economy and the ongoing liquidity squeeze. With the financialisation of household savings, democratisation of credit and emerging technology trends, the long-term India story remains promising. However, FY21 will be a year of resilience.

GOVERNANCE

We believe that well-governed organisations tend to last longer. Governance is at the heart of everything we do and transcends compliance. Our sustainability model is aligned to the United Nation's Sustainable Development Goals and revolves around contributing to society, protecting the environment and responsible governance.

PERFORMANCE

In FY20, Wealth & Asset Management, Asset Reconstruction, Life and General Insurance – all continued to do well despite a less than ideal economic environment, while our Credit business battled sustained headwinds from the market turmoil. With a conservative stance on credit book impairments in FY20, we have de-risked the balance sheet to a large extent.

ORGANIZATIONAL OVERVIEW AND EXTERNAL ENVIRONMENT

Economic downturn coupled with a general risk aversion towards NBFCs in the recent past have resulted in a cyclical blip in our performance. Following our long-term growth strategy, we emerge stronger after each downturn, investing downtime towards strengthening our organisation.

OUTLOOK

As we enter FY21, the focus will be to further strengthen our foundation. In that sense, FY21 would be all about productivity, efficiency and consolidation, acting as the launch-pad for FY22 and our future aspirations as we get back into growth mode across all our businesses.

BUSINESS MODEL

Our business operating structure with diversified revenue streams keeps us agile in any environment. Presence in large and emerging opportunities in India has helped us diversify our earnings base to be able to withstand market volatility.

DIVIDEND DISTRIBUTION POLICY

Introduction:

THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI), HAS MANDATED CERTAIN CATEGORIES OF LISTED COMPANIES TO FORMULATE A DIVIDEND DISTRIBUTION POLICY ('POLICY'). THIS POLICY IS IN ACCORDANCE WITH REGULATION 43A OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015.

Objective:

One of the ways to reward a shareholder is by distributing portion of Company's earnings in the form of dividend. Besides capital appreciation, an investor expects a consistent cash inflow in the form of dividend. Towards this end, the Policy lays down parameters to be considered by the Board of Directors of the Company for declaration of Dividend from time to time.

Definitions:

Unless repugnant to the context:

"Act" shall mean the Companies Act, 2013 including the Rules made thereunder.

"Company" shall mean Edelweiss Financial Services Limited.

"Board" or "Board of Directors" shall mean Board of Directors of the Company.

"Dividend" shall mean Dividend as defined under the Companies Act, 2013.

"SEBI Regulations" shall mean the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 together with the circulars issued thereunder, including any statutory modifications or re-enactments thereof for the time being in force.

Regulatory Framework:

The Companies Act, 2013 provides for regulation, recommendation, declaration and payment of dividend, subject to approval of the Board (interim) / Shareholders (final).

Factors for considering Dividend:

The Board of Directors of the Company ("the Board") may consider inter-alia the following factors viz., the financial performance of the Company, the past dividend trends, the liquidity position of the Company, capital expenditure requirements, if any, business expansions (including acquisitions) if any, debt obligations, the external market conditions, the future potential etc., before considering dividend proposition.

The Company will endeavour to maintain the dividend track record subject to the factors which the Board might appropriately consider at that point in time. When the performance of the company coupled with the market conditions are conducive/ favourable, the Board may consider declaring interim dividends too.

In order to conserve resources, the Board may consider recommending a lesser rate of dividend (as compared to the earlier years). The retained earnings of the Company can be inter-alia utilized for capex, working capital requirement, investment in growth opportunities as deemed fit by the Board at appropriate time. The retained earnings may also be utilised for payment of dividend in subsequent years, or other permitted means of rewarding the shareholders.

In a year where the profits of the Company are inadequate or there is a loss, the Company would like to utilise the reserves judiciously and the Board may not consider payment of dividend as a viable proposition. Alternatively, in such a scenario the Board might consider declaring dividends, out of the Free Reserves or the accumulated profits and the dividend payment track record is maintained. The amounts paid as dividend in the past does not necessarily indicate the dividend to be paid in the future and so the rate and the amount of dividend may vary from time to time.

Provision regarding class of shares:

Currently, the Company has issued only Equity Shares and this Policy shall be made applicable only to Equity Shares. As and when the Company issues other kind of shares, the Policy shall be amended accordingly.

Review / Amendment:

The Board shall review and amend the policy periodically as may be deemed necessary, keeping in view the business environment, the performance of the Company, regulatory requirements and other relevant external factors. In case of any change/amendment in applicable statutes/regulations, the Policy shall stand revised to the extent thereto.

Annexure - II

REMUNERATION POLICY

Objective

The Companies Act, 2013 ('the Act') and the Listing Regulations requires a company to frame a policy for determining the remuneration payable to the Directors, Key Managerial Personnel (KMPs) and other Senior level employees.

The objective of the Remuneration Policy (the Policy) of the Company is to provide a framework for the remuneration of the Independent Directors, Non-Executive Directors, Managing Directors, Executive Directors, KMPs, and other senior level employees of the Company.

The Objective of the Policy is to ensure that :

i. The level and composition of remuneration is reasonable and sufficient to attract & retain talent required to run the company successfully;

ii. Relationship of remuneration to performance is clear and meets appropriate benchmarks; and

iii. Remuneration to the Directors, KMPs and Senior level employees comprises a balance of fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals.

Remuneration of the Independent Directors and Non-executive Directors

- The Independent Directors and Non-Executive Directors are eligible for sitting fees for attending the meetings of the Board and the Committees thereof.
- The Independent Directors and Non-Executive Directors are also eligible for commission, subject to the limits prescribed under the Act and the Rules framed there under.
- The Independent Directors are not eligible for stock options.
- The Non-Executive Directors (other than promoter Directors) shall be eligible for the stock options.

Remuneration of the Managing Director and Executive Directors

- The remuneration of the Managing Director and Executive Directors is recommended by the Nomination & Remuneration Committee ('NRC') to the Board. Based on the recommendations of the NRC, the Board determines and approves the remuneration of the Managing Director and Executive Directors, subject to necessary approvals, if any.
- The remuneration paid to the Managing Director and Executive Directors shall be within the limits prescribed under the Act and approved by the shareholders of the Company. The remuneration structure includes fixed salary, perquisites, bonus, other benefits and allowances and contribution to funds, etc.
- The Executive Directors (other than the promoter Directors) shall be eligible for stock options.

Remuneration of the KMPs (other than Executive Directors) and Senior level employees

- The key components of remuneration package of the KMPs (other than Executive Directors) and Senior level employees shall comprise of fixed salary, perquisites, annual bonus, other benefits and allowances and contribution to Funds, etc. They Shall be eligible for stock options.

Policy Review

This Policy shall be reviewed by the Board as may be deemed necessary and in accordance with any statutory /regulatory requirements. In case of any change/amendment in applicable statutes/regulations, the Policy shall stand revised to the extent thereto.

The NRC shall implement the Policy, and may issue such guidelines, lay down the process etc. as it may deem fit.

Annexure - III

Annual Report on Corporate Social Responsibility (CSR) activities for the financial year 2019-20

[pursuant to clause (o) of Sub – section (3) of Section 134 of the Companies Act, 2013 and Rule 8 of the Companies (Corporate Social Responsibility) Rules, 2014]

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the weblink to the CSR policy and projects or programs.

   To leverage the capacity and capital to equip and enable the social sector to achieve the greatest impact on the lives of the poor in India.

   The CSR policy of the Company is uploaded on the website of the Company at: www.edelweissfin.com.

2. Composition of the CSR Committee is as under:

Mr. Venkatchalam Ramaswamy	- Executive Director (Chairman)
Mr. Himanshu Kaji	- Executive Director
Mr. Rujan Panjwani	- Executive Director
Mr. P.N. Venkatachalam	- Independent Director

3. Average net profit of the Company for last three financial years : ₹ 1,400.70 million

4. Prescribed CSR expenditure (2 percent of the amount as in item 3 above) : ₹ 28 million

5. Details of CSR spent during the financial year :

   a. Total amount spent during the financial year: Consolidated : ₹ 308.14 million
      Standalone : ₹ 29 million

   b. Amount unspent, if any: Nil

   c. Manner in which the amount was spent by the Company during the financial year – Refer the table annexed.

6. In case the company has failed to spend the two percent of the average net profits of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board Report. – Not Applicable

7. A responsibility statement of the CSR Committee – The implementation and monitoring of the CSR Policy, is in compliance with CSR objectives and Policy of the Company.

   The CSR activities are carried out in the areas where the Company and its subsidiaries have presence. An amount of ₹ 308.14 million was spent on a consolidated basis, for the financial year 2019-20.

Venkatchalam Ramaswamy	**Himanshu Kaji**
Executive Director	**Executive Director**
(Chairman of the CSR Committee)	**DIN : 00009438**
DIN : 00008509	

Date: July 4, 2020

Manner in which the amount was spent (on a consolidated basis) during the financial year 2019 - 20 is detailed below:

(₹ in million)

1	2	3	4	5	6		7	8
S. No.	**CSR project or activity identified**	**Sector in which the project is covered**	**Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken**	**Amount outlay (budget) project or programs wise**	**Amount spent on the projects or programs Sub – heads: (1) Direct expenditure on projects or programs**	**(2) Overheads:**	**Cumulative expenditure up to the reporting period**	**Amount spent : Direct or through implementing agency**
1	Early Childhood Education, Enhanced Child Learning and School Transformation Programs, Research and Advocacy and Innovative Practise	Education	Karnataka, Maharashtra, Odisha, Rajasthan, West Bengal	106.77	106.77	-	106.77	**Implementing Agency** - EdelGive Foundation (EdelGive Foundation is the strategic philanthropic arm of Edelweiss Group and is registered under Section 25 of the Companies Act, 1956)
2	Skill and Institutional building, Employability skill building, Financial inclusion and Watershed for livelihood	Livelihood	Chattisgarh, Gujarat, Jharkhand, Karnataka, Maharashtra, Orissa, Rajasthan, Tamil Nadu	70.54	70.54	-	70.54	
3	Economic and Social Empowerment	Women Empowerment	Gujarat, Haryana, Jharkhand, Karnataka, Maharashtra, Rajasthan, Telangana, Uttar Pradesh, Madhya Pradesh, West Bengal	85.93	85.93	-	85.93	
4	EdelGive Foundation Corpus Fund	-	-	40.00	40.00	-	40.00	

(₹ in million)

1	2	3	4	5	6		7	8
S. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub – heads:		Cumulative expenditure up to the reporting period	Amount spent : Direct or through implementing agency
					(1) Direct expenditure on projects or programs	(2) Overheads:		
5	Economic and Social Empowerment	Education, Livelihood, Women Empowerment, Sports, Art & Culture, Army Battle Casualty Welfare Fund	Hyderabad, Karnataka, Maharashtra, Odisha, West Bengal	4.90	4.90	-	4.90	Direct
	TOTAL			**308.14**	**308.14**	**-**	**308.14**	

Manner in which the amount was spent by the Company during the financial year 2019 - 20 is detailed below:

(₹ in million)

1	2	3	4	5	6		7	8
S. No.	**CSR project or activity identified**	**Sector in which the project is covered**	**Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken**	**Amount outlay (budget) project or programs wise**	**Amount spent on the projects or programs Sub – heads: (1) Direct expenditure on projects or programs**	**(2) Overheads:**	**Cumulative expenditure up to the reporting period**	**Amount spent : Direct or through implementing agency**
1	Economic and Social Empowerment	Women Empowerment	Haryana, Rajasthan	11.95	11.95	-	11.95	**Implementing Agency-** EdelGive Foundation (EdelGive Foundation, a subsidiary of the Company is the strategic philanthropic arm of Edelweiss Group and is registered under Section 25 of the Companies Act, 1956)
2	Skill and Institutional building, Employability skill building, Financial inclusion and Watershed for livelihood	Livelihood	Rajasthan, Odisha, Maharashtra, Jharkhand, Gujarat	16.05	16.05	-	16.05	
3	Early Childhood Education, Enhanced Child Learning and School Transformation Programs, Research and Advocacy and Innovative Practise, Promotion of Art & Culture	Education	Maharashtra	01.00	01.00	-	01.00	Direct
	Total			**29.00**	**29.00**		**29.00**	

Annexure - IV

Form No. MR-3
SECRETARIAL AUDIT REPORT
For the year ended 31st March, 2020

[Pursuant to Section 204 (1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial personnel) Rules, 2014]

To
The Members
Edelweiss Financial Services Limited,

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Edelweiss Financial Services Limited - CIN: L99999MH1995PLC094641 (hereinafter called the 'Company') during the financial year from 1st April 2019 to 31st March 2020, ('the year'/ 'audit period'/ 'period under review').

We have conducted the Secretarial Audit in a manner that provided us a reasonable basis for evaluating the company's corporate conducts/ statutory compliances and expressing our opinion thereon.

We are issuing this report based on:

(i) our **verification** of the books, papers, minute books, soft copy, hard copies or scanned copies by email, information provided through virtual data room and other records maintained by the Company and furnished to us, forms/ returns filed and other relevant records and procedures completed by the Company during the year ended 31st March 2020 ,

(ii) Our **observations** during our visits to the office/s of the Company,

(iii) **Compliance Certificates** confirming Compliance with all laws applicable to the Company given by Key Managerial Personnel of the Company and taken on record by Board of Directors; and

(iv) **Representations** made, documents shown and information provided by the Company, its officers, agents, and authorised representatives during our conduct of the Secretarial Audit.

We hereby report that in our opinion, during the audit period covering the financial year ended on 31st March 2020, the Company has, to the extent, in the manner and subject to the reporting made hereinafter:

(i) complied with the statutory provisions listed below and

(ii) has Board-processes and compliance mechanism in place.

The members are requested to read along with our letter of even date annexed to this report as Annexure- A.

1. Compliance with specific statutory provisions

1.1. We further report that:

a. We have examined the books, papers, minute books and other records maintained by the Company and the forms, returns, reports, disclosures and information filed or disseminated during the year according to the applicable provisions/ clauses of:

   i. The Companies Act, 2013 ("Act") and the Rules made thereunder;

   ii. The Securities Contracts (Regulation) Act, 1956 and the Rules made thereunder;

   iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

   iv. The Foreign Exchange Management Act, 1999 and the Rules/ Regulations made thereunder (FEMA) to the extent of Overseas Direct Investment, Foreign Direct Investment and External Commercial Borrowings, as applicable to the Company;

v. The following Regulations, Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Regulations'):

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018- Not applicable during the year under review

(d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - Not applicable during the year under review

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act,2013 and dealing with client;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; - Not applicable during the year under review

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; - Not applicable during the year under review

(i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR);

vi. The following regulation is specifically applicable to the Company:

- The Securities and Exchange Board of India (Merchant Banking) Regulations, 1992.

vii. The listing agreements entered into by the company with the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) (Agreements).

viii. Secretarial Standards issued by The Institute of Company Secretaries of India (the Secretarial Standards).

1.2 During the period under review, the Company has, to the best of our knowledge and belief and based on the records, information, explanations and representations furnished to us :

i. Complied with the applicable provisions/clauses of the Act, Rules, SEBI Regulations and Agreements mentioned under sub-paragraphs (ii) to (vii) of paragraph 1.1 above.

ii. Generally complied with the applicable provisions/ clauses of:

a) The Act and rules mentioned under paragraph 1.1 (i);

b) FEMA to extent applicable mentioned under paragraph 1.1 (iv), and

c) The Secretarial Standards on meetings of the Board of Directors (SS-1) and Secretarial Standards on General Meetings (SS-2) mentioned under paragraph 1.1(viii) above to the extent applicable to Board meetings held during the year, the 24th Annual General Meeting held on July 25, 2019, the compliance of the provisions of the Rules made under the Act [paragraph 1.1 (i)] and SS-1 [paragraph 1.1(viii) with regard to the conduct of Board meeting, (including attendance / participation through video conferencing), during the year under review, were verified based on the minutes of the meeting provided by the Company;

1.3. We have also examined, on test-check basis, the relevant documents and records maintained by the Company according to the following regulation, applicable specifically to the Company :

- The Securities and Exchange Board of India (Merchant Banking) Regulations, 1992.

2. **Board processes:**

We further report that:

2.1 As on March 31, 2020, in terms of the provisions of the Act, the Board of Directors of Company comprised of:

i. One Managing Director, one Executive Director and one Non- Executive Non- Independent Director (Promoter Category);

ii. Two Executive Directors;

iii. Seven Non- Executive Independent Directors, including a woman Independent Director;

iv. One Non- Executive Non-Independent Director.

2.2 The processes relating to appointment and re-appointment of the Board of Directors during the year were carried out in compliance with the provisions of the Act and LODR:

(i) Re-appointment of two Directors, retiring by rotation, as specified under the provisions of the Act,

(ii) Re-appointment of Mr. Himanshu Kaji (DIN: 00009438) as Executive Director, for a period of five years, with effect from November 01, 2019, at the 24th Annual General Meeting(AGM);

(iii) Appointment of two independent directors, namely Mr. Ashok Kini (DIN: 00812946) and Ms. Ashima Goyal (DIN: 00233635) and for a term of three years w.e.f. April 1, 2019, at the 24th AGM; and

(iv) Appointment of Ms. Anita George (DIN : 00441131) as an Additional Director (Independent) w.e.f. April 01, 2019 and subsequent re-designation as Non Executive – Non Independent Director w.e.f May 14, 2019, liable to retire by rotation, at the 24th AGM.

2.3 Adequate notice with Agenda and the detailed notes to Agenda of at least seven days was given to all the directors to enable them to plan their schedule for the Board meetings.

2.4 A system exists for directors to seek and obtain further information and clarifications on the agenda items before the meetings and for their meaningful participation at the meetings.

2.5 The Supplementary agenda notes which were circulated less than seven days before Board meeting, was considered with the consent of the Board of Directors as required under SS-1.

2.6. We note from the minutes that, decisions at the Board meetings held during the year were carried through on the basis of majority and no dissenting views were expressed by any member of the Board of Directors on any of the subject matters discussed.

3. **Compliance mechanism**

There are adequate systems and processes in the company, which commensurate with the company's size and operations, to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

4. **Specific events/ actions**

4.1 During the year, the following specific events/ actions having a major bearing on the company's affairs took place, in pursuance of the above referred laws, rules, regulations and standards:

i. During the audit period, the Company has allotted 17,39,438 shares, to eligible employees, in pursuance of the ESOS of the Company.

ii. The Company had sought the approval of the Shareholders by way of Special Resolution for Edelweiss Employee Stock Appreciation Rights Plan, 2019 and for extending the benefits of Edelweiss Employee Stock Appreciation Rights Plan 2019 to the eligible employees of the subsidiaries of the company, vide Postal Ballot Notice dated March 26, 2019 which was approved by the Shareholders with requisite majority. During the audit period, the Company has completed the process in respect of the Postal Ballot and submitted the relevant Report/s to the Stock Exchanges and has also filed the necessary documents with the Registrar of Companies.

iii. The Company was one of the three Merchant Bankers related to the Initial Public Offer (IPO) of the shares of Electrosteel Steels Limited, in the year 2010. Due to non-disclosure of a material information in the prospectus related to the IPO, SEBI imposed a penalty of ₹ 100 Lakhs, jointly and severally on three Merchant Bankers, for violation of Regulation 57(1), Regulation 57(2)(a)(ii) and Regulation 64(1) of the ICDR Regulations and Regulation 13 of SEBI (Merchant Bankers) Regulations, 1992. All the three Merchant Bankers had filed an appeal, in 2016, before the Securities Appellate Tribunal (SAT). During the year under review, the Securities Appellate Tribunal (SAT) vide its order dated November 14, 2019, reduced the penalty of ₹ 100 Lakhs imposed by SEBI, to ₹ 50 Lakhs, payable jointly and severally by the Company and other two Merchant Bankers. The Company has complied with the Order of the SAT and has duly paid the share of Penalty on December 3, 2019.

For BNP & Associates
Company Secretaries
[Firm Regn. No. P2014MH037400]
PR No. 637/2019

B. Narasimhan
Partner
FCS No. 1303/ CP No. 10440
UDIN: F001303B000414177

Place : Mumbai
Date : July 4, 2020

Note: This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

Annexure A

To,

The Members,

Edelweiss Financial Services Limited

Re: Secretarial Audit Report of even date is to be read along with this letter.

1. The Company's management is responsible for maintenance of secretarial records and compliance with the provisions of corporate and other applicable laws, rules, regulations and standards. Our responsibility is to express an opinion on the secretarial records produced for our audit.

2. We have followed such audit practices and processes as we considered appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records.

3. We have verified the secretarial records furnished to us on a test basis to see whether the correct facts are reflected therein. We also examined the compliance procedures followed by the company on a test basis. We believe that the processes and practices we followed, provides a reasonable basis for our opinion.

4. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

5. We have obtained the management's representation about the compliance of laws, rules and regulations and happening of events wherever required.

6. Our Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For BNP & Associates
Company Secretaries
[Firm Regn. No. P2014MH037400]
PR No. 637/2019

B. Narasimhan
Partner
FCS No. 1303/ CP No. 10440
UDIN: F001303B000414177

Place : Mumbai
Date : July 4, 2020

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Edelweiss Tokio Life Insurance Company Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Edelweiss Tokio Life Insurance Company Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2020, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2020 according to the relevant and applicable provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder, as may be applicable;

(ii) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment; and

(iii) Based on the representation made by the Company and its officers and our verification of the relevant records on test check basis, the Company has adequate system and process in place for compliance under the following laws applicable specifically to the Company:

   (i) Insurance Act, 1938; and

   (ii) Insurance Regulatory and Development Authority of India Act, 1999 ("IRDAI") and the rules, regulations, circulars, guidelines, instructions etc. issued by IRDAI.

We have also examined compliance with the applicable clauses of the following:

1. Secretarial Standards issued by The Institute of Company Secretaries of India; and

2. Listing Agreement/Regulations: The Company is an unlisted Company and therefore compliance with listing agreement/regulations is not applicable.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above, to the extent applicable.

We further report that the Board of the Company is duly constituted with proper balance of Executive Director, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors and Key Managerial Personnel that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice was given to all the Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation & deliberations at the meetings.

During the period under review, decisions were carried through unanimously and no dissenting views were observed, while reviewing the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company in order to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period,

(i) At the Board Meeting held on May 13, 2019 the Board, inter-alia, approved the following:

a. Appointment of Mr. Swadesh Agrawal as the Company Secretary of the Company w.e.f. June 1, 2019;

b. Resignation of Mr. Tarun Khurana as the Company Secretary of the Company w.e.f. May 31, 2019;

c. Payment of performance bonus of ₹ 125 Lakhs to Mr. Sumit Rai for the financial year ended March 31, 2019; and

d. Payment of remuneration of ₹ 232.60 Lakhs to Mr. Sumit Rai, Managing Director & Chief Executive Officer for the financial year ended March 31, 2020.

(ii) At the Annual General Meeting held on July 23, 2019 the members approved the contribution of ₹ 14,13,897 (in thousands) funds from Shareholders Account to the Policyholders Account.

(iii) At the Extra Ordinary General Meeting held on January 10, 2020, the members approved the alteration of the Articles of Association of the Company.

For M Siroya and Company
Company Secretaries

Mukesh Siroya
Proprietor
FCS No.: 5682
CP No.: 4157
UDIN: F005682B000368264

Date : June 23, 2020
Place: Mumbai

Note: This Report is to be read with our letter of even date which is annexed as '**Annexure A'** herewith and forms an integral part of this report.

Annexure to Board's Report *(continued)*

'Annexure A'

To,
The Members,
Edelweiss Tokio Life Insurance Company Limited

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these Secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. Wherever required, we have obtained the Management's representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of the procedures on test basis.

6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

7. In view of the restrictions imposed by the Government of India on movement of people across India to contain the spread of Covid-19 pandemic, which led to the complete lockdown across the nation, we have relied on electronic data for verification of certain records as the physical verification was not possible.

For M Siroya and Company
Company Secretaries

Mukesh Siroya
Proprietor
FCS No.: 5682
CP No.: 4157
UDIN: F005682B000368264

Date : June 23, 2020
Place: Mumbai

Disclosure pursuant to the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

The ratio of the remuneration of each Director to the median employee's remuneration and other details in terms of sub-section 12 of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended is as under:

Sr. No.	Disclosure Requirement	Disclosure Details		
		Directors	**Title**	**Ratio**
1	Ratio of the Remuneration of each Director to the median remuneration of the employees of the Company for the financial year	1. Mr. Rashesh Shah	Chairman, Managing Director & CEO	9.83%
		2. Mr. Venkatchalam Ramaswamy	Vice Chairman - Executive Director	8.70%
		3. Mr. Himanshu Kaji	Executive Director	9.23%
		4. Mr. Rujan Panjwani	Executive Director	21.72%
		Directors/ KMPs	**Title**	**% increase in remuneration**
2	Percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the Financial year	1. Mr. Rashesh Shah	Chairman, Managing Director & CEO	-82.59%
		2. Mr. Venkatchalam Ramaswamy	Vice Chairman - Executive Director	-79.14%
		3. Mr. Himanshu Kaji	Executive Director	-52.32%
		4. Mr. Rujan Panjwani	Executive Director	-47.09%
		5. Mr. S Ranganathan	Chief Financial Officer	-36.60%
		6. Mr. B Renganathan	Company Secretary	-21.57%
3	Percentage increase in the median remuneration of employees in the Financial year	-17.46%		
4	Number of permanent employees on the rolls of the Company at the end of the year	121 permanent employees were on the rolls of the Company as on March 31, 2020		
5	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	The average increase in the remuneration for employees other than the managerial personnel is -22.9% and for managerial personnel is -62.60%. (The employees joined/left the Company during the financial year 2019-20 are not considered for this purpose.)		
6	Affirmations that the remuneration is as per the Remuneration Policy of the Company	It is affirmed that the remuneration paid is as per the Remuneration Policy of the Company.		

Business Responsibility Report for the financial year 2019-20

(Pursuant to regulation 34(2)(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"))

Section - A

General Information about the Company

Sr. No.	Particulars	Reply
1	Corporate Identity Number (CIN) of the Company	L99999MH1995PLC094641
2	Name of the Company	Edelweiss Financial Services Limited
3	Registered Office address of the Company	Edelweiss House, Off. C.S.T Road, Kalina Mumbai 400 098
4	Website	www.edelweissfin.com
5	E-mail ID	efsl.shareholders@edelweissfin.com
6	Financial Year reported	2019-20
7	Sector (s) that the Company is engaged in (Industrial activity code-wise)	Code: 649 – Investment Banking and Advisory Services 642 – Holding Company Activities
8	List three key products / services that the Company manufactures/ provides (as in Balance Sheet)	Investment Banking & Advisory Services
9	**Total number of locations where business activity is undertaken by the Company**	
	(a) Number of International Locations (Provide details of major 5)	6 (Dubai, Hong Kong, Mauritius, New York, Singapore and London) through subsidiaries of the Company.
	(b) Number of National Locations	196 through subsidiaries of the Company.
10.	Market served by the Company- Local/ State / National/ International	The Company serves the Indian markets and the international markets through its subsidiaries.

Section - B

Financial details of the Company

Sr. No.	Particulars	Reply
1	Paid-up Capital (as on March 31, 2020)	₹ 934.41 million
2	Total Turnover / Income	₹ 2,590.20 million
3	Total Profit After Taxes	₹ 825.90 million
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	The Company has spent ₹ 29.00 million. Further, the Company along with its subsidiaries has spent ₹ 308.14 million on a consolidated basis.
5	List of activities in which expenditure in 4 above has been incurred	The above expenditure is predominantly incurred / spent on livelihood of under privileged, Education & Woman Empowerment.

Section - C

Other Details

Sr. No.	Particulars	Reply
1	Does the Company have any Subsidiary Company / Companies?	Yes
2	Do the Subsidiary Company / Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	Yes. The Company is engaged in the Financial Services. The Company along with its subsidiaries carries out the Business Responsibilities and CSR activities.
3	Do any other entity/ entities (e.g. suppliers, distributors etc.) that the Company does Business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	We encourage our associates & partners to engage / participate in BR initiatives. We also endeavour to increase our coverage of our business partners and investee companies etc. to ensure that fair, sustainable, and responsible business practices are followed.

Section - D

Business Responsibility Information

(1) Details of Director/Directors responsible for Business Responsibility

Sr. No.	Particulars	Reply
(a)	Details of the Director/Director responsible for implementation of the Business Responsibility Policy / policies	DIN: 00274831 Name: Ms. Vidya Shah Designation: Non-Executive Non-Independent Director Telephone No.: + 91 22- 40094400 E-mail ID: efsl.shareholders@edelweissfin.com
(b)	Details of the Business Responsibility head	

In fulfilling its obligation of Business Responsibility (BR) and the Corporate Social Responsibility (CSR), the Company is guided by Edelweiss Guiding Principles which are provided in this Annual Report.

Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N)

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. These are as follows:

P1 – Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

P2 – Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

P3 – Businesses should promote the well-being of all employees.

P4 – Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

P5 – Businesses should respect and promote human rights.

P6 – Businesses should respect, protect, and make efforts to restore the environment.

P7 – Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

P8 – Businesses should support inclusive growth and equitable development. [CSR Policy]

P9 – Businesses should engage with and provide value to their customers and consumers in a responsible manner.

(a) **Details of compliance (Reply in Y/N)**

Sr. No.	Questions	P-1	P-2	P-3	P-4	P-5	P-6	P-7	P-8	P-9
1	Do you have a policy/ policies for	Y	N $	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	N $	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national / international standards? If yes, specify? (50words)	Y	N $	Y	Y	Y	Y	Y	Y	Y
4	Has the policy being approved by the Board? If yes, has it been signed by MD / owner/ CEO/ appropriate Board Director?	Business Responsibility Policy encompassing all these principles has been approved. Additionally we have separate policies that cover aspects related to governance, ethics, code of conduct, employee practices, environment, human rights etc.								
5	Does the company have a specified committee of the Board / Director / Official to oversee the implementation of the policy?	The policies have been approved and adopted by the Board / Internal Committee(s)/Managerial Personnel and are implemented and reviewed from time to time. Appropriate steps shall be taken to oversee the implementation of the policy.								
6	Indicate the link for the policy to be Viewed online?	The Policy is made available on the website of the Company https://www.edelweissfin.com/sustainability-governance/								
7	Has the policy been formally Communicated to all relevant internal and external stakeholders?	Yes								
8	Does the company have in-house structure to implement the policy/ policies	An Internal Committee has been set up that monitors the progress, reviews and implements, various aspects related to environmental social and governance policies.								
9	Does the Company have a Grievance redressal mechanism related to the policy / policies to address stakeholders' grievances related to the policy / policies?	Yes								
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	The Company may take appropriate steps in this regard.								

$: Considering the nature of business of the Company, Principle - 2 may not be strictly applicable. However, the Company endeavour to comply with all the applicable rules and regulations w.r.t. its services. We attempt to be transparent, fair in our advice, and responsive to customer requirements and feedback.

Annexure to Board's Report *(continued)*

(b) If answer to the question at serial number 1 against any principle, is " No' Please explain why: (Tick up to 2 options) : Not Applicable

Sr. No.	Questions	P-1	P-2*	P-3	P-4	P-5	P-6	P-7	P-8	P-9
1	The company has not understood the Principles	Not Applicable								
2	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3	The company does not have financial or manpower resources available for the task									
4	It is planned to be done within next 6 months									
5	It is planned to be done within next 1 Year									
6	Any other reason (please specify)									

*: Considering the nature of business of the Company, Principle - 2 may not be strictly applicable. However, the Company endeavour to comply with all the applicable rules and regulations w.r.t. its services. We attempt to be transparent, fair in our advice, and responsive to customer requirements and feedback.

3. Governance related to BR

Sr. No.	Particulars	Reply
1	Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year	Annually
2	Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	Yes, the Company's ESG/Sustainability Report for the FY 2019-20, is available on the website of the Company at www.edelweissfin.com

Section - E

Principle-wise Performance

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

It is an integral part of the Edelweiss Guiding Principle to conduct the business in a fair and transparent manner.

Sr. No.	Particulars	Reply
1	Does the policy relating to ethics, bribery and corruption cover only the Company? Yes / No. Does it extend to the Group / Joint Ventures/ Suppliers / Contractors / NGOs/Others?	The Company has adopted various policies in relation to ethics, bribery and corruption viz. Anti Money Laundering Policy, Anti-Fraud Policy, Anti Bribery and Corruption Policy, Whistle Blower Policy etc. and the same are applicable to the Group Companies as well.
2	How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.	During the year under review No. of Complaints / Requests Received: 4 Resolved: 100% of the Complaints / Requests

Principle 2 : Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle #

#: The Company does not manufacture any goods and products and such no material impacts from consumption of its products or production of products from a raw material perspective are there.

Sr. No.	Particulars	Reply
1	List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.	Not Applicable
2	For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional): (a) Reduction during sourcing / production / distribution achieved since the previous year throughout the value chain? (b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?	
3	Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.	
4	Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?	
5	Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.	

Annexure to Board's Report *(continued)*

Principle 3 : Businesses should promote the wellbeing of all employees

Sr. No.	**Particulars**		**Reply**	
1	Please indicate the Total number of employees **(including Group Subsidiaries)**		10726	
2	Please indicate the Total number of employees hired on temporary/contractual/casual basis.		4977	
3	Please indicate the Number of permanent women employees.		2240	
4	Please indicate the Number of permanent employees with disabilities		Not Applicable	
5	Do you have an employee association that is recognized by management.		No	
6	What percentage of your permanent employees is members of this recognized employee association?		Not Applicable	
7	Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.		The Company does not employ / hire child labour, forced labour or, involuntary labour.	
	No.	**Category**	**No of complaints filed during the financial year**	**No of complaints pending as on end of the financial year**
	1	Child labour/forced labour /involuntary labour	Not Applicable	Not Applicable
	2	Sexual harassment	NIL	NIL
	3	Discriminatory employment	NIL	NIL
	Casual/Temporary/Contractual Employees			
8	What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?		Every employee of the Company undergoes necessary training.	
	(a)	Permanent Employees		
	(b)	Permanent Women Employees		
	(c)	Casual/Temporary/Contractual Employees		
	(d)	Employees with Disabilities		

Principle 4 : Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

As an Edelweiss Guiding Principle the Company focuses on Growth for its stakeholders - clients, employees and shareholders.

Sr. No.	Particulars	Reply
1	Has the company mapped its internal and external stakeholders?	The Company through its CSR arm Edelgive Foundation contributes to the society by providing support to the under privileged etc.
2	Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.	
3	Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.	

Principle 5 : Businesses should respect and promote human rights

Sr. No.	Particulars	Reply
1	Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures / Suppliers / Contractors / NGOs /Others?	Extends to the Company and the Group
2	How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?	During the year under Review, no complaint has been filed with respect to human rights violation from any stakeholder

Annexure to Board’s Report *(continued)*

Principle 6 : Businesses should respect, protect, and make efforts to restore the environment

Sr. No.	Particulars	Reply
1	Does the policy related to Principle 6 cover only the company or extends to the Group / Joint Ventures / Suppliers / Contractors / NGOs /others.	Not Applicable (Considering the nature of business of the Company, principle - 6 may not be strictly applicable. However the Company has adopted an ESG Policy covering environmental aspects relating to reduction of our dependence on grid electricity and increased share of the renewable sources of energy, reduction of our water consumption, reduction in GHG emissions).
2	Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.	
3	Does the company identify and assess potential environmental risks? Y/N	
4	Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?	
5	Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.	
6	Are the Emissions/Waste generated by the company within the permissible limits given by CPCB / SPCB for the financial year being reported?	
7	Number of show cause/ legal notices received from Central Pollution Control Board (CPCB) / State Pollution Control Board (SPCB) which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.)	

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

Sr. No.	Particulars	Reply
1	Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with.	The Company is a member of the following chambers and associations: 1. Federation of Indian Chambers of Commerce and Industry 2. Confederation of Indian Industry
2	Have you advocated / lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)	Edelweiss group presents its views regularly on various regulatory changes in the light of the changing business environment.

Principle 8 : Businesses should support inclusive growth and equitable development

Sr. No.	Particulars	Reply
1	Does the company have specified programmes / initiatives / projects in pursuit of the policy related to Principle 8? If yes details thereof.	The CSR activities / programmes supports inclusive growth and equitable development. The Company being in the business of providing financial services, conducts various investor awareness programmes from time to time. Through our businesses, we also cater to financing needs of low and middle income groups for affordable housing and small enterprise finance. Through Edelgive Foundation and our CSR activities we primarily work on three areas a) Women Empowerment and gender Equality b) Education at elementary and early childhood stage c) Livelihood initiatives.
2	Are the programmes / projects undertaken through in-house team / own foundation / external NGO / government structures/any other organization?	The programmes / projects are undertaken through EdelGive Foundation - The CSR arm of the Group which works with small and mid-sized NGOs across the country.
3	Have you done any impact assessment of your initiative?	Yes, the Company continuously monitors and assesses the impact of its CSR initiatives.
4	What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.	Please refer CSR Report attached to the Boards' Report.
5	Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.	Yes. (Please refer CSR Report and the details that has been published in our ESG/Sustainability report/the Annual Report of EdelGive Foundation)

Annexure to Board's Report *(continued)*

Principle 9 : Businesses should engage with and provide value to their customers and consumers in a responsible manner

Sr. No.	Particulars	Reply
1	What percentage of customer complaints/ consumer cases are pending as on the end of financial year.	Nil
2	Does the company display product information on the product label, over and above what is mandated as per local laws? Yes / No / N.A ./ Remarks (additional information)	Not Applicable
3	Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.	No
4	Did your company carry out any consumer survey/ consumer satisfaction trends?	Consumer surveys are taken at regular intervals.

Corporate Governance Report

Company's Philosophy on Corporate Governance

Corporate Governance is about promoting corporate fairness, transparency, accountability and integrity of the management to facilitate effective entrepreneurial and prudent management practices for long-term sustainable growth of the Company. It also aims to align as nearly as possible the interests of individuals, corporates & society and enhancing the stakeholders' value. Best results are achieved when companies begin to treat the Corporate Governance system not as a mere structure but as a way of corporate life. Edelweiss Guiding Principles also reflect the fundamental philosophy of Good Corporate Governance practices which have always been an integral part of the Company's philosophy.

Board of Directors

Composition, Meeting and Attendance

The composition of the Board of Directors of the Company comprises of Executive and Non-Executive Directors. This is in conformity with the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (' the Listing Regulations') and the Companies Act, 2013 ('the Act').

The annual calendar of Board Meetings is agreed upon at the beginning of the year. The agenda for the Board Meetings are circulated in advance and is backed by comprehensive background information to enable the Board to take appropriate decisions. During the financial year 2019-20, the Board met 4 times i.e. on: May 14, 2019; August 14, 2019; November 12, 2019 and February 14, 2020.

The names and categories of the Directors on the Board, their attendance at the Board Meetings held during the financial year 2019-20 and at the last Annual General Meeting ("AGM"), the number of directorships and committee positions held by them in other public limited companies as also the name of the other listed entities where he/she is a Director and category of such directorships as on March 31, 2020, are as under:

Name and DIN of the Directors	Category	No. of Board Meetings Attended	Attendance at the last AGM held on July 25, 2019	No. of directorships in other Public Limited Companies@	Name of other Listed entities where the person is Director- Category of Directorship	Committee Position*	
						Member	Chairman
Mr. Rashesh Shah [Chairman, Managing Director & CEO] (DIN 00008322)	Executive (Promoter)	4	Yes	2	-	Nil	Nil
Mr. Venkatchalam Ramaswamy [Vice Chairman] (DIN 00008509)	Executive (Promoter)	4	Yes	3	-	3	Nil
Ms. Vidya Shah (DIN 00274831)	Non-Executive Non-Independent (Promoter)	4	Yes	2	-	-	Nil
Mr. Himanshu Kaji (DIN 00009438)	Executive	3	Yes	1	-	1	Nil
Mr. Rujan Panjwani (DIN 00237366)	Executive	4	Yes	4	-	1	Nil
Mr. P. N. Venkatachalam (DIN 00499442)	Independent	4	Yes	7	Sundaram Finance Limited- Independent Director	7	3

Corporate Governance Report *(continued)*

Name and DIN of the Directors	Category	No. of Board Meetings Attended	Attendance at the last AGM held on July 25, 2019	No. of directorships in other Public Limited Companies@	Name of other Listed entities where the person is Director- Category of Directorship	Committee Position*	
						Member	Chairman
Mr. Berjis Desai (DIN 00153675)	Independent	3	Yes	9	Refer #	9	4
Mr. Navtej S. Nandra (DIN 02282617)	Independent	4	Yes	2	-	2	Nil
Mr. Kunnasagaran Chinniah (DIN 01590108)	Independent	4	Yes	6	Nirlon Limited- Nominee Director	7	1
Mr. Biswamohan Mahapatra (DIN 06990345)	Independent	4	No	3	Ujjivan Small Finance Bank Limited - Independent Director	3	Nil
Mr. Ashok Kini (DIN 00812946)	Independent	4	Yes	7	• Gulf Oil Lubricants India Limited- Independent Director • GOCL Corporation Limited- Independent Director	5	2
Dr. Ashima Goyal (DIN 00233635)	Independent	4	Yes	2	IDBI Bank Limited- Independent Director	2	1
Ms. Anita M. George (DIN 00441131)	Non-Executive Non-Independent	4	No	1	-	1	Nil

@ Only Directorships of public limited companies (including private limited companies which are subsidiaries of public limited companies) incorporated in India have been considered and excludes private limited companies, Section 8 companies and foreign companies.

*Only Audit Committee and Stakeholders' Relationship Committee, in public companies including Edelweiss Financial Services Limited, have been considered for the Committee position.

Deepak Fertilisers and Petrochemicals Corporation Limited- Independent Director, Praj Industries Limited- Independent Director, The Great Eastern Shipping Company Limited- Non- Executive Director, Man Infrastructure Limited- Independent Director and Jubilant Foodworks Limited- Independent Director.

Except for Mr. Rashesh Shah and Ms. Vidya Shah, none of the Directors are related to each other.

The members of the Company at the 24th AGM held on July 25, 2019, approved the appointment of Mr. Ashok Kini and Dr. Ashima Goyal as Independent Directors for a period of 3 years with effect from April 1, 2019 and Ms. Anita M. George as a Non-Executive Non-Independent Director. The members also approved the re-appointment of Mr. Himanshu Kaji, as an Executive Director of the Company for a period of 5 years with effect from November 1, 2019.

In accordance with Regulation 26 of the Listing Regulations, none of the Directors on the Board hold more than 10 Committee Memberships and 5 Chairmanships/Chairpersonship, across all the public limited companies in which he / she is a Director.

In the opinion of the Board, the Independent Directors fulfill the conditions specified in the Listing Regulations and the Companies Act, 2013 and are independent of the Management.

M/s. BNP & Associates, Company Secretaries, have issued a certificate stating that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities Exchange Board of India, the Ministry of Corporate Affairs or such other statutory authority.

Board skills/expertise/competence matrix

The Board of Directors have identified the following parameters with respect to the skill/expertise/ competence that are available with the Board in the context of the business and sector for it to function effectively:

Directors	Industry Knowledge / Experience			Technical Skills/Experience						Behavioural Competencies	
	Financial and Capital Markets	Understanding of laws and regulations	International Experience	Accounting and Finance	Risk Management	Strategic Management	Legal and Compliance	Information Technology	Governance	Leadership and Mentoring Skills	Interpersonal Relations
Mr. Rashesh Shah	*	*	*	*	*	*		*	*	*	*
Mr. Venkatchalam Ramaswamy	*	*	*	*	*	*		*	*	*	*
Mr. Himanshu Kaji	*	*	*	*	*	*	*	*	*	*	*
Mr. Rujan Panjwani	*	*	*	*	*	*		*	*	*	*
Ms. Vidya Shah	*	*	*	*		*		*	*	*	*
Mr. P. N. Venkatachalam	*	*	*	*	*	*	*		*	*	*
Mr. Berjis Desai	*	*	*	*		*	*		*	*	*
Mr. Navtej S. Nandra	*	*	*		*	*		*	*	*	*
Mr. Kunnasagaran Chinniah	*	*	*	*	*	*	*	*	*	*	*
Mr. Biswamohan Mahapatra	*	*	*	*	*	*		*	*	*	*
Mr. Ashok Kini	*	*	*	*	*	*			*	*	*
Dr. Ashima Goyal	*	*	*	*	*	*			*	*	*
Ms. Anita M. George	*	*	*	*		*			*	*	*

Committees of the Board:

A) Audit Committee

Meetings held:

During the Financial Year 2019-20, the Committee met 4 times i.e. May 14, 2019; August 14, 2019; November 12, 2019; and February 14, 2020.

Composition as on March 31, 2020 and attendance during the year ended March 31, 2020:-

Name of the Member	No. of meetings Attended
Mr. P. N. Venkatachalam- Chairman	4
Mr. Berjis Desai	3
Mr. Biswamohan Mahapatra	4
Mr. Kunnasagaran Chinniah	4

All the members of the Committee are Independent Directors and have financial management expertise. The constitution and terms of reference of the Committee are in compliance with the requirements of Section 177 of the Act and the Listing Regulations.

Brief Description of the Terms of Reference of the Committee

The terms of reference the Committee inter alia includes:

1) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2) Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
3) Reviewing, with the Management, the annual financial statement and auditor's report thereon before submission to the Board for approval;
4) Reviewing, with the Management, the quarterly financial statement before submission to the Board for approval;
5) Evaluation of internal financial controls and risk management systems;
6) Reviewing, with the Management, performance of statutory auditors and internal auditors, adequacy of the internal control systems;
7) Discussion with internal auditors of any significant findings and follow up thereon;
8) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
9) To review the functioning of the Whistle Blower/Vigil mechanism; and
10) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Auditors, Internal Auditors, Chief Financial Officer and Group Deputy CFO are invited to attend the meetings of the Committee. The Company Secretary acts as the Secretary to the Committee.

Mr. P. N Venkatachalam, the Chairman of the Committee, was present at the last AGM held on July 25, 2019.

B) Nomination and Remuneration Committee

Meetings held:

During the Financial Year 2019-20, two meetings of the Committee were held on May 14, 2019 and November 12, 2019.

Composition as on March 31, 2020 and attendance during the year ended March 31, 2020:-

Name of the Member	No. of Meetings Attended
Mr. Berjis Desai- Chairman	2
Mr. Kunnasagaran Chinniah	2
Mr. Navtej S. Nandra	2

All the Members of the Committee are Independent Directors.

Brief Description of the Terms of Reference

The terms of reference of the Committee inter alia includes:

1) Identifying the persons who can become Directors;

2) Formulating the criteria for determining the qualifications, positive attributes etc. and independence of a Director;

3) Recommending to the Board, a policy relating to the remuneration for the Directors & Key Managerial Personnel;

4) Recommend to the Board, all remuneration, in whatever form, payable to the aforesaid persons; and

5) Specify the manner for effective annual evaluation of performance of the Board, its committees and individual directors.

The Company has formulated a Remuneration Policy which is annexed to the Board's Report.

Board Evaluation

A Board Evaluation Policy ('the Policy') has been framed for evaluating the performance of the Board as a whole, the Chairman, Managing Director, Executive Directors, Independent Directors and the Non-executive Directors. Based on the same, the performance evaluation was carried out during the financial year ended March 31, 2020.

The Policy inter alia provides the criteria for performance evaluation such as Board effectiveness, quality of discussion and contribution at the meetings, business acumen, strategic thinking, time commitment, relationship with the stakeholders, corporate governance practices, contribution of the Committees to the Board in discharging its functions etc.

Familiarization Programme

The Independent Directors are familiarized with their roles, rights, responsibilities etc. in relation to the nature of the financial services sector and the business model of the Company. The details are uploaded on the website of the Company at: www.edelweissfin.com.

Remuneration to the Directors

Non-Executive Directors

The Company pays sitting fee of ₹20,000 per meeting to the Independent Directors for attending the meetings of the Board and the Committees thereof. The Members of the Company have authorised the payment of commission upto 1% of the net profits of the Company to the Non-executive Directors of the Company. The commission is paid to the Non-executive Directors inter alia based on their attendance, contribution etc. at the Board and various Committee Meetings.

Executive Directors

The details of the remuneration paid to the Managing Director and the Executive Directors during the financial year ended March 31, 2020 are as under:

(₹ in million)

Particulars	Mr. Rashesh Shah- Chairman, MD & CEO	Mr. Venkatchalam Ramaswamy - Vice Chairman, Executive Director	Mr. Himanshu Kaji- Executive Director	Mr. Rujan Panjwani- Executive Director
Salary	12.65	1.20	11.87	2.95
Perquisites	0.04	-	0.04	0.02
Bonus #	-	10.00	-	25.00
Total	12.69	11.20	11.91	27.97
Service Contracts	April 01, 2017 to March 31, 2022	April 01, 2017 to March 31, 2022	November 01, 2019 to October 31, 2024	June 24, 2016 to June 23, 2021
No. of Stock options granted	N.A.	N.A.	1,50,000	1,50,000
Notice Period	As per Company's policy			
Severance Fee	N.A.	N.A.	N.A.	N.A.

Relates to Financial Year 2018-19

The shareholding of the Directors in the Company as on March 31, 2020 is as under:

Sr. No.	Name of Directors	No. of Equity Shares*	% of paid up capital
1.	Mr. Rashesh Shah	14,53,01,730#	15.55
2.	Mr. Venkatchalam Ramaswamy	5,80,26,560#	6.21
3.	Mr. Himanshu Kaji	39,87,500	0.43
4.	Mr. Rujan Panjwani	1,29,66,380	1.39
5.	Ms. Vidya Shah	3,30,31,200	3.53
6.	Mr. P. N. Venkatachalam	2,70,000	0.03
7.	Mr. Berjis Desai	-	-
8.	Mr. Navtej S. Nandra	79,74,180	0.85
9.	Mr. Kunnasagaran Chinniah	-	-
10.	Mr. Biswamohan Mahapatra	-	-
11.	Mr. Ashok Kini	-	-
12.	Dr. Ashima Goyal	-	-
13.	Ms. Anita M. George	-	-

* Shares held singly or as a first shareholder are only considered.

The shareholding of Mr. Rashesh Shah and Mr. Venkatchalam Ramaswamy does not include 3,00,000 Equity Shares and 1,00,000 Equity Shares purchased by them respectively on March 31, 2020, as the said Equity Shares were credited to their respective demat accounts post March 31, 2020, as per the settlement cycle /calendar of the exchange.

C) Stakeholders' Relationship Committee

MEETINGS HELD:

During the financial year 2019-20, two meetings of the Committee were held on May 14, 2019 and November 12, 2019.

Composition as on March 31, 2020 and attendance during the year ended March 31, 2020:-

Name of the Member	No. of Meetings Attended
Mr. Berjis Desai – Chairman	2
Mr. Kunnasagaran Chinniah	2
Mr. Venkatchalam Ramaswamy	2

Mr. B. Renganathan is the Company Secretary & Compliance Officer of the Company.

Based on the report received from Link Intime India Private Limited, the Registrar & Share Transfer Agent, the Company received 4 requests/complaints during the year ended March 31, 2020 which were satisfactorily resolved/replied. As on March 31, 2020 there were no pending requests/complaints.

Risk Management

The Risk Committee of the Board of Directors of the Company has framed and implemented a Risk Management Framework and strategy, which also covers foreign exchange risks and hedging activities. The Company did not have any exposure in commodity price and hedging activities during the year 2019-20.

General Body Meetings

The date, time and venue of the last three Annual General Meetings are given below:

Financial Year	Date	Time	Venue	No. of Special Resolutions passed
2018-2019	July 25, 2019	3.00 p.m.	Edelweiss House, Off C.S.T. Road, Kalina, Mumbai- 400 098	2
2017-2018	July 26, 2018	1.30 p.m.	Edelweiss House, Off C.S.T. Road, Kalina, Mumbai- 400 098	2
2016-2017	August 2, 2017	3.00 p.m	Edelweiss House, Off C.S.T. Road, Kalina, Mumbai- 400 098	7

The Company had sought the approval of the Shareholders by way of Special Resolutions for Edelweiss Employee Stock Appreciation Rights Plan, 2019 and for extending the benefits of Edelweiss Employee Stock Appreciation Rights Plan 2019 to the eligible employees of the subsidiaries of the Company, vide Postal Ballot Notice dated March 26, 2019. Both the Special Resolutions were passed with the requisite majority on April 30, 2019.

Details of Voting Pattern for above mentioned Resolutions are as under:

Sr No.	Resolution(s)	Votes cast in favour		Votes cast against	
		Number	%	Number	%
1	Approval of the Edelweiss Employees Stock Appreciation Rights Plan 2019	57,25,80,795	91.31	5,44,95,261	8.69
2	Approval for extending the benefits of Edelweiss Employees Stock Appreciation Rights Plan 2019 to the Eligible Employees of the Company's subsidiaries	57,25,18,000	91.30	5,45,60,251	8.70

NOTE: For further details please visit the website of the Company at: www.edelweissfin.com

After the end of FY 2019-20, the Company had also sought the approval of the Shareholders by way of Special Resolutions for increasing the limit to make loans and investments, give guarantee and provide security from ₹ 10,000 crores to ₹ 20,000 crores under Section 186 of the Act and to approve divestment/pledge/dilution/disposal of the Company's investment(s)/assets /undertaking(s) vide Postal Ballot Notice dated May 21, 2020. Both the Special Resolutions were passed with the requisite majority on June 21, 2020.

The aforesaid Postal Ballot exercises were conducted by the Scrutinizer, Mr. B. Narasimhan - M/s. BN & Associates, Company Secretaries.

Resolution, if any, to be passed through Postal Ballot during the current financial year will be taken up as and when necessary. The Company follows the procedure as prescribed under the Companies Act, 2013, the Rules framed thereunder and other applicable statutes, if any, for conducting the postal ballot.

Means of Communication

The quarterly/annual financial results are filed with the Stock Exchanges in accordance with the Listing Regulations and published in The Free Press Journal, an English daily and Navshakti, a Marathi daily. The quarterly/annual results, press releases and the presentation made to the Institutional Investors/Analysts are also uploaded on the website of the Company www.edelweissfin.com.

I. General Shareholder Information

i.	AGM : Date, time and venue/ mode	Monday, September 28, 2020 at 4.00 p.m. IST through Video Conferencing / Other Audio Visual Means (VC/ OAVM)
ii.	Financial Year:	April 1, 2019 to March 31, 2020
iii.	Record Date/Book Closure dates:	September 22, 2020 to September 27, 2020 (both days inclusive)
iv.	Dividend payment date:	N.A.

II. Listing of Equity Shares on Stock Exchanges:

The Equity Shares of the Company are listed on:

	Name of the Stock Exchange	Address of the Stock Exchange	Stock Codes (Equity Share): Trading Symbol
i)	BSE Limited (BSE)	P J Towers, Dalal Street, Fort, Mumbai - 400 001.	BSE – 532922
ii)	National Stock Exchange of India Limited (NSE)	Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051.	NSE – EDELWEISS

The Company has paid the listing fees, to the Stock Exchanges for the financial year 2020-21.

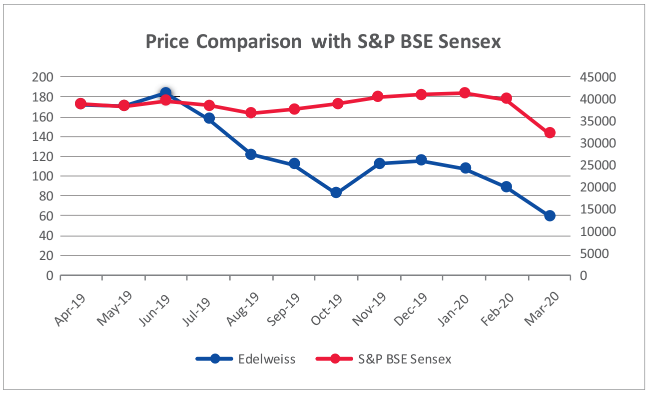
ISIN with NSDL and CDSL: INE532F01054

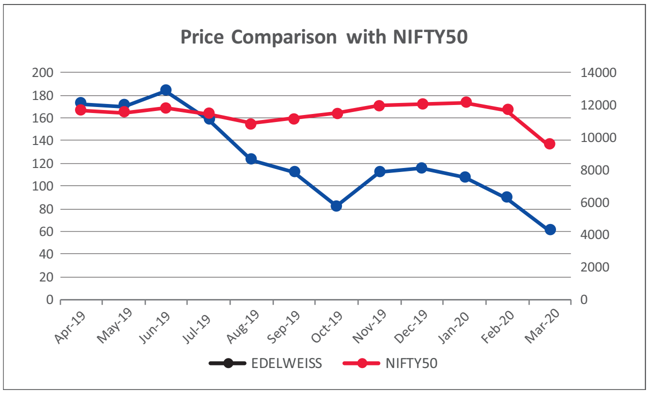
III. Market Price Data

Stock Market price data for the financial year 2019-20 and high/ low of market price of the Company's shares traded at BSE and NSE during each month in the financial year ended March 31, 2020 are as under:

Months	BSE			NSE		
	High (₹)	Low (₹)	No. of shares traded	High (₹)	Low (₹)	No. of shares traded
Apr-19	198.10	147.45	23,55,789	198.50	147.45	2,48,79,423
May-19	203.70	138.80	38,69,462	205.00	137.25	5,88,14,346
Jun-19	210.30	159.00	31,02,029	210.50	158.30	3,24,92,834
Jul-19	179.25	138.05	27,12,213	179.45	138.00	3,97,48,290
Aug-19	151.80	93.00	46,80,496	152.00	94.25	5,42,78,662
Sep-19	131.20	94.20	71,72,695	131.00	94.20	6,94,51,598
Oct-19	98.90	67.10	77,74,240	98.90	67.00	11,39,73,626
Nov-19	134.25	92.25	36,67,098	134.60	92.00	4,42,50,126
Dec-19	124.10	108.10	18,50,508	124.30	108.00	1,93,12,057
Jan-20	124.60	92.00	76,48,217	124.70	91.90	5,31,65,914
Feb-20	100.75	78.25	19,59,596	100.95	78.10	3,53,58,980
Mar-20	91.90	29.90	30,74,646	91.95	30.15	6,01,42,771

IV. Performance of share price in comparison with the broad – based indices viz., NSE Nifty & BSE Sensex:





Price: Average of High & Low

V. **Registrar & Share Transfer Agent:** Link Intime India Private Limited, C 101, 247 Park, L.B.S Marg, Vikhroli (West), Mumbai - 400 083.

VI. **Share Transfer System:** The Company's equity shares are compulsorily traded in electronic form in Demat mode on BSE and NSE in Compulsory Rolling Settlement. 99.93 % of the issued and paid up share capital of the Company are held in demat mode. Transfer of equity shares in electronic form are effected through the depositories.

VII. **Distribution of shareholding as on March 31, 2020:**

No. of Equity Shares	No. of Shareholders	% of Shareholders	Total no. of Shares held	% of Shares held
1 - 500	1,47,588	89.0049	1,56,59,208	1.6758
501 - 1000	8,168	4.9258	64,35,942	0.6888
1001 - 2000	4,495	2.7108	68,19,067	0.7298
2001 - 3000	1,597	0.9631	40,88,280	0.4375
3001 - 4000	779	0.4698	27,99,458	0.2996
4001 - 5000	653	0.3938	30,79,680	0.3296
5001 - 10000	1,087	0.6555	79,37,362	0.8495
10001 and above	1,453	0.8763	88,75,90,005	94.9895
Total	**1,65,820**	**100**	**93,44,09,002**	**100**

Shareholding Pattern as on March 31, 2020

Sr. No.	Category	No. of Shares	% of Holding
1.	Promoters and Promoters Group*	30,72,84,490	32.89
2.	Mutual Funds / FIs / Banks / Insurance Companies	4,17,75,118	4.47
3.	FII's/ FPI's	29,02,36,772	31.06
4.	NRIs / Foreign Nationals / Foreign Bodies Corporate	2,29,91,985	2.46
5.	Public and Others	22,72,23,857	24.32
6.	Non Promoter- Non Public	4,48,96,780	4.80
	Total	**93,44,09,002**	**100.00**

*The shareholding of Promoters and Promoter Group does not include 3,00,000 Equity Shares and 1,00,000 Equity Shares purchased by Mr. Rashesh Shah and Mr. Venkatchalam Ramaswamy respectively on March 31, 2020, as the said Equity Shares were credited to their respective demat accounts post March 31, 2020, as per the settlement cycle / calendar of the exchange.

VIII. **Dematerialisation of shares:** 93,37,49,892 Equity Shares representing 99.93% of the issued and paid-up share capital of the Company were held in dematerialised form and 6,59,110 Equity Shares representing 0.07% of the issued and paid-up share capital were held in physical form as on March 31, 2020. At the end of each quarter, reconciliation of share capital audit is conducted by a Practicing Company Secretary to reconcile the total issued capital, listed capital and capital held by the Depositories in dematerialised form and is submitted to the stock exchanges.

IX. **Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity:**

The Company has not issued GDRs/ADRs/Warrants or any other instrument convertible into equity.

X. Details of shares lying in the suspense account pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

Sr. No.	Particulars	Details	
		No. of Shareholders	No. of shares
1.	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year	95	7610
2.	Number of shareholders who approached the Company for transfer of shares from the suspense account during the year	1	80
3.	Number of shareholders to whom shares were transferred from the suspense account during the year	1	80
4.	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year	94	7530

The voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.

XI. Plant locations – Not Applicable

XII. Credit ratings : The credit ratings obtained by the Company during the year 2019-20 is as under:

Rating agency	Rating	Instruments	Date of revision (if any)	Revised Rating
ICRA	ICRA AA Outlook: Negative	Non-convertible Debentures	June 25, 2019	ICRA AA-Outlook: Negative (Withdrawn)
	ICRA A1+	Short term borrowing	June 25, 2019	ICRA A1+ (Withdrawn)
Brickwork Rating	BWR AA+ Outlook: Negative	Non-convertible Debentures	September 21, 2019	BWR AA Outlook: Negative
CARE	CARE AA+ Outlook: Positive	Non-convertible Debentures	July 5, 2019	CARE AA- Outlook: Stable
	CARE A1+	Short term borrowing	-	CARE A1+
CRISIL	CRISIL A1+	Short term borrowing	-	CRISIL A1+

Note: As on March 31, 2020, the Company did not have any long term borrowings. Thus the rating remains unutilized.

Other Disclosures

i. The Company did not enter into any materially significant related party transactions having a potential conflict with the interest of the Company at large. Transactions with the related parties are disclosed in the audited financial statement.

ii. The financial statement (both standalone and consolidated) have been prepared in accordance with the applicable accounting standards - the Indian Accounting Standards (Ind-AS).

iii. SEBI had passed an Adjudication Order dated March 31, 2016, in the matter of IPO of Electrosteel Steels Limited imposing a penalty of ₹ 1,00,00,000 on Edelweiss Financial Services Limited, along with other two Merchant Bankers ("the Merchant Bankers"), which was liable to be paid jointly and severally. The Merchant Bankers filed an Appeal before Securities Appellate Tribunal against the Adjudicating Order. The Securities Appellate Tribunal vide its Order dated November 14, 2019, had reduced the penalty amount from ₹ 1,00,00,000 to ₹ 50,00,000. The penalty of ₹ 50,00,000 imposed on the Merchant Bankers has been paid jointly by the Merchant Bankers out of which the Company has paid ₹ 16,66,667 towards its share in this matter on December 3, 2019.

iv. The Company has a Vigil Mechanism/Whistle Blower Policy for employees to report concerns about unethical behaviour, actual or suspected fraud or violation of our code of conduct and confirms that no personnel have been denied access to the Audit Committee.

v. The Policy for determining Material Subsidiaries and the Policy on Related Party Transactions are available at: www.edelweissfin.com.

vi. The statutory auditors of the Company, M/s. S. R. Batliboi & Co, LLP were paid a consolidated amount of ₹ 82.60 million by the Company and its subsidiaries for all the services provided by the Auditors.

vii. Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

  a. Number of complaints filed during the Financial Year: Nil

  b. Number of complaints disposed of during the Financial Year: Nil

  c. Number of complaints pending as on end of the Financial Year: Nil

viii. The Company has complied with the Corporate Governance requirements as prescribed in Regulation 17 to 27, 46(2) (b) to (i), and Schedule V of Chapter IV of the Listing Regulations.

ix. The Company has adopted the discretionary requirements as specified in Part E of Schedule II - The financial statement are accompanied with an unmodified audit report.

x. **CEO / CFO Certification**

The CEO and the CFO have certified to the Board, the requirements of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, with regard to financial statement.

xi. **Compliance Certificate**

Pursuant to SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, a certificate issued by M/s. BNP & Associates, Company Secretaries, certifying the compliance by the Company with the provisions of the Corporate Governance forms a part of this Report.

Address for correspondence: For any assistance, request or instruction regarding transfer or transmission of shares, dematerialisation of shares, change of address, non-receipt of annual report, dividend warrant and any other query relating to the shares of the Company, the investors may please write to the following address:

Link Intime India Private Limited
Unit: Edelweiss Financial Services Limited
C 101, 247 Park, L.B.S Marg,
Vikhroli (West), Mumbai - 400 083.
Tel: +91 22 4918 6270
Fax: +91 22 4918 6060
E-mail: rnt.helpdesk@linkintime.co.in
Website: www.linkintime.co.in

The Company Secretary
Edelweiss Financial Services Limited
Edelweiss House, Off C.S.T. Road,
Kalina, Mumbai – 400 098.
Tel: +91 22 4009 4400
Fax: +91 22 4086 3759
E-mail: efsl.shareholders@edelweissfin.com
Website: www.edelweissfin.com

Declaration by the Managing Director & CEO under SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 regarding adherence to the Edelweiss Code of Conduct

In accordance with SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, it is hereby confirmed that for the financial year ended March 31, 2020, the Directors and the Senior Management Personnel of the Company have affirmed compliance with the Edelweiss Code of Conduct.

For **Edelweiss Financial Services Limited**

Rashesh Shah
Chairman, Managing Director & CEO
DIN: 00008322

Date: July 4, 2020

CERTIFICATE OF COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To
The Members of
Edelweiss Financial Services Limited

We have examined the compliance of conditions of Corporate Governance, by Edelweiss Financial Services Limited ("the Company "), for the financial year ended March 31, 2020 , as prescribed in the Regulations 17 to 27 , 46 (2) (b) to (i), and Para C, D and E of Schedule V of Chapter IV of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR ") .

We state that the compliance of conditions of Corporate Governance is the responsibility of the management, and our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion, and to the best of our information and according to the explanations, given to us, we certify that the Company has complied with the conditions of Corporate Governance, as stipulated in the aforesaid provisions of LODR.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or the effectiveness with which the management has conducted the affairs of the Company.

For BNP & Associates
Company Secretaries
[Firm Regn. No. P2014MH037400]
PR No. 637/2019

B. Narasimhan
Partner
FCS No. 1303/ CP No. 10440
UDIN: F001303B000414232

Place : Mumbai
Date : July 4, 2020

Edelweiss Financial Services Limited

Consolidated Financial Statements for the year ended 31 March 2020

INDEPENDENT AUDITOR'S REPORT

To the Members of Edelweiss Financial Services Limited

Report on the Audit of the Consolidated Ind AS Financial Statements

Opinion

We have audited the accompanying consolidated Ind AS financial statements of Edelweiss Financial Services Limited (hereinafter referred to as "the Holding Company"), its subsidiaries and trusts (the Holding Company, its subsidiaries and trusts together referred to as "the Group") comprising of the consolidated Balance sheet as at March 31 2020, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries and trusts, the aforesaid consolidated 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 consolidated state of affairs of the Group, as at March 31, 2020, their consolidated loss including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated 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 Consolidated Ind AS Financial Statements' section of our report. We are independent of the Group 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 consolidated Ind AS financial statements.

Emphasis of Matter

We draw attention to Note 57 to the consolidated Ind AS Financial Statements, which describes the economic and social disruption as a result of COVID-19 pandemic of the Group's business and financial metrics including the Group's estimates of impairment of loans, financial assets, investments, investment in properties, intangible assets (including goodwill) which are highly dependent on uncertain future developments. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated Ind AS financial statements. The results of audit procedures performed by us and by other auditors of components not audited by us, as reported by them in their audit reports furnished to us by the management, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated Ind AS financial statements.

<table>
<tr><th>Key audit matters</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">Impairment of receivables from financing and other business
(as described in note 5.6, 13, 13.1,14, 14.1 & 56.7 of the consolidated Ind AS Financial Statements)</td></tr>
<tr><td>The Group's impairment provision for receivables from financing business is based on the expected credit loss approach laid down under Ind AS 109.

Ind AS 109 requires the Group to provide for impairment of its financial assets as at the reporting date using the expected credit loss (ECL) approach. ECL involves an estimation of probability-weighted loss on financial instruments over their life, considering reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions which could impact the credit quality of the Group's financial assets (loan portfolio).

In the process, a significant degree of judgement has been applied by the management for:

a) Staging of financial assets (i.e. classification in 'significant increase in credit risk' ("SICR") and 'default' categories);
b) Calculation of past default rates
c) Assigning rating grades to customers for which external rating is not available
d) Calibrating external ratings-linked probability of default to align with past default rates
e) Applying assumptions regarding the probability of various scenarios and discounting rates for different loan products
f) Grouping of the loan portfolio under homogenous pools in order to determine probability of default on a collective basis;
g) Estimation of management overlay for macro-economic factors which could impact the credit quality of the loans.</td><td>The audit procedures, including those reported in the auditor's report of respective subsidiary companies, comprised the following:

a) Obtained and read the financial statements of respective subsidiary companies to assess whether their accounting policies and disclosure for impairment of financial assets are included in the consolidated financial statements of the Group.
b) Read and assessed the accounting policy for impairment of financial assets and its compliance with Ind AS 109 and the governance framework approved by the respective subsidiary company's Board of Directors pursuant to Reserve Bank of India guidelines issued on March 13, 2020, as applicable.
c) Read and assessed the respective subsidiary company's policy with respect to moratorium pursuant to the RBI circular and tested the implementation of such policy on a sample basis.
d) Tested the operating effectiveness of the controls for staging of loans based on their past-due status. Tested samples of performing (stage 1) loans to assess whether any loss indicators were present requiring them to be classified under stage 2 or 3.
e) Performed test of details of the inputs used in the ECL computation, on a sample basis.
f) Tested assumptions used by the respective subsidiary company's management in determining the overlay for macro-economic factors (including COVID-19 pandemic).
g) Tested the arithmetical accuracy of computation of ECL provision performed by the respective subsidiary companies.</td></tr>
</table>

Key audit matters	How our audit addressed the key audit matter
Pursuant to the Reserve Bank of India circulars dated March 27, 2020 and May 23, 2020, issued as part of the COVID-19 Regulatory Package ("RBI circular"), allowing lending institutions to offer moratorium to borrowers on payment of instalments falling due between March 1, 2020 and August 31, 2020, the Group has extended moratorium to its borrowers in accordance with its respective subsidiary's Board approved policy. In subsidiary companies' management's view and considering the guidance provided by the Institute of Chartered Accountants of India, providing moratorium to borrowers at a mass scale, based on RBI directives, by itself is not considered to result in a SICR for such borrowers. The Group has recorded a management overlay as part of its ECL, to reflect among other things an increased risk of deterioration in macro-economic factors caused by COVID-19 pandemic. Given the unique nature and scale of the economic impact of this pandemic, and its timing being close to the year-end, the management overlay is based on various uncertain variables, which could result in actual credit loss being different than that being estimated. In view of such high degree of management's judgement involved in estimation of ECL, accentuated by the COVID-19 pandemic, it is considered as a key audit matter.	h) Assessed disclosures included in the standalone Ind AS financial statements of the respective subsidiary Companies in respect of expected credit losses including the specific disclosures made with regards to the management's evaluation of the uncertainties arising from COVID-19 and its impact on ECL estimation.
IT systems and controls	
The reliability and security of IT systems play a key role in the financial reporting process of the Group. The Group's key financial accounting and reporting processes are highly automated, whereby any gaps in the IT control environment could result in a material misstatement of the financial accounting and reporting records. Therefore, the assessment of the general IT controls and the application controls specific to the accounting and preparation of financial information is considered to be a key audit matter.	The audit procedures assisted by our IT specialists, including those reported in the auditor's report of respective subsidiary companies, comprised the following: a) Tested the design and operating effectiveness of the Company's IT access controls over the information systems that are important to financial reporting and various interfaces, configuration and other identified application controls. b) Tested IT general controls (logical access, changes management and aspects of IT operational controls). This included testing requests for access to systems were reviewed and authorized. c) Tested the periodic review of access rights. Also tested requests of changes to systems for approval and authorization. d) In addition to the above, tested the design and operating effectiveness of certain automated controls that were considered as key internal controls over financial reporting.

<table>
<tr><th>Key audit matters</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td></td><td>e) Tested the design and operating effectiveness of compensating controls in case deficiencies were identified and, where necessary, extended the scope of our substantive audit procedures.</td></tr>
<tr><td colspan="2">Valuation of Investments in Security Receipts (SR) for Edelweiss Assets Reconstruction Company Limited
(as described in note 5.11, 14, and 55 of the consolidated Ind AS Financial Statements)</td></tr>
<tr><td>In the Group's financial statements, total investment in SR amounts to Rs. 42,646.81 million as disclosed in the consolidated Ind As financial statements.

These investments are classified as fair value through the profit and loss. In accordance with Ind AS 113 Fair Value measurement (Ind AS 113), the objective of a fair value measurement is to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions.

The fair value of SRs is determined through discounted cash flow method which involves management judgement using level 3 inputs such as projection of future cash flows and expenses.

Further, the recoverability from the underlying assets of SRs could be impacted due to the COVID-19 situation. The management has done an assessment to ascertain future recoverability estimates of the underlying assets. In making these assessments, the management has used several estimates, assumptions and sources of information (both internal and external) available as at the date of these financial statements. These assumptions, estimates and information used by the management have an inherent uncertainty of the impact of COVID-'I9 and the actual results may differ from the estimates and assumptions made.

Given fair valuation of investments is significant to overall financial statements and the degree of management's judgement involved in the estimate and uncertainty of impact of COVID-19 on the recoverability of the SRs, any error in the estimate could lead to material misstatement in the consolidated Ind As financial statement of the Group financial, we have considered this areas as key audit matter.</td><td>The audit procedures, including those reported in the auditor's report of a subsidiary company, comprised the following:

a) Obtained and read the financial statements of a subsidiary Company to identify whether accounting policies and disclosure for valuation of Investments in Security Receipts and its compliance with Ind AS 109 are included in the consolidated Ind As financial statement of the Group.

b) Audit procedures included an assessment of internal controls over measurement of fair value and evaluating the methodologies, inputs, judgments made and assumptions used by management in determining fair values.

c) Tested the operating effectiveness of the controls for the purpose of fair valuation of security receipts.

d) Evaluated rationale of the models and accounting treatment applied. Compared observable inputs against independent sources and externally available market data for sample cases.

e) Performed testing on a sample basis of key inputs as mentioned above to validate the reasonableness of the input values.

f) Involved our valuation experts for the process understanding of the valuation process and test the fair valuation of sample cases.

g) Compared the rating provided by independent rating agencies with fair valuation determined by the Company.

h) Understood the management's assessment process to ascertain the impact of COVID-19 on the future recoverability estimates of the SRs along with key inputs used and judgements made. On a sample basis tested the assumptions and inputs used for this assessment with the help of our valuation experts. The future recoverability estimates are subject to significant uncertainty and the actual results may vary from the assumptions and estimates as events unfold.

i) Assessed disclosures included in the standalone Ind AS Financial Statements a subsidiary Company with respect to such fair valuation.</td></tr>
</table>

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

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board report, but does not include the consolidated Ind As financial statements and our auditor's report thereon, which we obtained prior to the date of this auditors report, and the Annual report, which is expected to me made available to us after that date.

Our opinion on the consolidated 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 consolidated 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 consolidated Ind As 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.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those Charged with Governance.

Responsibilities of Management for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group 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. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group 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 consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group 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 Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated Ind AS financial statements.

INDEPENDENT AUDITOR'S REPORT *(Continued)*

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 consolidated 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 Holding Company has adequate internal financial controls with reference to financial statements 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 ability of the Group 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 consolidated Ind AS 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors, to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated Ind AS financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated Ind AS financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

(a) We did not audit the financial statements and other financial information, in respect of 36 subsidiaries, whose Ind AS financial statements include total assets of Rs. 1,32,324.28 million as at March 31, 2020, and total revenues of Rs. 29,838.49 million and net cash inflows of Rs. 1,196.45 million for the year ended on that date. These Ind AS financial statement and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the report(s) of such other auditors.

(b) The actuarial valuation of liabilities of Edelweiss Tokio Life Insurance Company Limited (ETLIFE) for life policies in force and for policies in respect of which premium has been discontinued but liability exists as at March 31, 2020 is the responsibility of ETLIFE's Appointed Actuary. The actuarial valuation of these liabilities for life policies in force and for policies in respect of which premium has been discontinued but liability exists as at March 31, 2020 has been duly certified by the ETLIFE's Appointed Actuary and in his opinion, the assumptions for such valuation are in accordance with Ind AS 104 "Insurance Contracts", Ind AS 109 "Financial Instruments", the guidelines and norms issued by the Insurance Regulatory and Development Authority of India ('IRDAI') and the Institute of Actuaries of India in concurrence with IRDAI. The auditors have relied upon the ETLIFE's Appointed Actuary's certificate for expressing their conclusion in this regard.

(c) The actuarial valuation of liabilities Edelweiss General Insurance Company Limited (EGICL) for Incurred But Not Reported and Incurred But Not Enough Reported claims of EGICL as at March 31, 2020 is the responsibility of EGICL's Appointed Actuary. The actuarial valuation of these liabilities has been duly certified by the EGICL's Appointed Actuary and in his opinion, the assumptions for such valuation are in accordance with Ind AS 104 "Insurance Contracts", the guidelines and norms issued by the IRDAI and the Institute of Actuaries of India in concurrence with IRDAI. The auditors have relied on the EGICL's Appointed Actuary's certificate for expressing their conclusion in this regard.

Our opinion above on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries as noted in the 'other matter' paragraph we report, to the extent applicable, that:

(a) We/the other auditors whose report we have relied upon 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 of the aforesaid consolidated Ind AS financial statements;

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;

(d) In our opinion, the aforesaid consolidated 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 mail confirmation received from the directors of the Holding Company as on March 31, 2020 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies, none of the directors of the Group's companies, incorporated in India, is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements of the Holding Company and its subsidiary companies incorporated in India, refer to our separate Report in "Annexure 1" to this report;

(g) In our opinion and based on the consideration of reports of other statutory auditors of the subsidiaries, the managerial remuneration for the year ended March 31, 2020 has been paid / provided by the Holding Company and its subsidiaries incorporated in India to their 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 and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries as noted in the 'Other matter' paragraph:

  i. The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group, in its consolidated Ind AS financial statements – Refer Note 50.1 to the consolidated Ind AS financial statements;

  ii. Provision has been made in the consolidated Ind AS financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 65 to the consolidated Ind AS financial statements in respect of such items as it relates to the Group;

  iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiaries incorporated in India during the year ended March 31, 2020.

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

per Shrawan Jalan
Partner
Membership No.: 102102
UDIN: 20102102AAAAHW1129

Place : Mumbai
Date : 04 July 2020

Annexure 1 to the Independent's Report of even date on the Consolidated Ind AS Financial Statements of Edelweiss Financial Services Limited

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

To the Members of Edelweiss Financial Services Limited

In conjunction with our audit of the Consolidated Ind AS Financial Statements of Edelweiss Financial Services Limited ("the Company") as of and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of Edelweiss Financial Services Limited (hereinafter referred to as the "Holding Company") and its subsidiary companies which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company, its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding 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 respective 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 Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these Consolidated 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, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. 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 Consolidated 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 system over financial reporting with reference to these Consolidated 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 Consolidated 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 and the audit evidence obtained by the other auditors of the subsidiary companies, which are companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting with reference to these Consolidated Ind AS Financial Statements.

Annexure 1 to the Independent's Report of even date on the Consolidated Ind AS Financial Statements of Edelweiss Financial Services Limited *(Continued)*

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting with reference to these Consolidated 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 Consolidated 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

Because of the inherent limitations of internal financial controls over financial reporting with reference to these Consolidated 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 Consolidated Ind AS Financial Statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these Consolidated 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 to the best of our information and according to explanations given to us and taking into consideration the reports of the other auditors referred to in the Other Matters paragraph below, the Holding Company and its subsidiary companies which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls over financial reporting with reference to these Consolidated Ind AS Financial Statements and such internal financial controls over financial reporting with reference to these Consolidated Ind AS Financial Statements were operating effectively as at March 31,2020, based on the internal control over financial reporting criteria established by the Holding 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.

Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting with reference to these Consolidated Ind AS Financial Statements of the Holding Company, insofar as it relates to 23 subsidiary companies which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiaries incorporated in India.

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

per Shrawan Jalan
Partner
Membership No.: 102102
UDIN: 20102102AAAAHW1129

Place : Mumbai
Date : 04 July 2020

Consolidated balance sheet as at 31 March 2020

(Currency: Indian rupees in millions)	Note	31-Mar-20	31-Mar-19
ASSETS			
Financial assets			
(a) Cash and cash equivalents	8	**49,425.19**	31,158.21
(b) Bank balances other than cash and cash equivalents	9	**36,670.89**	33,396.05
(c) Derivative financial instruments	10	**5,321.87**	1,940.90
(d) Stock in trade (Securities held for trading)	11	**17,458.07**	39,136.66
(e) Trade Receivables	12	**13,052.38**	27,540.06
(f) Loans	13	**2,83,606.79**	3,84,083.10
(g) Investments	14	**82,666.02**	87,990.47
(h) Other financial assets	15	**8,302.33**	6,098.51
Total financial assets		**4,96,503.54**	6,11,343.96
Non-financial assets			
(a) Inventories	16	**436.09**	1,691.32
(b) Reinsurance assets	60&61	**2,944.42**	2,886.19
(c) Current tax assets (net)		**5,839.78**	4,326.64
(d) Deferred tax assets (net)	17	**9,564.75**	4,905.87
(e) Investment property	18	**4,457.27**	3,144.51
(f) Property, Plant and Equipment	19	**15,012.58**	5,477.86
(g) Capital work in progress		**111.56**	102.94
(h) Intangible assets under development		**320.79**	333.90
(i) Goodwill on consolidation	19.1	**1,723.41**	1,742.72
(j) Other Intangible assets	19	**2,255.79**	2,282.58
(k) Other non- financial assets	20	**3,633.23**	3,296.95
Total Non-financial assets		**46,299.67**	30,191.48
TOTAL ASSETS		**5,42,803.21**	6,41,535.44
LIABILITIES			
Financial liabilities			
(a) Derivative financial instruments	10	**3,812.48**	1,929.51
(b) Trade Payables			
i. total outstanding dues of micro enterprises and small enterprises	21.1	**2.21**	4.10
ii. total outstanding dues of creditors other than micro enterprises and small enterprises	21.2	**12,831.39**	19,748.73
(c) Insurance claims payable		**74.52**	45.61
(d) Debt securities	22	**2,07,585.06**	2,45,910.48
(e) Borrowings (other than debt securities)	23	**1,33,210.55**	1,90,453.51
(f) Deposits	24	**2,168.97**	1,436.76
(g) Subordinated Liabilities	25	**23,608.81**	23,676.58
(h) Other financial liabilities	26	**49,250.54**	39,126.98
Total financial liabilities		**4,32,544.53**	**5,22,332.26**
Non-financial liabilities			
(a) Current tax liabilities (net)		**906.30**	1,435.14
(b) Provisions	27	**351.11**	327.71
(c) Policyholders' liabilities	60&61	**30,076.82**	24,492.79
(d) Deferred tax liabilities (net)	17	**2,643.73**	2,532.70
(e) Other non-financial liabilities	28	**4,209.95**	3,264.93
Total non-financial liabilities		**38,187.91**	32,053.27
TOTAL LIABILITIES		**4,70,732.44**	**5,54,385.53**
EQUITY			
(a) Equity Share capital	29	**889.51**	887.77
(b) Other equity	30	**60,397.60**	75,882.03
Equity attributable to owners of the parent		**61,287.11**	76,769.80
Equity attributable to Non-Controlling Interests		**10,783.66**	10,380.11
TOTAL EQUITY		**72,070.77**	**87,149.91**
TOTAL LIABILITIES AND EQUITY		**5,42,803.21**	**6,41,535.44**
The accompanying notes are an integral part of the Consolidated Financial Statements.	1 to 66		

As per our report of even date attached

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

per Shrawan Jalan
Partner
Membership No: 102102

Mumbai 04 July 2020

For and on behalf of the Board of Directors

Rashesh Shah
Chairman, Managing Director & CEO
DIN: 00008322

Himanshu Kaji
Executive Director
DIN : 00009438

S Ranganathan
Chief Financial Officer

B Renganathan
EVP & Company Secretary

Mumbai 04 July 2020

Consolidated statement of profit and loss for the year ended 31 March 2020

(Currency: Indian rupees in millions)	Note	For the year ended 31-Mar-20	For the year ended 31-Mar-19
Revenue from operations			
Interest income	31	**59,019.46**	68,378.86
Dividend Income		**1,621.83**	2,270.66
Fee and commission income	32	**20,992.98**	21,333.64
Net gain on fair value changes	33	**1,949.58**	8,815.23
Premium from insurance business (net)		**10,567.76**	8,840.42
Other operating revenue	34	**981.53**	1,136.35
Total revenue from operations		**95,133.14**	1,10,775.16
Other income	35	**893.15**	837.13
Total income		**96,026.29**	1,11,612.29
Expenses			
Finance costs	36	**47,930.39**	47,832.25
Impairment on financial instruments	38	**26,902.65**	4,848.96
Change in valuation of credit impaired loans		**8,712.42**	2,188.42
Employee benefits expense	37	**14,073.01**	16,499.89
Depreciation, amortisation and impairment on investment property	18 & 19	**2,322.25**	1,316.33
Change in insurance policy liability - actuarial		**6,421.00**	7,162.28
Policy benefits paid		**1,589.21**	741.60
Other expenses	39	**12,641.88**	13,627.45
Total expenses		**1,20,592.81**	94,217.18
Profit / (Loss) before share in profit of associates and tax		**(24,566.52)**	17,395.11
Share in profit of associates		**-**	41.99
Profit / (Loss) before tax		**(24,566.52)**	17,437.10
Tax expense:	40		
Current tax		**2,970.75**	6,548.66
Deferred tax and Minimum alternate tax (MAT)		**(7,099.55)**	444.75
Profit / (Loss) for the year		**(20,437.72)**	10,443.69
Other Comprehensive Income			
(A) (i) Items that will not be reclassified to profit or loss			
Re-measurements of the defined benefit plans		**(46.74)**	(25.89)
Equity Instruments through Other Comprehensive Income		**(1,700.00)**	-
Revaluation gain through Other Comprehensive Income		**7,674.77**	-
(ii) Income tax relating to items that will not be reclassified to profit or loss		**(2,531.91)**	4.04
Subtotal (A)		**3,396.12**	(21.85)
(B) (i) Items that will be reclassified to profit or loss			
Debt Instruments through Other Comprehensive Income		**863.64**	440.50
Exchange differences in translating the financial statements of foreign operations		**466.66**	154.70
(ii) Income tax relating to items that will be reclassified to profit or loss		**-**	-
Subtotal (B)		**1,330.30**	595.20
Other Comprehensive Income (A+B)		**4,726.42**	573.35
Total Comprehensive Income / (Loss)		**(15,711.30)**	11,017.04
Profit / (Loss) for the year attributable to:			
Owners of the parent		**(20,452.45)**	9,951.66
Non-controlling interests		**14.73**	492.03
Other Comprehensive Income for the year attributable to:			
Owners of the parent		**4,241.54**	384.13
Non-controlling interests		**484.88**	189.22
Total Comprehensive Income / (Loss) for the year attributable to:			
Owners of the parent		**(16,210.91)**	10,335.79
Non-controlling interests		**499.61**	681.25
Earnings per share (Face value ₹ 1 each)	42		
- Basic		**(23.01)**	11.28
- Diluted		**(23.01)**	11.09
The accompanying notes are an integral part of the Consolidated Financial Statements	1 to 66		

As per our report of even date attached

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

per Shrawan Jalan
Partner
Membership No: 102102

Mumbai 04 July 2020

For and on behalf of the Board of Directors

Rashesh Shah
Chairman, Managing Director & CEO
DIN: 00008322

Himanshu Kaji
Executive Director
DIN : 00009438

S Ranganathan
Chief Financial Officer

B Renganathan
EVP & Company Secretary

Mumbai 04 July 2020

Consolidated Statement of Cash flows for the year ended 31 March 2020

(Currency : Indian rupees in millions)		For the year ended 31-Mar-20	For the year ended 31-Mar-19
A	**Cash flow from operating activities**		
	Profit / (Loss)before tax	**(24,566.52)**	17,437.10
	Adjustments for:		
	Depreciation, amortisation and impairment on investment property	**2,322.25**	1,316.33
	Expense on employee stock option plans	**390.79**	225.47
	Impairment of Goodwill	**19.31**	0.00
	Impairment on financial instruments	**14,047.16**	4,848.96
	Change in valuation of credit impaired loans	**8,712.42**	2,188.42
	Interest on income tax refund	**(304.73)**	(262.97)
	Dividend Income	**(1,621.83)**	(2,270.66)
	(Profit) / loss on sale of property, plant and equipment (net)[1]	**(4.59)**	0.90
	(Profit) / loss on sale of investment property (net)[1]	**-**	(17.49)
	Realised fair value (gain) / loss on financial instruments	**(12,332.09)**	(6,752.23)
	Unrealised fair value (gain) / loss on financial instruments	**10,382.51**	(2,063.00)
	Provision for policyholders liability	**6,421.00**	7,162.28
	Finance costs	**8,815.95**	9,084.94
	Operating cash flow before working capital changes	**12,281.63**	30,898.05
	Adjustments for:		
	Decrease / (increase) in trade receivables	**14,661.58**	2,667.58
	Decrease / (increase) in stock-in-trade and Inventory	**22,933.83**	9,107.44
	Decrease / (increase) in Other financial/non financial assets	**(2,598.30)**	3,898.38
	Decrease / (increase) in Derivative Financial Instruments	**(1,498.00)**	7,567.20
	Decrease / (increase) in loans	**77,557.50**	(6,822.69)
	Increase / (decrease) in trade payables	**(6,919.23)**	3,838.20
	Increase / (decrease) in insurance claim payable	**28.91**	(9.45)
	Increase / (decrease) in other financial liabilities	**9,069.43**	14,351.56
	Increase / (decrease) in Provisions	**(20.40)**	(576.07)
	Increase / (decrease) in provision for policyholders' liabilities	**(836.97)**	792.47
	Increase / (decrease) in other non-financial liabilities	**944.06**	(2,727.14)
	Cash generated from / (used in) operations	**1,25,604.04**	62,985.53
	Income taxes paid (net of refund)	**(4,619.94)**	(6,132.57)
	Net cash generated from / (used in) operating activities - A	**1,20,984.10**	56,852.96
B	**Cash flow from investing activities**		
	Purchase of property, plant and equipment and intangibles	**(1,211.27)**	(2,436.29)
	Proceeds from sale of property, plant and equipment	**87.09**	579.87
	(Purchase) / sale of investment property[1]	**(1,653.27)**	(1,354.23)
	(Purchase) / sale of investments[1]	**6,422.95**	(325.24)
	Dividend on investments	**1,621.83**	2,270.66
	(Investment) / Maturity of Bank deposits	**(3,274.84)**	(11,859.23)
	Net cash generated from / (used in) investing activities - B	**1,992.49**	(13,124.46)

Consolidated Statement of Cash flows for the year ended 31 March 2020 *(Continued)*

(Currency : Indian rupees in millions)	For the year ended 31-Mar-20	For the year ended 31-Mar-19
C Cash flow from financing activities		
Proceeds from issue of shares including premium and share application money	**79.93**	675.32
Investment by Non Controling Interest	**390.54**	1,412.24
Proceeds / (repayment) from Debt securities[1]	**(38,853.73)**	(3,475.00)
Proceeds / (repayment) from Borrowings (other than debt securities)[1]	**(57,242.06)**	(23,442.72)
Proceeds / (repayment) from Deposits[1]	**732.21**	(1,975.39)
Proceeds / (repayment) from Subordinated Liabilities[1]	**(67.77)**	728.63
Dividend and dividend distribution tax paid	**(368.89)**	(1,489.39)
Lease payment	**(785.29)**	-
Finance cost paid	**(8,594.55)**	(9,084.94)
Net cash generated from / (used in) financing activities - C	**(1,04,709.61)**	(36,651.25)
Net increase in cash and cash equivalents (A+B+C)	**18,266.98**	7,077.25
Cash and cash equivalents as at the beginning of the year	**31,158.21**	24,080.96
Cash and cash equivalents as at the end of the year	**49,425.19**	31,158.21

Notes:

1. Cash receipts and payments for transaction in which the turnover is quick, the amounts are large, and the maturities are short are presented on net basis in accordance with Ind AS-7 Statement of Cash Flows

2. Cash Flow Statement has been prepared under the indirect method as set out in Ind AS 7 prescribed uder the Companies (Indian Accounting Standards) Rules, 2015 under the Companies Act, 2013

3. Net cash generated from/(used in) operating activities includes interest received ₹ 59,019.46 millions (Previous year ₹ 68,378.86 millions) and interest paid ₹ 39,114.43 millions (Previous year ₹ 38,747.30 millions)

4. Refer note 49 for changes in liabilities arising from financing activities

As per our report of even date attached

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

per Shrawan Jalan
Partner
Membership No: 102102

Mumbai 04 July 2020

For and on behalf of the Board of Directors

Rashesh Shah
Chairman, Managing Director & CEO
DIN: 00008322

Himanshu Kaji
Executive Director
DIN : 00009438

S Ranganathan
Chief Financial Officer

B Renganathan
EVP & Company Secretary

Mumbai 04 July 2020

Consolidated Statement of changes in equity

(Currency: Indian rupees in millions)

A Equity share capital[1]

Particulars	Amount
As at 01-Apr-18	870.60
Changes in equity share capital during FY 2018-19	17.17
As at 31-Mar-19	887.77
Changes in equity share capital during FY 2019-20	1.74
As at 31-Mar-20	889.51

1. Edelweiss Employees' Welfare Trust and Edelweiss Employees' Incentive and Welfare Trust are extension of Edelweiss Financial Services Limited standalone financial statements, these trusts are holding 4,48,96,780 number of equity shares amounting to ₹ 44.90 millions (Previous year ₹ 44.90 millions). These are treasury shares and deducted from total outstanding equity shares.

2. Refer note 29 for detailed quantitative information including investors holding more than 5% of equity share capital

3. The above two Welfare Trust (s) hold an aggregate 44,896,780 equity shares of the Company for incentive and welfare benefits for group employees as per extant applicable SEBI regulations. Pursuant to the exercise of right available under Regulation 29 of SEBI (Share Based Employee Benefits) Regulations, 2014, the Company has applied before the expiry date of 27 October 2019 for extension of the time limit for disposing of aforesaid equity shares. The said application is under consideration and approval for extension from SEBI is awaited as at date.

B. Other Equity

Particulars	Reserves and Surplus											Other Comprehensive Income				Total attributable to owners of the parent	Non-Controlling Interest
	Share application money pending allotment	Capital Reserve	Capital Redemption Reserve	Securities Premium Account	ESOP reserve/Stock appreciation rights (SAR)	Special Reserve under section 45-IC of the Reserve Bank of India Act, 1934	Reserve under section 29C of the National Housing Bank Act, 1987	General reserve	Debenture redemption reserve	Impairment Reserve	Retained earnings	Exchange differences on translating the financial statements of a foreign operation	Revaluation Reserve OCI	Equity instruments through Other Comprehensive Income	Debt instruments through Other Comprehensive Income		
Balance at 31-Mar-18	**25.08**	**7,215.17**	**166.74**	**28,559.25**	**472.07**	**5,832.24**	**412.30**	**916.82**	**6,539.05**	**-**	**18,029.34**	**20.96**	**-**	**-**	**(226.35)**	**67,962.67**	**9,429.43**
Profit or loss	-	-	-	-	-	-	-	-	-	-	9,951.66	-	-	-	-	9,951.66	492.03
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	(21.85)	154.70	-	-	251.28	384.13	189.22
Total Comprehensive Income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**9,929.81**	**154.70**	**-**	**-**	**251.28**	**10,335.79**	**681.25**
Dividends to equity shareholders	-	-	-	-	-	-	-	-	-	-	(1,241.16)	-	-	-	-	(1,241.16)	-
Dividend distribution tax	-	-	-	-	-	-	-	-	-	-	(248.23)	-	-	-	-	(248.23)	-
Issue of equity instruments and transfer from ESOP reserve	(694.25)	-	-	677.08	-	-	-	-	-	-	-	-	-	-	-	(17.17)	-
ESOP charge	-	-	-	-	225.48	-	-	-	-	-	-	-	-	-	-	225.48	-
Transfers to / from retained earnings	-	-	-	236.96	(236.96)	1,671.70	124.92	-	3,802.07	-	(5,598.69)	-	-	-	-	-	-
Income tax effect of ESOP	-	-	-	-	-	-	-	-	-	-	(1,246.43)	-	-	-	-	(1,246.43)	-
Transaction with non-controlling interests	-	-	-	-	-	-	-	-	-	-	(1,409.30)	-	-	-	-	(1,409.30)	(591.23)
Share application money received	675.32	-	-	-	-	-	-	-	-	-	-	-	-	-	-	675.32	
Effect of changes in group's interest	-	845.06	-	-	-	-	-	-	-	-	-	-	-	-	-	845.06	860.66
Balance at 31-Mar-19	**6.15**	**8,060.23**	**166.74**	**29,473.29**	**460.59**	**7,503.94**	**537.22**	**916.82**	**10,341.12**	**-**	**18,215.34**	**175.66**	**-**	**-**	**24.93**	**75,882.03**	**10,380.11**

Consolidated Statement of changes in equity *(Continued)*

(Currency: Indian rupees in millions)

B. **Other Equity** ***(Continued)***

Particulars	Reserves and Surplus											Other Comprehensive Income				Total attributable to owners of the parent	Non-Controlling Interest
	Share application money pending allotment	Capital Reserve	Capital Redemption Reserve	Securities Premium Account	ESOP reserve/Stock appreciation rights (SAR)	Special Reserve under section 45-IC of the Reserve Bank of India Act, 1934	Reserve under section 29C of the National Housing Bank Act, 1987	General reserve	Debenture redemption reserve	Impairment Reserve	Retained earnings	Exchange differences on translating the financial statements of a foreign operation	Revaluation Reserve OCI	Equity instruments through Other Comprehensive Income	Debt instruments through Other Comprehensive Income		
Balance at 31-Mar-19	**6.15**	**8,060.23**	**166.74**	**29,473.29**	**460.59**	**7,503.94**	**537.22**	**916.82**	**10,341.12**	**-**	**18,215.34**	**175.66**	**-**	**-**	**24.93**	**75,882.03**	**10,380.11**
Profit or loss	-	-	-	-	-	-	-	-	-	-	(20,452.45)	-	-	-	-	(20,452.45)	14.73
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	(36.28)	467.61	5,080.88	(1,700.00)	429.33	4,241.54	484.88
Total Comprehensive Income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(20,488.73)**	**467.61**	**5,080.88**	**(1,700.00)**	**429.33**	**(16,210.91)**	**499.61**
Dividends to equity shareholders	-	-	-	-	-	-	-	-	-	-	(266.51)	-	-	-	-	(266.51)	-
Dividend distribution tax	-	-	-	-	-	-	-	-	-	-	(102.38)	-	-	-	-	(102.38)	-
Transfers to securities premium on exercise of ESOP	-	-	-	33.37	(33.37)	-	-	-	-	-	-	-	-	-	-	-	-
Issue of equity instruments on ESOP	(85.88)	-	-	84.14	-	-	-	-	-	-	-	-	-	-	-	(1.74)	-
Share application money received	79.92	-	-	-	-	-	-	-	-	-	-	-	-	-	-	79.92	-
ESOP Charge	-	-	-	-	242.03	-	-	-	-	-	-	-	-	-	-	242.03	-
Stock appreciation rights (SAR)	-	-	-	-	148.93	-	-	-	-	-	-	-	-	-	-	148.93	-
Transfers to / from retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers to / from retained earnings	-	-	106.88	-	-	-	-	(90.26)	(1,619.61)	-	1,602.99	-	-	-	-	-	-
Transfer Under 45 -IC RBI	-	-	-	-	-	143.66	-	-	-	-	(143.66)	-	-	-	-	-	-
Transfer Under 29C NHB	-	-	-	-	-	-	3.12	-	-	-	(3.12)	-	-	-	-	-	-
Transfer under Lease impact - IND AS (Refer note 50.2)	-	-	-	-	-	-	-	-	-	-	(209.55)	-	-	-	-	(209.55)	-
Transfer under Impairment reserve	-	-	-	-	-	-	-	-	-	1,577.37	(1,577.37)	-	-	-	-	-	-
Transaction with non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(115.97)
Transfer from securities premium	-	-	-	(528.31)	-	-	-	-	-	-	-	-	-	-	-	(528.31)	-
Effect of changes in group's interest	-	198.50	-	-	-	-	-	-	-	-	1,418.69	(253.10)	-	-	-	1,364.09	19.91
Balance at 31-Mar-20	**0.19**	**8,258.73**	**273.62**	**29,062.49**	**818.18**	**7,647.60**	**540.34**	**826.56**	**8,721.51**	**1,577.37**	**(1,554.30)**	**390.17**	**5,080.88**	**(1,700.00)**	**454.26**	**60,397.60**	**10,783.66**

1. Refer note 30 for information on nature of reserves maintained at Group level.

As per our report of even date attached

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

per Shrawan Jalan
Partner
Membership No: 102102

Mumbai 04 July 2020

For and on behalf of the Board of Directors

Rashesh Shah
Chairman, Managing Director & CEO
DIN: 00008322

Himanshu Kaji
Executive Director
DIN : 00009438

S Ranganathan
Chief Financial Officer

B Renganathan
EVP & Company Secretary

Mumbai 04 July 2020

Notes to the consolidated financial statements

1. Background

The Company is principally engaged in providing investment banking services and holding company activities comprising of development, managerial and financial support to the business of Edelweiss group entities. The Company has its registered office at Edelweiss House, Off C.S.T. Road, Kalina, Mumbai, India.

The Company is principally engaged in providing investment banking services and holding company activities comprising of development, managerial and financial support to the business of Edelweiss group entities.

2. Basis of preparation of consolidated financial statements

The consolidated financial statements relate to Edelweiss Financial Services Limited ('the Company') and its subsidiaries, trusts (together 'the Group') and associates. The Group is primarily engaged in (a) agency business, which includes Broking, advisory, product distribution and other fee based services, (b) Capital based business which includes Income from lending business, (c) Life insurance and General insurance business (d) Asset reconstruction business and (e) Treasury business includes income from trading and investment activities.

The consolidated financial statements of the Group 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). These consolidated financial statements have been approved for issue by the Board of Directors of the Company on 04 July 2020.

These consolidated financial statements have been prepared on a historical cost basis, except for entities under liquidation/ dissolution[1] and certain financial instruments such as financial asset measured at fair value through other comprehensive income (FVOCI) instruments, derivative financial instruments, fair value through Profit or Loss and other financial assets held for trading, certain property plant and equipment which have been measured at fair value. The consolidated financial statements are presented in Indian Rupees (INR) and all values are rounded to the nearest million, except when otherwise indicated.

3. Presentation of financial statements

The Group 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 48.

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

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

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

[1] Refer note 58

4. Basis of consolidation:

The consolidated financial statements as on 31 March 2020, comprise the financial statements of the Company and its subsidiaries as at 31 March 2020 including any controlled structured entities. The Company consolidates a subsidiary when it controls it. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the Group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Group re-assesses whether or not it controls an investee, if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies. However, no subsidiaries, associates and consolidated structure entities have followed different accounting policies than those followed by the Group for the preparation of these consolidated financial statements.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on 31 March.

Consolidation procedure:

a. Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

b. Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill, refer note no 5.25

c. Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in assets, are eliminated in full). Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

   Profit or loss and each component of Other Comprehensive Income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

4. Basis of consolidation: *(Continued)*

All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction. With respect to put options granted by the Group to the holders of non-controlling interests in a subsidiary, where the Group does not have a present ownership interest in the shares subject to put, till the put remains unexercised, non-controlling continues to be recognised including allocation of profit or loss, other comprehensive income and other changes in equity of the subsidiary. However, at each reporting date, the non-controlling interest is derecognised as if it were acquired at that date and a financial liability is recognised and measured at its fair value. The difference between these two amounts is recognised as an equity transaction and attributed to owners of the parent.

Given the level of judgement required regarding consolidation of structured entities, these considerations are described further in the significant accounting judgements in Note 6.1(c). Disclosures for investment in subsidiaries, and structured entities are provided in Note 58.

The financial statements of all subsidiaries incorporated outside India are converted on the following basis: (a) Income and expenses are converted at the average rate of exchange applicable for the period/year and (b) All assets and liabilities are translated at the closing rate as on the Balance Sheet date. The exchange difference arising out of period/year end translation is debited or credited as "Foreign Exchange Translation Reserve" forming part of Other Comprehensive Income and accumulated as a separate component of other equity.

Investment in associates:

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decision of the investee, but it's not control or joint control over those policies.

5. Significant accounting policies

5.1. Recognition of Interest and Dividend income

Interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortised cost and debt instrument measured at FVOCI. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the financial asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Group 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 various stages, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

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

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

5. Significant accounting policies *(Continued)*

5.1. Recognition of Interest and Dividend income *(Continued)*

For purchased or originated credit-impaired (POCI) financial assets, the Group calculates interest income by calculating the credit-adjusted EIR and applying that rate to the amortised cost of the asset. The credit-adjusted EIR is the interest rate that, at original recognition, discounts the estimated future cash flows (including credit losses) to the amortised cost of the POCI assets.

Dividend income is recognised in profit or loss when the Group's right to receive payment of the dividend is established, it is probable that the economic benefits associated with the dividend will flow to the entity, and the amount of the dividend can be measured reliably.

5.2 Financial Instruments

5.2.1 Date of recognition

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

5.2.2 Initial measurement of financial instruments

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

5.2.3 Day 1 profit or loss

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

5.3 Classification of financial instruments

5.3.1 Financial assets:

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

- Amortised cost
- Fair value through other comprehensive income [FVOCI]
- Fair value through profit or loss [FVTPL]

5. Significant accounting policies *(Continued)*

5.3 Classification of financial instruments *(Continued)*

5.3.1 Financial assets: *(Continued)*

The Group measures debt financial assets that meet the following conditions at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets 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.

Debt financial instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the financial asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling the 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.

Other than above classification of amortised cost and FVOCI, all other financial assets are initially measured at fair value and subsequently measured at FVTPL.

5.3.1.1 Amortised cost and Effective interest method

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

5.3.1.2 Financial assets held for trading

The Group classifies financial assets as held for trading when they have been purchased or issued primarily for short-term profit making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there evidence of a recent pattern of short-term profit is taking. Held-for-trading assets and liabilities are recorded and measured in the balance sheet at fair value. Financial assets designated at FVTPL, please refer note 5.3.2.2

5.3.1.3 Financial asset measured at FVOCI

Unrealised gains or losses on debt instruments measured at FVOCI are recognised in other comprehensive income, and on derecognition of such instrument accumulated gains or losses are recycled to profit and loss statement. Interest income on such instrument is recognised in profit and loss statements as per EIR method.

5.3.1.4 Investment in equity instruments

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

5. Significant accounting policies *(Continued)*

5.3 Classification of financial instruments *(Continued)*

5.3.2 Financial liabilities

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

5.3.2.1 Debt securities and other borrowed funds

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the instrument.

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

5.3.2.2 Financial assets and Financial liabilities at fair value through profit or loss

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

- The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis; or
- The liabilities are part of a group of financial liabilities, which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- The liabilities containing one or more embedded derivatives, unless they do not significantly modify the cash flows that would otherwise be required by the contract, or it is clear with little or no analysis when a similar instrument is first considered that separation of the embedded derivative(s) is prohibited.

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

5.3.2.3 Financial guarantee:

Financial guarantees are contracts that require the Group to make specified payments to reimburse to holder for loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of a debt instrument.

Financial guarantee issued or commitments to provide a loan at below market interest rate are initially measured at fair value and the initial fair value is amortised over the life of the guarantee or the commitment. Subsequently they are measured at higher of this amortised amount and the amount of loss allowance.

5. Significant accounting policies *(Continued)*

5.3 Classification of financial instruments *(Continued)*

5.3.2 Financial liabilities *(Continued)*

5.3.2.4 Loan commitment

Undrawn loan commitments are commitments under which, the Group is required to provide a loan with pre-specified terms to the customer during the duration of commitment.

5.3.3 Financial liabilities and equity instruments

Financial instruments issued by the group 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 a group entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Group's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Derivatives

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts and interest rate swaps.

Group has designed a risk strategy based to cover exposure on issuance of Benchmark Linked Debentures, by entering into a derivative contracts either to minimise the loss or to earn a minimum committed income by entering into a combination of derivative contracts (say for example purchased call and put options) with a wide range of strike prices. Above strategy has been approved by the risk committee and ensures that risk is fully or partially covered, hence support to reduce the risk exposure

Derivatives are initially recognised at fair value and are subsequently re-measured at fair value through profit or loss. The resulting gain or loss is recognised in profit or loss immediately

Embedded derivatives

An embedded derivative is a component of a hybrid instrument that also includes a non-derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, foreign exchange rate, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract.

Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments

5. Significant accounting policies *(Continued)*

5.4 Reclassification of financial assets and financial liabilities

The Group does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Group acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified

5.5 Derecognition of financial assets and financial liabilities

5.5.1 Derecognition of financial assets due to substantial modification of terms and conditions

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

When assessing whether or not to derecognise a financial assets, amongst others, the Group considers the following factors:

- Change in currency of the loan

- Introduction of an equity feature

- Change in counterparty

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

5.5.2 Derecognition of financial assets (other than due to substantial modification)

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

The Group has transferred the financial asset if, and only if, either:

- The Group has transferred its contractual rights to receive cash flows from the financial asset; or
- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass–through' arrangement.

Pass-through arrangements are transactions whereby the Group retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following conditions are met:

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

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

5. Significant accounting policies *(Continued)*

5.5.2 Derecognition of financial assets (other than due to substantial modification) *(Continued)*

A transfer only qualifies for derecognition if either:

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

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

5.5.3 Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

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

5.6 Impairment of financial assets

The Group records allowance for expected credit losses for all financial assets, other than financial assets held at FVTPL, together with loan commitment and financial guarantee contracts. Equity instruments are not subject to impairment.

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

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

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

5. Significant accounting policies *(Continued)*

5.6 Impairment of financial assets *(Continued)*

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

For financial assets, ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. The Group recognises an impairment loss or reversal of impairment loss in the profit and loss statement with a corresponding adjustment to their carrying amount through a loss allowance account.

If a financial instrument includes both a loan (i.e. financial asset) and an undrawn commitment (i.e. loan commitment) component and the Group cannot separately identify the ECL on the loan commitment component from those on the financial asset component, the ECL on the loan commitment have been recognised together with the loss allowance for the financial asset. To the extent that the combined ECL exceed the gross carrying amount of the financial asset, the ECL have been recognised as a provision. Also, for other loan commitments and all financial guarantee contracts, the loss allowance has been recognised as a provision.

5.7 Collateral valuation

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

To the extent possible, the Group uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models.

5.8 Collateral repossessed

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

In its normal course of business, the Group does not physically repossess properties or other assets in its retail portfolio, but engages external agents to recover funds, generally at auction, to settle outstanding debt. Any surplus funds are returned to the customers/obligors.

5.9 Write off

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

5. Significant accounting policies *(Continued)*

5.10 Forborne and modified loan

The Group sometimes makes concessions or modifications to the original terms of loans as a response to the borrower's financial difficulties, rather than taking possession or to otherwise enforce collection of collateral. The Group considers a loan forborne when such concessions or modifications are provided as a result of the borrower's present or expected financial difficulties and the Group would not have agreed to them if the borrower had been financially healthy. Indicators of financial difficulties include defaults on covenants, or significant concerns raised by the Credit Risk Department. Forbearance may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, any impairment is measured using the original EIR as calculated before the modification of terms. It is the Group's policy to monitor forborne loans to help ensure that future payments continue to be likely to occur. Derecognition decisions and classification between Stage 2 and Stage 3 are determined on a case-by-case basis. If these procedures identify a loss in relation to a loan, it is disclosed and managed as an impaired Stage 3 forborne asset, until it is collected or written off.

5.11 Determination of fair value

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

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

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

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

- Level 1 financial instruments −Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Group has access at the measurement date. The Group considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.
- Level 2 financial instruments−Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life.
- Level 3 financial instruments −Those that include one or more unobservable input that is significant to the measurement as whole. For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. The Group periodically reviews its valuation techniques including the adopted methodologies and model calibrations.

5. Significant accounting policies *(Continued)*

5.11 Determination of fair value *(Continued)*

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

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

5.12 Revenue from contracts with customers

Revenue is measured at transaction price i.e. the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to the customer, excluding amounts collected on behalf of third parties. The Group consider the terms of the contract and its customary business practices to determine the transaction price. Where the consideration promised is variable, the Group excludes the estimates of variable consideration that are constrained. The Group applies the five step approach for the recognition of revenue:

i. Identification of contract

ii. Identification of the separate performance obligation in the contract

iii. Determination of transaction price

iv. Allocation of transaction price to separate performance obligation and

v. Recognition of revenue when (or as) each performance obligation is satisfied

The Group recognises revenue from the following sources:

a. Fee income including investment banking, advisory fees and syndication fees, is accounted over the period as the customer simultaneously receives and consumes the benefits, as the services are rendered.

b. Clearing fee income arises, when the performance obligation related to trade is executed and a valid contract is generated for the trade. Fee income is accounted for, at a point in time or over a period of time in accordance with the terms and contracts entered into between the Group and the counterparty.

c. Brokerage income on securities and commodities broking business is recognised as per contracted rates at the execution of transactions on behalf of the customers on the trade date and is reflected net of related sub-brokerage expenses, goods and service tax ("GST"), transaction charges and stock exchange expenses. Brokerage income on insurance broking business is recognised on an accrual basis at the inception of the insurance policy once the policy is issued by the insurance company based on the terms agreed with the insurance companies and is exclusive of GST.

d. Investment management fees are recognised net of GST over the tenure in accordance with the Investment Management Agreement with Edelweiss Mutual Fund ('the mutual fund') and comply with the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 based on average Assets Under Management ('AUM') confirmed by the mutual fund.

e. Management fee from trusts declared by it for acquisition of financial assets and the same is accounted for over the tenure as per terms of the relevant trust deeds and offer document issued by the Trust. Further any upside share in excess realisation over acquisition price of financial asset is recognised at point in time basis as per terms of the relevant trust deed/offer document. Redemption incentive and recovery incentive is accounted over the period on cash basis, i.e. as and when received by the Group, based on terms of the relevant trust deeds and offer document issued by the Trust.

5. Significant accounting policies *(Continued)*

5.12 Revenue from contracts with customers *(Continued)*

f. Portfolio management fees are recognised over the tenure in accordance with portfolio management agreement entered with respective clients.

g. Interest on delayed payments, warehousing charges and rental income are recognised as revenue on certainty of realisation.

h. Agency commission/procurement income is recorded in pursuant to terms and conditions mentioned in scope of work or agreement.

i. Real estate advisory fee income is recognised basis the terms and conditions mentioned in the agreement.

j. Revenue from fund management services (excluding mutual fund business) is recognised over the tenure in accordance with the terms and conditions of the investment management agreement between the Group and the Fund for which the Group acts as a fund manager.

k. Revenue from rendering of trustee services is recognised in accordance with the terms and conditions of the Compensation Agreement between the trustee company and the fund. The amount recognised as revenue is exclusive of GST.

l. Commodities sales are accounted as per the terms of agreement with parties.

m. Sale during the course of import by transfer of documents of title i.e. high seas sale is booked upon transfer of documents of title to the goods in favour of buyer before the goods cross the custom frontiers of India.

n. The Group recognises incremental costs of obtaining a contract with a customer as an asset if it expects to recover those costs. This asset is amortised to profit or loss on a systematic basis consistent with the transfer to the customer of the goods or services to which the asset relates.

o. Lease rentals are recognised as income in Statement of Profit and Loss on a straight line basis over the lease term. Costs related to operating and maintenance of investment property is recognised as expense.

p. Insurance and other claims are recognised as revenue on certainty of realisation.

q. Profit or loss on sale of investments is recognised on trade date basis.

5.13 Operating leases

Group as a lessee

The Group has applied IND AS 116 using the partial retrospective approach.

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right of use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

5. Significant accounting policies *(Continued)*

5.13 Operating leases *(Continued)*

Lease Liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short term lease

The Group has elected not to recognise right of use asset and lease liabilities for short term leases of property that has lease term of 12 months or less. The Company recognises lease payment associated with these leases as an expense on a straight line basis over lease term.

Group as lessor:

The Group's accounting policy under Ind AS 116 has not changed from the comparative period. As a lessor the Group classifies its leases as either operating or finance leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset and classified as an operating lease if it does not.

5.14 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.

5.15 Foreign currency transactions

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

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

5. Significant accounting policies *(Continued)*

5.16 Retirement and other employee benefit

Provident fund and national pension scheme

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

Gratuity

The Group's gratuity scheme is a defined benefit plan. The Group'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. Benefits in respect of gratuity are funded with an Insurance company approved by Insurance Regulatory and Development Authority (IRDA).

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

Remeasurements are not reclassified to profit or loss in subsequent periods

Compensated Absences

The eligible employees of the Group are permitted to carry forward certain number of their annual leave entitlement to subsequent years, subject to a ceiling. The Group 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.

5.17 Share-based payment arrangements

Equity-settled share-based payments to employees are granted by the ultimate parent Company. These are measured by reference to the fair value of the equity instruments at the grant date. These includes Stock Appreciation Rights (SARs) where the right to receive the difference between the SAR price and the market price of equity shares of the ultimate parent Company on the date of exercise, either by way of cash or issuance of equity shares of the ultimate parent Company, is at the discretion of the ultimate parent Company. These are classified as equity settled share based transaction.

The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the 'ESOP reserve'. In cases where the share options granted vest in instalments over the vesting period, the Group treats each instalment as a separate grant, because each instalment has a different vesting period, and hence the fair value of each instalment differs.

5. Significant accounting policies *(Continued)*

5.18 Property, plant and equipment and right – of – use assets

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 incurred on an item of property, plant and equipment is recognised in the carrying amount thereof when those costs meet the recognition criteria as mentioned above. Repairs and maintenance are recognised in profit or loss as incurred.

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

As per the requirement of Schedule II of the Companies Act, 2013, the Group has evaluated the useful lives of the respective property, plant and equipment which are as per the provisions of Part C of the Schedule II for calculating the depreciation. The estimated useful lives of the property, plant and equipment are as follows:

Estimated useful lives of the assets are as follows:

Nature of assets	Estimated useful life
Building (other than Factory Building)	60 years
Plant and Equipments	15 years
Furniture and fixtures	10 years
Vehicles	8 years
Vessel (Boat)	13 years
Office Equipment	5 years
Computers - Servers and networks	6 years
Computers - End user devices, such as desktops, laptops, etc.	3 years
Solar power plant	15 years

Change in accounting policy for land and buildings from 31st March 2020:

Land and buildings are subsequently shown at fair value based on periodic valuations by external independent valuers, less subsequent depreciation for buildings. Valuations will be carried out on a regular basis, unless the management consider it appropriate to have an earlier revaluation, such that the carrying amount of property does not differ materially from that which would be determined using fair values at the end of the reporting period. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset (Refer note no. 19 for details)

Subsequent measurement of land and building under revaluation model:

Increases in the carrying amount arising on revaluation of land and buildings are credited to other comprehensive income and shown as a revaluation reserve in shareholders' equity. An exception is a gain on revaluation that reverses a revaluation decrease (impairment) on the same asset previously recognised as an expense. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against the revaluation reserve directly in equity; all other decreases are charged to profit or loss. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

5. Significant accounting policies *(Continued)*

5.18 Property, plant and equipment and right – of – use assets *(Continued)*

Right-of-use assets are presented together with property and equipment in the statement of financial position – refer to the accounting policy 5.13. Right-of-use assets are depreciated on a straight-line basis over the lease term.

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

5.19 Intangible assets

The Group's intangible assets mainly include the value of computer software and management rights. An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Group.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets with finite lives are amortised over the useful economic life.

5.20 Impairment of non-financial assets

The Group 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 Group 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 recognised 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 asset is reflected at the recoverable amount subject to a maximum of the depreciable historical cost.

5.21 Cash and cash equivalents

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

5.22 Provisions and other contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group 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.

5. Significant accounting policies *(Continued)*

5.22 Provisions and other contingent liabilities *(Continued)*

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 Group. Claims against the Group, 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.

5.23 Income tax expenses

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

5.23.1 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 Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

5.23.2 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.

Deferred tax assets are also recognised with respect to carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

It is probable that taxable profit will be available against which a deductible temporary difference, unused tax loss or unused tax credit can be utilised when there are sufficient taxable temporary differences which are expected to reverse in the period of reversal of deductible temporary difference or in periods in which a tax loss can be carried forward or back. When this is not the case, deferred tax asset is recognised to the extent it is probable that:

- the entity will have sufficient taxable profit in the same period as reversal of deductible temporary difference or periods in which a tax loss can be carried forward or back; or
- tax planning opportunities are available that will create taxable profit in appropriate periods.

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 subsidiaries expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

5. Significant accounting policies *(Continued)*

5.23.2 Deferred tax *(Continued)*

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.

Minimum alternate tax (MAT)

MAT paid in a year is charged to the statement of profit and loss as current tax. The Group recognises unused MAT credit as a deferred tax asset only to the extent that it is probable that the Group will be able to utilise during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Group recognises deferred tax asset (MAT credit) as an asset, the said asset is created by way of credit to the statement of profit and loss. The Group reviews the MAT asset at each reporting date and writes down the asset to the extent that it is not probable that the Group will be able to utilise it during the specified period.

5.24 Investment properties:

Properties, including those under construction, held to earn rentals and/or capital appreciation are classified as investment property and are measured and reported at cost, including transaction costs.

Depreciation is recognised using straight line method so as to write off the cost of the investment property less their residual values over their useful lives specified in Schedule II to the Companies Act, 2013 or in the case of assets where the useful life was determined by technical evaluation, over the useful life so determined. Depreciation method is reviewed at each financial year end to reflect the expected pattern of consumption of the future benefits embodied in the investment property. The estimated useful life and residual values are also reviewed at each financial year end and the effect of any change in the estimates of useful life/residual value is accounted on prospective basis.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of property is recognised in the Statement of Profit and Loss in the same period.

5.25 Business Combination :

The acquisition method of accounting is used for business combinations by the Group. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values with certain limited exceptions. Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is tested for impairment annually or more frequently if impairment indicators exists. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Business combination under common control:

Common control business combinations includes transactions, such as transfer of subsidiaries or businesses, between entities within a group. Group has accounted all such transactions based on pooling of interest method, which is as below:-

- The assets and liabilities of the combining entities are reflected at their carrying amounts.
- No adjustments are made to reflect fair values, or recognise any new assets or liabilities.

5. **Significant accounting policies *(Continued)***

5.25 Business Combination : *(Continued)*

- The financial information in the financial statements in respect of prior periods are restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination.

The identity of the reserves shall be preserved and shall appear in the financial statements of the transferee in the same form in which they appeared in the financial statements of the transferor. The difference, if any, between the amount recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor shall be transferred to capital reserve

5.26 Inventories:

Inventories are valued at weighted average cost or net realisable value whichever is lower.

5.27 Significant accounting policies of life insurance business (Edelweiss Tokio Life Insurance Company Limited ("ETLIFE"):

a. **Product classification**

Insurance contract

Insurance contracts are those contracts when ETLIFE has accepted significant insurance risk from the policyholders by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders.

As a general guideline, ETLIFE determines whether it has significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur. Such contract remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire. Contracts can be classified as insurance contracts after inception if insurance risk becomes significant.

Investment contract

Investment contracts are those contracts which are not insurance contract. Investment contracts are those contracts that transfer financial risk with no significant insurance risk. Investment contracts can, however, be reclassified as insurance contracts after inception if insurance risk becomes significant. Some insurance and investment contracts contain a discretionary participation feature (DPF), which is a contractual right to receive additional benefits as a supplement to guaranteed benefits.

Insurance and investment contracts are further classified as with DPF, Linked Business and Others. Insurance contracts and investment contracts with DPF are measured and accounted under existing accounting practices at the date of transition to Ind AS.

b. **Revenue recognition:**

- Premium Income:

  Premium income on insurance contracts and investment contracts with DPF are recognised as income when due from policyholders. For regular premium contracts, receivables are recognised at the date when payments are due.

  In respect of linked business, premium income is recognised when the associated units are allotted. Top up premiums paid by unit-linked policyholders are considered as single premium and recognised as income when the associated units are created.

5. Significant accounting policies *(Continued)*

5.27 Significant accounting policies of life insurance business (Edelweiss Tokio Life Insurance Company Limited ("ETLIFE"): *(Continued)*

Where policies lapse due to non-receipt of premiums, then all the related premium income accrued but not received from the date they are deemed to have lapsed is offset against premiums. Premium on lapsed policies is recognised as income on receipt basis on reinstatement or revival of these policies.

- Reinsurance premium ceded:

  Reinsurance premium ceded is accounted at the time of recognition of premium income in accordance with the treaty or in principle arrangement/agreement with the reinsurers.

- Income from Unit Linked Policies

  Income from unit-linked policies, which include fund management charges, policy administration charges, mortality charges and other charges, wherever applicable, are recovered from the unit-linked funds in accordance with the terms and conditions of the policies issued and are recognised as and when due.

- Fee management charges of investment contract

  Investments contract policyholders are charged fees for policy administration, investment management, surrenders or other contract services. The fees are recognised as revenue in the period in which they are collected unless they relate to services to be provided in future periods, in which case they are deferred and recognised as and when the services are provided.

- Interest income on policy loans is recognised using effective interest rate method

c. **Acquisition costs**

Acquisition cost which are primarily relatable to the acquisition of insurance and investment contracts with DPF are expensed in the period in which they are incurred.

For investment contracts with or without DPF, acquisition costs that are directly attributable to securing an investment contract are deferred and amortised over the period in which the service is provided.

Benefits paid:

Benefits paid consists of the policy benefit and claim settlement costs, if any.

- **Non-linked business**

  Death, rider, withdrawals and surrender claims are accounted for on receipt of intimation. Maturity, survival benefit and annuities are accounted when due.

- **Linked-business**

  Death and rider are accounted for on receipt of intimation. Maturity claims and survival benefit are accounted for on due basis. Surrenders and withdrawals are accounted for on receipt of intimation. Amount payable on lapsed/discontinued policies are accounted for on expiry of lock in period of these policies.

- **Reinsurance**

  Reinsurance claims receivable are accounted for in the same period as the related claim.

5. Significant accounting policies *(Continued)*

5.27 Significant accounting policies of life insurance business (Edelweiss Tokio Life Insurance Company Limited ("ETLIFE"): *(Continued)*

d. **Reinsurance ceded**

ETLIFE cedes reinsurance in the normal course of business, with retention limits varying by line of business. Premiums ceded and claims reimbursed are presented on a gross basis in the statement of profit and loss.

Reinsurance assets primarily include balances due from reinsurance companies for ceded insurance. Amounts recoverable from reinsurers are estimated in a manner consistent with the underlying contract liabilities, outstanding claims provisions or settled claims associated with the reinsured policies and in accordance with the relevant reinsurance contract.

Reinsurance assets are reviewed for impairment at each reporting date, or more frequently, when an indication of impairment arises during the reporting period. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the company may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measurable impact on the amounts that the company will receive from the reinsurer. The impairment loss is recorded in the statement of Profit or loss.

e. **Liability adequacy test**

ETLIFE assesses at the end of each reporting period whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If that assessment shows that the carrying amount of its insurance liabilities is inadequate in the light of the estimated future cash flows, the entire deficiency shall be recognised in the statement of profit or loss.

f. **Policyholder Liability**

Insurance contract and investment contract with DPF

Insurance and investment contract with DPF claims / liabilities are measured using the accounting policies consistent with those adopted previously under existing accounting practices.

Hence, the policyholder liabilities are calculated in accordance with the accepted actuarial practice, requirements of Insurance Act, 1938 and amendments thereafter, applicable regulations notified by the Insurance Regulatory and Development Authority of India (IRDAI), and Actuarial Practice Standards issued by the Institute of Actuaries of India.

g. **Investment contracts without DPF**

Liability in respect of investment contracts is recognised in accordance with Ind AS, taking into account accepted actuarial practices.

h. **Unclaimed amount of policyholders**

- Assets held for unclaimed amount of policyholders is created and maintained in accordance with the requirement of IRDAI Regulations and Investment Regulations, 2016 as amended from time to time.
- Unclaimed amount of policyholders' assets grouped under other financial assets is invested in money market instruments and / or fixed deposits of scheduled banks which are valued at amortised cost.
- Income on unclaimed amount of policyholders is credited to respective unclaimed account and is accounted for on an accrual basis.
- Amount payable on account of income earned on assets held for unclaimed amount of policyholders is accounted for on an accrual basis and is disclosed net of fund management charges.

5. Significant accounting policies *(Continued)*

5.27 Significant accounting policies of life insurance business (Edelweiss Tokio Life Insurance Company Limited ("ETLIFE"): *(Continued)*

h. **Unclaimed amount of policyholders *(Continued)***

- Unclaimed amount of policyholders' liability grouped under trade payables is determined on the basis of NAV of the units outstanding as at the valuation date.
- Amounts remaining unclaimed for a period of 10 years together with all respective accretions to the fund as per the above mentioned regulations are deposited into the Senior Citizen Welfare Fund (SCWF).

5.28 Significant accounting policies of General insurance business (Edelweiss General Insurance Company Limited - "EGICL")

Revenue recognition in general insurance business

- Premium Income

  Premium income including reinsurance accepted (net of goods and service tax), is recognised as income at the commencement of risk over the contract period or the period of risk, whichever is appropriate, on a gross basis and for instalment basis, it is recognised on instalment due dates. Reinstatement premium is recorded as and when such premiums are recovered. Any subsequent revisions to premium are recognised in the year in which they occur over the remaining period of risk or contract period, as applicable. Adjustments to premium income arising on cancellation of policies are recognised in the period in which they are cancelled. Premium received in advance represents premium received prior to the commencement of the risk.

- Reinsurance Ceded

  Insurance premium on ceding of the risk is recognised in the period in which the risk commences in accordance with reinsurance arrangements with the reinsurers. Any subsequent revisions to, refunds or cancellations of premiums are recognised in the year in which they occur. Premium on excess of loss reinsurance cover is accounted as per the terms of the reinsurance arrangements. Adjustment to reinsurance premium arising on cancellation of policies is recognised in the period in which they are cancelled.

- Commission income from reinsurance ceded

  Commission from reinsurance ceded is recognised as income on ceding of reinsurance premium in the period of ceding of risk. Profit commission under reinsurance treaties, wherever applicable, is recognised as income in the year of final determination of profits as confirmed by reinsurers and combined with commission on reinsurance ceded.

- Reserve for Unexpired Risk

  Reserve for unexpired risk represent that part of net written premium which is attributable to and allocated to the succeeding accounting periods. Reserve for unexpired risk is calculated on net written premium on all unexpired policies at the balance sheet date based on 1/365th method for all segments, other than Health insurance policies with Health 241 Add ON cover. In Marine Hull business it is subject to a minimum of 100%.

  In Health insurance policies with Health 241 Add ON cover; the unexpired risk is calculated on net written premium on all unexpired policies at the balance sheet date based on:

  a) 1/730 basis where there is no claim reported in the 1st year of policy

  b) 1/365 basis where the claim is reported in the 1st year of policy

5. Significant accounting policies *(Continued)*

5.28 Significant accounting policies of General insurance business (Edelweiss General Insurance Company Limited - "EGICL") *(Continued)*

- Claims Incurred

  Claims incurred comprise of claims paid (net of salvage and other recoveries), change in estimated liability for outstanding claims made following a loss occurrence reported and estimated liability for claims Incurred But Not Reported (IBNR) and claims Incurred But Not Enough Reported (IBNER). Further, claims incurred also include specific claim settlement costs comprising survey fees, legal expenses and other directly attributable costs. Claims (net of amounts receivable from reinsurers/coinsurers) are recognised on the date of intimation based on internal management estimates or on estimates from surveyors/insured in the respective revenue account(s).

  Estimated liability for outstanding claims at balance sheet date is recorded net of claims recoverable from / payable to co-insurers / reinsurers, salvage to the extent there is certainty of realisation and other recoveries. Estimated liability for outstanding claims is determined by the management on the basis of ultimate amounts likely to be paid on each claim, established by the management in light of past experience and progressively modified for changes as appropriate, on availability of further information and in cases where claim payment period exceeds four years based on actuarial valuation. These estimates include claim settlement costs likely to be incurred to settle outstanding claims.

  IBNR reserves are provisions for claims that may have been incurred during the accounting period but have not been reported or claimed. The IBNR provision also includes provision, for claims that have been incurred but are not enough reported (IBNER). The provision for IBNR and IBNER is based on actuarial estimate duly certified by the Appointed Actuary of EGICL. The actuarial estimate is derived in accordance with relevant IRDAI regulations and Guidance Note GN 21 issued by the Institute of Actuaries of India. The Appointed Actuary has certified that the methodology and assumptions used to estimate the liability are appropriate and in accordance with guidelines and norms issued by the Institute of Actuaries of India in concurrence with the IRDAI regulations.

- Premium deficiency

  Premium deficiency ('PDR') is recognised at segmental revenue account level, when the sum of expected net claim costs, related expenses and maintenance costs (related to claims handling) exceed the reserve for unexpired risks. The premium deficiency is calculated and duly certified by the Appointed Actuary.

6. **Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Group's accounting policies, which are described in note 5, 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.

6. **Critical accounting judgements and key sources of estimation uncertainty *(Continued)***

6.1. 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 Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

a. 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 Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance is measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group 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 Group'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.

b. Significant increase in credit risk

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

c. Consolidation of structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. In the context of the Group, structured entities comprise securitisation trusts in asset reconstruction business, mutual fund schemes and alternative investment funds / schemes thereof. The Group consolidates the structured entities that it controls. When making this judgement, the Group also considers voting and similar rights available to itself and other parties, who may limit the Group's ability to control, including rights to appoint, reassign or remove members of the structured entity's key management personnel who have the ability to direct the relevant activities, the exposure to variability of returns and whether the Group has the ability to use its power to affect the amount of the Group's returns i.e. the variability of returns in relation to the total returns of the investee entity.

d. Determining lease term for lease contracts with renewal and termination option:

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

6. **Critical accounting judgements and key sources of estimation uncertainty *(Continued)***

6.1. Critical judgements in applying accounting policies *(Continued)*

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain, whether or not, to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation of the leased asset).

6.2 Key sources of estimation uncertainty

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

a. Fair value of financial instruments

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

For Investments made into Security receipts (SRs), Group uses discounted cash flow model, given that the SRs are less liquid instruments. Expected cash flow levels including timing of cash flows are estimated by using quantitative and qualitative measures regarding the characteristics of the underlying assets including default rates, nature and value of collaterals, manner of resolution and other economic drivers. For any valuation which are based on models, Judgements and estimates are applied, which include considerations of liquidity, credit risk (both own and counterparty), funding value adjustments, correlation and volatility.

b. Impairment of financial assets

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

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

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

6. Critical accounting judgements and key sources of estimation uncertainty *(Continued)*

6.2 Key sources of estimation uncertainty *(Continued)*

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

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

c. Effective interest rate method

The Group's EIR methodology, as explained in Note 5.1, recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given / taken and recognises the effect of characteristics of the product life cycle

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well expected changes fee income/expense that are integral parts of the instrument.

d. Accounting for deferred taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

The Group has recognised deferred tax assets on carried forward tax losses with respect to certain subsidiaries where the Group believes that the said deferred tax assets shall be recoverable based on the estimated future taxable income which in turn is based on approved business plans and budgets. The losses are allowed to be carried forward to the years in which the Group expects that there will be sufficient taxable profits to offset these losses.

e. Estimating the incremental borrowing rate:

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ('IBR') to measure lease liabilities. Incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

f. Asset liability management

Management has made an assessment of its ability to continue and is satisfied that it has the resources to continue in business for the foreseeable future.

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

There are no new standard or amendment issued but not effective.

(Currency: Indian rupees in million)

8. Cash and cash equivalents

	31-Mar-20	31-Mar-19
Cash in hand	**4.81**	56.01
Cheques in hand	**44.41**	295.28
Balances with banks: (refer note 1 below)		
- in Current accounts	**28,234.79**	21,653.75
- in fixed deposits with original maturity less than 3 months	**21,141.18**	9,153.17
Total	**49,425.19**	**31,158.21**

Note 1:

Pledged bank balance/fixed deposits aggregating to ₹ 4,623.07 millions (previous year ₹ Nil millions) against NCD issued.

9. Bank Balance other than cash and cash equivalents

	31-Mar-20	31-Mar-19
Fixed deposits at amortised cost (refer Note 1 below)	**36,657.89**	33,383.32
(held as margin money or security against borrowings, guarantees)		
In unpaid dividend accounts	**13.00**	12.73
Total	**36,670.89**	**33,396.05**

Note 1:

- Pledged fixed deposit aggregating to ₹ 6,284.86 millions (previous year ₹ 6,336.77 millions) with bank for securing credit facilities, obtaining bank guarantees, securitisation contracts and meeting margin requirement for trading in cross currency swaps and forward margin.
- Pledged fixed deposit aggregating to ₹ 18,228.05 millions (previous year ₹13,183.43 millions) with exchange to meet margin requirement.
- Pledged fixed deposit aggregating to ₹ 41.89 millions (previous year ₹ 155.61 millions) with VAT,CST and excise authorities.
- Pledged fixed deposit aggregating to ₹ 22.42 millions (previous year ₹ 21.25 millions) with exchange towards arbitration.
- Pledged fixed deposit aggregating to ₹ 56.39 millions (previous year ₹ 47.77 millions) with agriculture produce market committee for obtaining Mandi license.
- Pledged fixed deposit aggregating to ₹ 5.00 millions (previous year ₹ 5.00 millions) with IRDA.
- Earmarked with bank for a specific purpose ₹ 6,503.70 millions (previous year ₹ Nil millions) and therefore not available for immediate and general use.

(Currency: Indian rupees in million)

10. Derivative financial instruments

	31-Mar-20	Notional amount (Units)	Fair value of asset (₹)	Notional amount (Units)	Fair value of liability (₹)
(i)	**Currency derivatives**				
	Spot and forwards	34,39,607	0.03	1,01,84,303	216.14
	Currency Futures	3,00,00,000	29.14	3,08,86,000	24.07
	Options purchased	29,46,21,000	485.50	-	-
	Options sold	-	-	29,91,85,000	527.23
	Less: amounts offset (refer note 10.1)	-	(29.16)	-	(767.44)
	Sub total (i)		485.51		-
(ii)	**Interest rate derivatives**				
	Forwards and Interest Rate Swaps	4,25,00,00,000	85.65	7,75,00,00,000	162.84
	Futures	10,00,000	1.31	4,39,60,000	38.74
	Less: amounts offset (refer note 10.1)	-	(1.31)	-	(38.74)
	Subtotal (ii)		85.65		162.84
(iii)	**Equity linked derivatives**				
	Stock Futures	56,55,939	43.50	92,24,636	55.87
	Swaps	-	-	1,45,550	0.24
	Less: amounts offset (refer note 10.1)	-	(43.50)	-	(56.11)
	Subtotal (iii)		-		-
(iv)	**Index linked derivatives**				
	Index Futures	2,99,045	10.23	14,71,365	154.86
	Options purchased	1,13,32,750	2,112.95	-	-
	Options sold (written)	-	-	2,28,60,665	3,331.92
	Less: amounts offset (refer note 10.1)	-	(10.23)	-	(572.15)
	Subtotal (iv)		2,112.95		2,914.63
(v)	**Embedded derivatives**				
	In market linked debentures	Not Applicable	2,637.76	Not Applicable	735.01
	Subtotal (v)		2,637.76		735.01
	Total		5,321.87		3,812.48

	31-Mar-19	Notional amount (Units)	Fair value of asset (₹)	Notional amount (Units)	Fair value of liability (₹)
(i)	**Currency derivatives**				
	Spot and forwards	1,26,65,833	22.75	-	-
	Currency Futures	3,90,07,000	10.33	1,36,80,000	4.42
	Currency Forwards	-	-	3,56,24,205	2.48
	Options purchased	52,29,00,000	153.34	-	-
	Options sold	-	-	60,55,87,000	175.11
	Less: amounts offset (refer note 10.1)		(33.08)		(179.53)
	Sub total (i)		153.34		2.48

(Currency: Indian rupees in million)

10. Derivative financial instruments *(Continued)*

	31-Mar-19	Notional amount (Units)	Fair value of asset (₹)	Notional amount (Units)	Fair value of liability (₹)
(ii)	**Interest rate derivatives**				
	Forwards and Interest Rate Swaps	7,75,00,00,000	138.50	34,75,00,00,000	443.58
	Futures	1,17,36,000	0.80	2,85,94,000	17.39
	Less: amounts offset (refer note 10.1)		(1.71)		(17.39)
	Subtotal (ii)		137.59		443.58
(iii)	**Equity linked derivatives**				
	Stock Futures	1,12,51,197	74.14	88,95,974	24.37
	Options purchased	2,85,150	3.11	-	-
	Options sold (written)	-	-	14,64,616	14.35
	Swaps	-	-	88,000	22.20
	Less: amounts offset (refer note 10.1)		(74.14)		(60.91)
	Subtotal (iii)		3.11		0.01
(iv)	**Index linked derivatives**				
	Index Futures	2,74,200	23.81	6,16,500	27.99
	Options purchased	2,46,77,675	1,066.05	-	-
	Options sold (written)	-	-	5,30,13,215	775.79
	Less: amounts offset (refer note 10.1)		(23.81)		(789.42)
	Subtotal (iv)		1,066.05		14.36
(v)	**Embedded derivatives**				
	In market linked debentures	Not Applicable	580.81	Not Applicable	1,469.08
	Subtotal (v)		580.81		1,469.08
(vi)	**Other derivatives**				
	Variance swaps	-	-	814	8.58
	Less: amounts offset (refer note 10.1)		-		(8.58)
	Subtotal (vi)		-		-
	Total		1,940.90		1,929.51

Notes

1. Notional amounts in the above tables refer to number of underlying equity shares in case of stock futures and options, number of underlying index units in case of index-linked derivatives, number of underlying currency units in case of currency derivatives, number of underlying government securities / bonds in case of interest rate futures, amount of notional currency in case of interest rate swaps.

2. Group has designed a risk based strategy to cover exposure on issued Benchmarked Linked Debentures, by entering into a derivative contracts either to minimise the loss or to earn a minimum committed income by entering into a combination of derivative contracts (say for example purchased call and put options) with a wide range of strike prices. Above strategy has been approved by the risk committee of respective subsidiary Companies in the Group and ensures that risk is fully or partially covered, which supports to reduce the risk exposure.

Notes to the consolidated financial statements *(Continued)*

(Currency: Indian rupees in million)

10.1 Offsetting:

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

Financial assets subject to offsetting, netting arrangements

As at 31 March 2020:

Financial assets subject to offsetting	Offsetting recognised in the balance sheet			Netting potential not recognised in balance sheet			Assets not subject to netting arrangements	Total assets	Maximum Exposure to Risk
	Gross asset before offset	Amount offset*	Net asset recognised in balance sheet	Financial liabilities	Collateral received	Assets after consideration of netting potential	Assets recognised in the balance sheet	Recognised in the balance sheet	After consideration of netting potential
Derivative financial assets	3,138.69	84.20	3,054.49	97.83	(54.82)	3,011.48	2,267.38	5,321.87	5,278.86
Cash settlement balances from clearing houses	160.02	-	160.02	-	-	160.02	-	160.02	160.02
Offset against the Margin (Refer to other financial asset Receivable from exchange / clearing house (net))	(160.02)	-	(160.02)	-	-	(160.02)	-	(160.02)	(160.02)
Margin placed with broker	1,310.89	67.19	1,243.70	-	-	1,243.70	-	1,243.70	1,243.70

Financial liabilities subject to offsetting	Offsetting recognised in the balance sheet			Netting potential not recognised in balance sheet			Liabilities not subject to netting arrangements	Total liabilities	Maximum Exposure to Risk
	Gross liability before offset	Amount offset*	Net liability recognised in balance sheet	Financial assets	Collateral paid	Liabilities after consideration of netting potential	Liabilities recognised on the balance sheet	Recognised in the balance sheet	After consideration of netting potential
Derivative financial liabilities	4,345.35	1,434.44	2,910.91	-	-	2,910.91	901.57	3,812.48	3,812.48

(Currency: Indian rupees in million)

10.1 Offsetting *(Continued)*:

As at 31 March 2019:

Financial assets subject to offsetting	Offsetting recognised in the balance sheet			Netting potential not recognised in balance sheet			Assets not subject to netting arrangements	Total assets	Maximum Exposure to Risk
	Gross asset before offset	Amount offset*	Net asset recognised in balance sheet	Financial liabilities	Collateral received	Assets after consideration of netting potential	Assets recognised in the balance sheet	Recognised in the balance sheet	After consideration of netting potential
Derivative financial assets	14,550.57	13,563.23	987.34	88.47	6.00	892.87	953.56	1,940.90	1,846.43
Cash settlement balances from clearing houses	40.64	2.28	38.36	-	-	38.36	-	38.36	38.36
Offset against the Margin (Refer to other financial asset Receivable from exchange / clearing house (net))	(40.64)	(2.28)	(38.36)	-	-	(38.36)	-	(38.36)	(38.36)
TriParty REPO (TREPS)	3,700.11	3,700.11	-	-	-	-	-	-	-
Margin placed with broker	2,584.18	(11.43)	2,595.61	-	208.25	2,387.36	-	2,595.61	2,387.36

Financial liabilities subject to offsetting	Offsetting recognised in the balance sheet			Netting potential not recognised in balance sheet			Liabilities not subject to netting arrangements	Total liabilities	Maximum Exposure to Risk
	Gross liability before offset	Amount offset*	Net liability recognised in balance sheet	Financial assets	Collateral paid	Liabilities after consideration of netting potential	Liabilities recognised on the balance sheet	Recognised in the balance sheet	After consideration of netting potential
Derivative financial liabilities	2,605.68	1,392.29	1,213.39	88.47	277.75	847.17	716.12	1,929.51	1,563.29
TriParty REPO (TREPS)	5,797.14	3,700.11	2,097.03	-	41.05	2,055.98	-	2,097.03	2,055.98
Cash settlement balances payable to clearing houses	-	2.28	(2.28)	-	-	(2.28)	-	(2.28)	(2.28)

*As at the reporting date the amount of cash margin received that has been offset against gross derivative assets ₹ 84.20 millions (Previous year ₹ 132.74 millions). As at the reporting date the amount of cash margin paid that has been offset against gross derivative liability ₹ 1,435.20 millions (Previous year ₹ 1,047.25 millions).

(Currency: Indian rupees in million)

11. Stock in trade (Securities held for trading) at FVTPL

	31-Mar-20	31-Mar-19
Government Securities	**7,462.91**	27,552.72
Mutual Fund	**6,500.47**	6,642.51
Debt securities	**707.83**	2,540.94
Equity Shares	**2,786.73**	2,400.36
Preference Shares	**0.13**	0.13
Total	**17,458.07**	39,136.66
Investments in India	**16,396.11**	38,715.87
Investments outside India	**1,061.96**	420.79
Total	**17,458.07**	39,136.66

Note: Stock in trade pledged with exchange is amounting to ₹ 1,522.19 millions (previous year ₹ 1,875.53 millions).

12. Trade Receivables

	31-Mar-20	31-Mar-19
Receivables considered good - secured	**3,121.42**	5,562.75
Receivables considered good - unsecured	**5,728.34**	17,266.66
Receivables which have significant increase in credit risk	**1,453.94**	1,899.20
Receivables - credit impaired	**5,068.92**	5,022.33
Gross receivables	**15,372.62**	29,750.94
Provision for impairment - unsecured	**(39.76)**	(69.44)
Allowance for expected credit losses - Receivables which have significant increase in credit risk	**(304.63)**	(221.76)
Provision for impairment - credit impaired	**(1,975.85)**	(1,919.68)
Total receivables net of provision	**13,052.38**	27,540.06

Trade Receivables - Ageing

31-Mar-20	**Days past due**	**0-90 days**	**91-180 days**	**>180 days**	**Total**
	ECL rate	**0.74%**	**12.58%**	**34.25%**	
	Total Gross amount	**8,446.11**	**528.69**	**6,397.82**	**15,372.62**
	ECL - simplified approach	**(62.32)**	**(66.51)**	**(2,191.41)**	**(2,320.24)**
	Net carrying amount	**8,383.79**	**462.18**	**4,206.41**	**13,052.38**

31-Mar-19	**Days past due**	**0-90 days**	**91-180 days**	**>180 days**	**Total**
	ECL rate	0.21%	20.81%	33.56%	
	Total Gross amount	23,224.35	219.29	6,307.30	29,750.94
	ECL - simplified approach	(48.80)	(45.62)	(2,116.46)	(2,210.88)
	Net carrying amount	23,175.55	173.67	4,190.84	27,540.06

12.1 Reconciliation of impairment allowance on trade receivables:

Particulars	**Amount**
Impairment allowance measured as per simplified approach	
Impairment allowance as on 01-Apr-18	2,325.16
Add/ (less): asset originated or acquired (net)	(114.28)
Impairment allowance as on 31-Mar-19	**2,210.88**
Add/ (less): asset originated or acquired (net)	109.36
Impairment allowance as on 31-Mar-20	**2,320.24**

Notes to the consolidated financial statements *(Continued)*

(Currency: Indian rupees in million)

13. Loans

	31-Mar-20			31-Mar-19		
	at amortised cost	**at FVTPL**	**Total**	at amortised cost	at FVTPL	Total
Term Loans						
Corporate and Retail Credit	**2,95,439.63**	**5,479.21**	**3,00,918.84**	3,61,815.94	5,896.70	3,67,712.64
Distressed Credit	**12,882.28**	**-**	**12,882.28**	25,500.39	-	25,500.39
Other Credit	**140.13**	**-**	**140.13**	193.43	-	193.43
Total Gross (A)	**3,08,462.04**	**5,479.21**	**3,13,941.25**	3,87,509.76	5,896.70	3,93,406.46
Less: Impairment loss allowance	**30,334.46**	**-**	**30,334.46**	9,323.36	-	9,323.36
Total (Net) (A)	**2,78,127.58**	**5,479.21**	**2,83,606.79**	3,78,186.40	5,896.70	3,84,083.10
Secured by tangible assets (Property including land, building and project receivables)	**1,99,222.69**	**5,479.21**	**2,04,701.90**	2,63,003.91	5,896.70	2,68,900.61
Secured by Inventories, fixed deposits and other marketable securities	**83,799.24**	**-**	**83,799.24**	84,559.53	-	84,559.53
Unsecured	**25,440.11**	**-**	**25,440.11**	39,946.32	-	39,946.32
Total Gross (B)	**3,08,462.04**	**5,479.21**	**3,13,941.25**	3,87,509.76	5,896.70	3,93,406.46
Less: Impairment loss allowance	**30,334.46**	**-**	**30,334.46**	9,323.36	-	9,323.36
Total (Net) (B)	**2,78,127.58**	**5,479.21**	**2,83,606.79**	3,78,186.40	5,896.70	3,84,083.10
Loans in India						
Public sector	**-**	**-**	**-**	-	-	-
Others	**3,08,461.65**	**5,479.21**	**3,13,940.86**	3,87,509.76	5,896.70	3,93,406.46
Total Gross (C)	**3,08,461.65**	**5,479.21**	**3,13,940.86**	3,87,509.76	5,896.70	3,93,406.46
Less: Impairment loss allowance	**30,334.46**	**-**	**30,334.46**	9,323.36	-	9,323.36
Total (Net) (C) (I)	**2,78,127.19**	**5,479.21**	**2,83,606.40**	3,78,186.40	5,896.70	3,84,083.10
Loans outside India	**0.39**	**-**	**0.39**	-	-	-
Less: Impairment loss allowance	**-**	**-**	**-**	-	-	-
Total (Net) (C) (II)	**0.39**	**-**	**0.39**	-	-	-
Total (C) (I) and (C) (II)	**2,78,127.58**	**5,479.21**	**2,83,606.79**	3,78,186.40	5,896.70	3,84,083.10

Note: For details of loans given to Directors refer note 51.

Notes to the consolidated financial statements *(Continued)*

(Currency: Indian rupees in million)

13.1 Credit Quality

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal grading and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Group's internal grading system are explained in Note 56.7 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 56.7

Loans at amortised cost

Particulars	31-Mar-20					31-Mar-19				
	Stage I	Stage II	Stage III[1,3]	POCI	Total	Stage I	Stage II	Stage III[1,3]	POCI	Total
Performing										
High grade	**1,50,803.15**	**147.38**	**-**	**-**	**1,50,950.53**	3,12,340.85	-	-	-	3,12,340.85
Standard grade	**123.26**	**61,441.58**	**45.64**	**-**	**61,610.48**	-	39,831.24	-	-	39,831.24
Non-performing										
Impaired	**-**	**-**	**83,018.75**	**12,882.28**	**95,901.03**	-	-	18,369.08	16,968.59	35,337.67
Total	**1,50,926.41**	**61,588.96**	**83,064.39**	**12,882.28**	**3,08,462.04**	3,12,340.85	39,831.24	18,369.08	16,968.59	3,87,509.76

Gross carrying amount and corresponding ECL reconciliation – Loans

Particulars	Non-credit impaired				Credit impaired		POCI	Total	
	Stage I		Stage II		Stage III		POCI		
	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL[2]	Carrying amount (Net of Allowance for ECL)	Gross carrying amount	Allowance for ECL
Balance at 01 April 2018	3,36,961.56	2,547.69	29,059.83	1,236.00	9,763.30	3,976.52	12,999.76	3,88,784.45	7,760.21
Effect of acquisitions made during the year	15.33	0.05	-	-	400.00	120.00	-	415.33	120.05
Transfers:									
Transfers to 12 Month ECL (Stage 1)	1,603.10	45.57	(1,573.18)	(38.25)	(29.92)	(7.32)	-	-	-
Transfers to lifetime ECL (Stage 2)	(22,341.60)	(176.71)	24,197.49	1,240.26	(1,855.89)	(1,063.55)	-	-	-
Transfers to lifetime ECL- Credit impaired (Stage 3)	(7,168.05)	(154.40)	(5,832.55)	(343.87)	13,000.60	498.27	-	-	-
Net re-measurement of ECL arising from transfer of stage	-	(98.07)	-	(623.56)	-	1,140.01	-	-	418.38
Net new and further lending/ (repayments) (including write-off) and sale to ARC / AIF[3]	3,270.51	548.46	(6,020.35)	81.63	(2,909.01)	394.63	3,968.83	(1,690.02)	1,024.72
Balance at 31 March 2019	**3,12,340.85**	**2,712.59**	**39,831.24**	**1,552.21**	**18,369.08**	**5,058.56**	**16,968.59**	**3,87,509.76**	**9,323.36**

(Currency: Indian rupees in million)

13.1 Credit Quality *(Continued)*

Gross carrying amount and corresponding ECL reconciliation – Loans

Particulars	Non-credit impaired				Credit impaired		POCI	Total	
	Stage I		Stage II		Stage III		POCI		
	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL[2]	Carrying amount (Net of Allowance for ECL)	Gross carrying amount	Allowance for ECL
Balance at 31 March 2019	3,12,340.85	2,712.59	39,831.24	1,552.21	18,369.08	5,058.56	16,968.59	3,87,509.76	9,323.36
Effect of acquisitions made during the year	14,063.46	-	3,607.85	-	4,979.04	-	-	22,650.35	-
Transfers:									
Transfers to 12 Month ECL (Stage 1)	1,505.67	43.20	(1,486.58)	(38.64)	(19.09)	(4.56)	-	-	-
Transfers to lifetime ECL (Stage 2)	(36,377.44)	(491.57)	36,422.89	498.92	(45.45)	(7.35)	-	-	-
Transfers to lifetime ECL- Credit impaired (Stage 3)	(45,563.42)	(746.49)	(25,073.88)	(729.84)	70,637.30	1,476.33	-	-	-
Net re-measurement of ECL arising from transfer of stage	-	147.42	-	4,413.08	-	6,007.93	-	-	10,568.43
Net new and further lending/ (repayments) (including write-off) and sale to ARC / AIF[3]	(95,042.71)	329.25	8,287.44	1,067.49	(10,856.49)	9,045.93	(4,086.31)	(1,01,698.07)	10,442.67
Balance at 31 March 2020	1,50,926.41	1,994.40	61,588.96	6,763.22	83,064.39	21,576.84	12,882.28	3,08,462.04	30,334.46

1 This also includes stage III assets in EARC on distressed assets book, interest accrued on non-performing assets and stage III assets held by Group entities other than NBFCs on trade and general purpose advances

2 Allowance under this category also includes provision on assets as mentioned in note 1 above

3 During the year ended 31 March 2020 and 31 March 2019, ECL Finance, Edelweiss Finvest Private Limited, Edelweiss Retail Finance Limited and Edelweiss Housing Finance Limited (together 'subsidiaries') of the Group have sold certain financial assets aggregating to ₹ 53,140 millions (net of provisions and losses) and ₹ 5,830 millions (net of provisions of losses) respectively to various asset reconstructions company trusts ('ARC Trusts') and acquired security receipts (SR) amounting to ₹ 47,650 millions. Ind AS 109 - Financial Instruments, prescribed under section 133 of the Companies Act, 2013, requires substantial risks and rewards to be transferred for the purpose of de-recognition of such financial assets from these subsidiaries' financial statements. EFSL, the holding company, and Edelweiss Rural and Corporate Services Limited (ERCSL), a subsidiary, have guaranteed significant risks and assumed rewards in respect of financial assets aggregating to ₹ 35,570 millions. As a result, these financial assets are de-recognized in subsidiaries' financial statements. Further, as the risks and rewards continues in the Group, these are accounted as financial assets in the consolidated financial statements and the consequent expected credit loss will be recorded in the financial statements of the Group.

4 During the year ended 31 March 2020, the Group completed its re-assessment of probability of default, loss given default in respect of exposures to certain sectors that were experiencing operational challenges. Credit and market risks for certain counter parties increased significantly relative to such risks at initial recognition, resulting in recognition of higher amount of expected credit losses and gain/loss on fair value changes for the year ended 31 March 2020. Management judgement for expected credit losses and gain/loss on fair values changes has been accentuated on account of factors caused by the COVID-19 pandemic. Accordingly, the Group has recorded for the year ended 31 March 2020 an amount of ₹ 26,240 millions towards expected credit losses, write-offs, loss on sale to ARC Trusts and Funds and net loss on fair value changes.

(Currency: Indian rupees in million)

14. Investments

31-Mar-20	**Amortised cost**	**FVOCI**	**FVTPL**	**Designated at FVTPL**	**Total**
Security Receipts	-	-	**42,646.81**	-	**42,646.81**
Government Securities	-	**11,653.91**	**923.51**	**5,549.92**	**18,127.34**
Equity Shares	-	-	**7,428.09**	-	**7,428.09**
Debt securities	**243.86**	**3,363.24**	**2,407.70**	**1,882.93**	**7,897.73**
AIF Fund	-	**13.10**	**4,275.39**	-	**4,288.49**
Mutual Fund	-	-	**762.08**	-	**762.08**
Preference Shares	-	**24.58**	**1,916.77**	**13.19**	**1,954.54**
Total	**243.86**	**15,054.83**	**60,360.35**	**7,446.04**	**83,105.08**
Investments in India	**243.86**	**14,795.53**	**60,151.61**	**7,446.04**	**82,637.04**
Investments outside India	-	**259.30**	**208.74**	-	**468.04**
Total	**243.86**	**15,054.83**	**60,360.35**	**7,446.04**	**83,105.08**
Less - Impairment Loss allowance	-	**(439.06)**	-	-	**(439.06)**
Total	**243.86**	**14,615.77**	**60,360.35**	**7,446.04**	**82,666.02**

31-Mar-19	**Amortised cost**	**FVOCI**	**FVTPL**	**Designated at FVTPL**	**Total**
Security Receipts	-	-	53,121.56	-	53,121.56
Government Securities	15.63	9,976.13	609.67	4,053.74	14,655.17
Equity Shares	-	-	7,409.02	-	7,409.02
Debt securities	554.17	2,800.21	2,046.81	1,279.52	6,680.71
AIF Fund	-	13.97	2,943.39	-	2,957.36
Mutual Fund	-	-	1,755.95	-	1,755.95
Preference Shares	-	36.19	1,368.14	27.87	1,432.20
Total	**569.80**	**12,826.50**	**69,254.54**	**5,361.13**	**88,011.97**
Investments in India	569.80	12,674.69	69,143.01	5,361.13	87,748.63
Investments outside India	-	151.81	111.53	-	263.34
Total	**569.80**	**12,826.50**	**69,254.54**	**5,361.13**	**88,011.97**
Less - Impairment Loss allowance	-	(21.50)	-	-	(21.50)
Total	**569.80**	**12,805.00**	**69,254.54**	**5,361.13**	**87,990.47**

Note: Investments pledged with bank, exchange, brokers and against NCDs issued is amounting to ₹ 36,961.83 millions (previous year ₹ 26,961.88 millions)

(Currency: Indian rupees in million)

14. Investments *(Continued)*

14.1 Debt Investments measured at FVOCI

Credit quality of assets

The table below shows the gross carrying amount of the Group's investments measured at FVOCI by credit risk, based on the Group's internal credit rating system and year-end stage classification. The amount presented are gross of impairment allowances. Details of the Group's internal grading system and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 56.7

31-Mar-20

	Gross carrying amount (Stage 1)	Gross carrying amount (Stage 2)	Gross carrying amount (Stage 3)	Gross carrying amount Total
High grade	14,204.35	-	-	14,204.35
Standard grade	31.23	-	-	31.23
Individually impaired	-	-	819.25	819.25
Total	14,235.58	-	819.25	15,054.83

31-Mar-19

	Gross carrying amount (Stage 1)	Gross carrying amount (Stage 2)	Gross carrying amount (Stage 3)	Gross carrying amount Total
High grade	12,119.07	-	-	12,119.07
Standard grade	707.43	-	-	707.43
Individually impaired	-	-	-	-
Total	12,826.50	-	-	12,826.50

Reconciliation of gross carrying amount and corresponding ECL for investments measured at FVOCI

	31-Mar-20	31-Mar-20	31-Mar-20	31-Mar-20	31-Mar-19	31-Mar-19
	Gross Carrying Amount (Stage 1)	12 months ECL allowance (Stage 1)	Gross Carrying Amount (Stage 3)	12 months ECL allowance (Stage 3)	Gross Carrying Amount (Stage 1)	12 months ECL allowance (Stage 1)
Gross carrying amount - opening balance	12,826.50	21.50	-	-	15,849.20	0.09
New assets originated or purchased	9,141.61	0.15	-	-	29,110.97	21.41
Assets derecognised or matured (excluding write offs) (including gains / losses thereon)	(8,320.81)	-	-	-	(33,126.37)	-
Interest income during the year	1,387.04	-	-	-	902.24	-
Foreign Exchange	20.49	-	-	-	90.46	-
Transfer to Stage 1	-	0.06	-	-	-	-
Transfer to Stage 2	-	-	-	-	-	-
Transfer to Stage 3	(819.25)	(21.59)	819.25	21.59	-	-
Impact of year end ECL of exposures transferred between stages during the year	-	-	-	417.35	-	-
Gross carrying amount - closing balance	14,235.58	0.12	819.25	438.94	12,826.50	21.50

(Currency: Indian rupees in million)

14. Investments *(Continued)*

14.2 Investments measured at amortised cost

The table below shows the gross carrying amount of the Group's investments measured at amortised cost by credit risk, based on the Group's internal credit rating system and year-end stage classification. The amount presented are gross of impairment allowances. Details of the Group's internal grading system and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 56.7

	31-Mar-20 Gross carrying amount (Stage 1)	31-Mar-19 Gross carrying amount (Stage 1)
High grade	**243.86**	569.80
Standard grade	**-**	-
Individually impaired	**-**	-
Total	**243.86**	569.80

Reconciliation of gross carrying amount for investments measured at amortised cost

	31-Mar-20 Gross carrying amount (Stage 1)	31-Mar-19 Gross carrying amount (Stage 1)
Gross carrying amount - opening balance	**569.80**	**936.98**
New assets originated or purchased	**42,520.30**	**1,22,142.83**
Assets derecognised or matured (excluding write offs) (including gains / losses thereon)	**(42,855.17)**	(1,22,510.01)
Changes to contractual cash flows due to modifications not resulting in derecognition	**8.93**	-
Amounts written off	**-**	-
Transfer to Stage 1 (refer instruction above)	**-**	-
Transfer to Stage 2 (refer instruction above)	**-**	-
Transfer to Stage 3 (refer instruction above)	**-**	-
Gross carrying amount - closing balance	**243.86**	**569.80**

Investments classified at amortised cost are secured short-term in nature with less than 7 days maturity. The Group has not encounter any historical default on such receivables, hence ECL is nil. The above amount also includes investment in Sovereign Bonds against which the Group has not recognised any ECL allowance since, there is an insignificant risk of credit and no historical default.

14.3 Equity investment measured at FVOCI

During the year, the Group had designated its equity investments at FVOCI, since it were held for strategic purpose. No dividend was recognized in respect of the such equity investments measured at FVOCI. The said investment were monitored on a continuous basis; however due to deterioration in the economic activity, the reduction in the fair value amounting to ₹ 1,700.00 millions was recognized in OCI. Fair value of the Investment at the date of derecognition was ₹ 1,305.00 millions.

In order to protect against any further fair value loss/value erosion in respect of the said investment; such investment was derecognized by converting these CCDs into NCDs and settled at face value of ₹ 1,305.00 millions. The cumulative loss on the derecognition of such investment was ₹ 1,700.00 millions.

Notes to the consolidated financial statements *(Continued)*
(Currency: Indian rupees in million)

15. Other financial assets

	31-Mar-20	31-Mar-19
Receivable towards margin trading facility	964.01	1,961.15
Receivable from exchange / clearing house (net)	2,841.35	1,889.96
Deposits placed with/ for exchange/ depositories	535.88	401.50
Margin placed with broker	688.74	290.36
Rental deposits	396.63	464.53
Deposits- others	157.46	207.70
Reinsurance receivables	83.51	66.33
Unclaimed amount of policyholders	34.86	25.59
Others	2,599.89	791.39
Total	**8,302.33**	6,098.51

16. Inventories

	31-Mar-20	31-Mar-19
Stock in trade commodities[1]	436.09	1,691.32
Total	**436.09**	1,691.32

[1] The above are agriculture commodity inventories. Refer note 23 for charge on inventories.

17. Deferred tax assets and liabilities

Deferred tax assets (net)	31-Mar-20	31-Mar-19
Provision for expected credit losses	3,774.94	3,059.46
Unused tax losses / credits	5,603.66	2,402.27
Employee benefits obligations	73.55	85.17
Fair valuation of Financial Assets	591.90	(4.30)
Fair valuation of Derivatives	804.76	(19.32)
Property, Plant and Equipment and Intangible assets	(190.57)	(66.43)
Property, Plant and Equipment - revaluation	(694.34)	-
Adjustment of effective interest rate on Borrowings	(399.15)	(550.98)
Total	**9,564.75**	4,905.87

Deferred tax liabilities (net)	31-Mar-20	31-Mar-19
Fair valuation of Financial Assets	626.66	2,459.66
Adjustment of effective interest rate on Loans	181.56	174.39
Adjustment of effective interest rate on Borrowings	-	35.32
Property, Plant and Equipment and Intangible assets	13.15	0.66
Property, Plant and Equipment - revaluation	1,840.49	-
ESOP Perquisite	(4.01)	(4.80)
Employee benefits obligations	(14.10)	(6.64)
Unused tax losses / credits	(0.02)	(125.89)
Total	**2,643.73**	2,532.70

Notes to the consolidated financial statements *(Continued)*

(Currency: Indian rupees in million)

18. Investment property

	Gross Block				Depreciation and impairment				Net Block
	As at 01-Apr-19	**Additions during the year**	**Deductions/ adjustments during the year**	**As at 31-Mar-20**	**As at 01-Apr-19**	**Impairment charge / (reversals) for the year**	**Charge for the year**	**As at 31-Mar-20**	**As at 31-Mar-20**
Investment Property									
Land	228.35	1180.27	-	**1408.62**	-	18.27	-	**18.27**	**1390.35**
Real Estate	2,953.83	491.30	-	**3,445.13**	37.67	323.03	17.51	**378.21**	**3,066.92**
Total	**3,182.18**	**1,671.57**	**-**	**4,853.75**	**37.67**	**341.30**	**17.51**	**396.48**	**4,457.27**

	Gross Block				Depreciation and impairment				Net Block
	As at 01-Apr-18	Additions during the year	Deductions/ adjustments during the year	As at 31-Mar-19	As at 01-Apr-18	Impairment charge / (reversals) for the year	Charge for the year	As at 31-Mar-19	As at 31-Mar-19
Investment Property									
Land	228.35	-	-	228.35	-	-	-	-	228.35
Real Estate	1,563.71	1,390.12	-	2,953.83	19.27	-	18.40	37.67	2,916.16
Total	**1,792.06**	**1,390.12**	**-**	**3,182.18**	**19.27**	**-**	**18.40**	**37.67**	**3,144.51**

Fair value of investment properties

Property	**31-Mar-20**	31-Mar-19
Land	**2,256.94**	293.36
Real estate property	**3,157.85**	3,755.37
Total	**5,414.79**	4,048.73

(Currency: Indian rupees in million)

19. Property, plant and equipment and intangibles

	Gross Block				Depreciation and amortisation				Net Block
	As at 01-Apr-2019	Additions/ adjustments during the year	Deductions/ adjustments during the year	As at 31-Mar-2020	As at 01-Apr-2019	Charge for the year	Deductions/ adjustments during the year	As at 31-Mar-2020	As at 31-Mar-2020
a) Property, Plant and Equipments									
Land	236.79	-	-	**236.79**	-	-	-	**-**	**236.79**
Leasehold Land	43.14	-	42.51	**0.63**	0.70	0.01	0.08	**0.63**	**-**
Flat and Building (Refer Note 3)	4,613.90	192.78	124.17	**4,682.51**	477.69	224.13	18.42	**683.40**	**3,999.11**
Revaluation on Flat and Building & Land (Refer Note 1)	-	7,034.62	-	**7,034.62**	-	-	640.15	**(640.15)**	**7,674.77**
Right to use (ROU) - Flat and Building*	-	2,696.88	9.29	**2,687.59**	-	643.31	19.58	**623.73**	**2,063.86**
Leasehold Premises*	288.69	(288.69)	-	**-**	78.79	32.80	111.59	**-**	**-**
Right to use (ROU) - Leasehold Premises*	-	282.97	1.50	**281.47**	-	-	(103.11)	**103.11**	**178.36**
Plant and Equipment	74.69	122.45	-	**197.14**	68.97	46.12	-	**115.09**	**82.05**
Furniture and Fixtures	265.61	78.62	14.54	**329.69**	99.41	53.01	10.40	**142.02**	**187.67**
Vehicles	88.25	12.11	24.53	**75.83**	22.40	17.22	0.19	**39.43**	**36.40**
Office equipment	273.13	172.31	50.41	**395.03**	185.66	94.84	33.86	**246.64**	**148.39**
Vessel (Boat)	1.07	3.78	-	**4.85**	0.40	0.49	-	**0.89**	**3.96**
Computers	999.25	181.32	157.74	**1,022.83**	514.14	237.89	95.99	**656.04**	**366.79**
Solar Power Equipment	62.07	-	-	**62.07**	20.57	7.07	-	**27.64**	**34.43**
Total (A)	**6,946.59**	**10,489.15**	**424.69**	**17,011.05**	**1,468.73**	**1,356.89**	**827.15**	**1,998.47**	**15,012.58**
b) Intangibles									
Software	2,296.21	596.71	187.99	**2,704.93**	619.32	601.09	47.77	**1,172.64**	**1,532.29**
Trademark/ Design and Copyright/ Asset Management Rights	668.42	88.13	-	**756.55**	62.73	23.75	53.43	**33.05**	**723.50**
Total (B)	**2,964.63**	**684.84**	**187.99**	**3,461.48**	**682.05**	**624.84**	**101.20**	**1,205.69**	**2,255.79**
Total (A+B)	**9,911.22**	**11,173.99**	**612.68**	**20,472.53**	**2,150.78**	**1,981.73**	**928.35**	**3,204.16**	**17,268.37**

Notes to the consolidated financial statements *(Continued)*

(Currency: Indian rupees in million)

19. Property, plant and equipment and intangibles *(Continued)*

	As at 01-Apr-2018	Additions/ adjustments during the year	Deductions/ adjustments during the year	As at 31-Mar-2019	As at 01-Apr-2018	Charge for the year	Deductions/ adjustments during the year	As at 31-Mar-2019	As at 31-Mar-2019
a) Property, Plant and Equipments									
Land	236.79	-	-	236.79	-	-	-	-	236.79
Leasehold Land	43.14	-	-	43.14	0.70	-	-	0.70	42.44
Flat and Building	4,613.90	-	-	4,613.90	239.28	238.41	-	477.69	4,136.21
Leasehold Premises	202.28	113.62	27.21	288.69	43.10	61.52	25.83	78.79	209.90
Plant and Equipment	74.37	0.32	-	74.69	67.57	1.40	-	68.97	5.72
Furniture and Fixtures	232.88	36.73	4.00	265.61	42.95	59.30	2.84	99.41	166.20
Vehicles	153.14	9.83	74.72	88.25	42.20	31.40	51.20	22.40	65.85
Office equipment	186.37	94.95	8.19	273.13	92.69	100.99	8.02	185.66	87.47
Vessel (Boat)	1.07	-	-	1.07	0.22	0.18	-	0.40	0.67
Computers	684.15	367.39	52.29	999.25	173.22	359.59	18.67	514.14	485.11
Solar Power Equipment	62.07	-	-	62.07	20.57	-	-	20.57	41.50
Total (A)	6,490.16	622.84	166.41	**6,946.59**	722.50	852.79	106.56	**1,468.73**	**5,477.86**
b) Intangibles									
Software	1,094.54	1,780.95	579.28	**2,296.21**	231.45	445.14	57.27	619.32	1,676.89
Trademark/ Design and Copyright/ Asset Management Rights	668.42	-	-	668.42	62.73	-	-	62.73	605.69
Total (B)	1,762.96	1,780.95	579.28	2,964.63	294.18	445.14	57.27	682.05	2,282.58
Total (A+B)	**8,253.12**	**2,403.79**	**745.69**	**9,911.22**	**1,016.68**	**1,297.93**	**163.83**	**2,150.78**	**7,760.44**

*Transfer due to transition to Ind AS 116

Notes

1 The Group decided to move to revaluation model from cost model for accounting class of asset (i.e. Flats and buildings) as at 31 March 2020.The management approved revaluation of owned flats and buildings classified under property plant and equipment after assessing the valuation made by duly appointed independent valuer. These valuations are determined basis open market values of similar property and its intrinsic value. Flats and buildings are fair valued and recognised gain of ₹ 7,674.77 millions. The gross carrying value of flats and building is increased by ₹ 7,034.62 millions after adjusting accumulated depreciation of ₹ 640.15 millions. A revaluation surplus is accounted in other comprehensive income as revaluation reserves amounting to ₹ 5,139.92 millions net of deferred tax liability of ₹ 2,534.83 millions.

2 Property, plant and equipment aggregating to ₹ 844.74 millions (previous year ₹ 889.20 millions) pledged against secured NCDs and term loans.

3 Includes ₹ 12.37 millions (Previous year ₹ Nil millions) as asset held for sale.

(Currency: Indian rupees in million)

19.1. Goodwill on consolidation

Particulars	31-Mar-20	31-Mar-19
Balance at the beginning of the year	**1,742.72**	1,543.85
Goodwill arising on acquisitions	**-**	198.87
Goodwill derecognised / impaired	**(19.31)**	-
Balance at the end of year	**1,723.41**	1,742.72

19.2. Goodwill impairment assessment

Goodwill acquired through business combinations has been allocated to following cash–generating unit (CGU), for impairment testing, as follows:

A. Impairment testing of goodwill in Broking and distribution business:

Particulars	31-Mar-20	31-Mar-19
Goodwill	**1,020.21**	1,020.21
Carrying value of CGU (including goodwill)	**1,635.35**	3,111.27
Recoverable amount of CGU	**2,655.56**	4,131.48

Key assumptions in computing value in use:

Particulars	31-Mar-20	31-Mar-19
Discount rate	**13%**	12%
Total expected cash-flows for 5 years	**5,370.00**	6,917.04

The calculation of value in use is most sensitive to expected cash-flows and discount rate.

Key assumptions	Basis of key assumptions and associated risk	Reasonably assumed possible change
Discount rates	Discount rates reflect the current market assessment of the risk associated.	Increase/ decrease by 100 basis points
Expected cash-flows	Based on the projected cash-flows and expected increase in profit in the coming years.	Increase/ decrease by 500 basis points

Notes to the consolidated financial statements *(Continued)*

(Currency: Indian rupees in million)

19.2. Goodwill impairment assessment (Continued)

Sensitivity to changes in assumptions

Management performed a sensitivity analysis to assess impact of reasonable changes to key assumptions on statement of profit and loss keeping other assumptions constant that could cause the carrying value of the CGU to exceed its recoverable amount. These are summarised in the table below, which shows the details of the sensitivity of the above measures on the CGU's value in use (VIU):

As at 31 March 2020

	Goodwill	VIU	Discount rate				Expected cash-flows			
	Amount INR million	Amount INR million	Change bps	Impact INR million	Change bps	Impact INR million	Change bps	Impact INR million	Change bps	Impact INR million
	1,020.21	**3,490.00**	**100.00**	**(100.12)**	**(100.00)**	**111.07**	**500.00**	**177.83**	**(500.00)**	**(171.49)**

As at 31 March 2019

	Goodwill	VIU	Discount rate				Expected cash-flows			
	Amount INR million	Amount INR million	Change bps	Impact INR million	Change bps	Impact INR million	Change bps	Impact INR million	Change bps	Impact INR million
	1,020.21	4,691.59	100.00	(136.37)	(100.00)	142.42	500.00	234.58	(500.00)	(234.58)

B. Impairment testing of goodwill in Edelweiss House property

Particulars	**31-Mar-20**	31-Mar-19
Goodwill	**432.94**	432.94
Carrying amount of CGU (including goodwill)	**3,534.64**	3,687.94
Recoverable amount	**8,771.19**	7,138.35

Fair value less cost of disposal is taken as the recoverable amount and compared with the carrying amount (excluding revaluation gains) for impairment testing.

Key assumptions in computing recoverable amount:

Particulars	**31-Mar-20**	31-Mar-19
Basis of fair valuation:		
Total carpet area of building (sq. feet)	**1,86,550.00**	1,86,550.00
Fair value of property (INR per sq. feet)	**49,492.53**	40,279.00
Total Fair value (in million)	**9,232.83**	7,514.05
Less: Cost of disposal	**(461.64)**	(375.70)
Fair value less cost of disposal	**8,771.19**	**7,138.35**

Impairment assessment on goodwill is based on cashflow projection approved by Board of directors of respective subsidiaries.

The above fair value falls within level 3 of the fair value hierarchy.

Note: Balance goodwill recognised in the consolidated financial statements are from various legal entities and are not material.

(Currency: Indian rupees in million)

20. Other non-financial assets

	31-Mar-20	31-Mar-19
Input tax credit	**1,548.61**	1,564.50
Prepaid expenses	**1,016.56**	902.49
Vendor Advances	**384.93**	512.38
Capital Advances	**229.44**	87.87
Advances to employees	**29.48**	30.18
Deposits - others	**34.14**	8.71
Other assets	**390.07**	190.82
Total	**3,633.23**	3,296.95

21.1 Trade Payables includes ₹ 2.21 millions (Previous Year ₹ 4.10 millions) payable to "Suppliers" registered under the Micro, Small and Medium Enterprises Development Act, 2006. No interest has been paid / is payable by the Group during the year to "Suppliers" registered under this Act. The aforementioned is based on the responses received by the Group to its inquiries with suppliers with regard to applicability under the said Act.

21.2 Trade payables

	31-Mar-20	31-Mar-19
Total outstanding dues of creditors other than micro enterprises and small enterprises	**12,831.39**	19,748.73
Total	**12,831.39**	19,748.73

(Currency: Indian rupees in million)

22. Debt securities

	31-Mar-20	31-Mar-19
Non-Convertible Debentures (at amortised cost)	**1,83,792.44**	2,15,572.04
Complusory Convertible Debentures (at amortised cost)	**11,042.44**	-
Non-Convertible Debentures (designated at fair value through profit or loss)	**10,779.73**	14,212.19
Bonds - INR denominated USD settled notes (Masala Bonds) (at amortised cost)	**-**	5,197.22
Commercial paper (at amortised cost)	**1,970.45**	10,929.03
Total (refer Note 1 below)	**2,07,585.06**	2,45,910.48
(i) Debt securities in India	**2,07,585.06**	2,40,713.26
(ii) Debt securities outside India	**-**	5,197.22
Total	**2,07,585.06**	2,45,910.48

Note 1:

Out of the above, ₹ 16,179.72 millions as at 31 March 2020 (Previous Year ₹ 14,824.90 millions) are unsecured. For secured debt, the Group has provided collateral in the nature of Pari Passu charge of immovable property, receivable from financing business, securities held for trading, property (excluding intangible assets) and hypothecation of security receipts.

Debt Securities - as at 31 March 2020

Maturities	**<1 years**	**1-3 years**	**> 3 years**	**Total**
Rate of Interest				
8.00 - 8.99%	**5,848.58**	**7,529.58**	**12,948.14**	**26,326.30**
9.00 - 9.99%	**8,678.00**	**16,357.86**	**16,729.64**	**41,765.50**
10.00 - 10.99%	**2,067.45**	**16,086.82**	**12,170.38**	**30,324.65**
11.00 - 11.99%	**-**	**-**	**12,242.26**	**12,242.26**
Zero Coupon Debentures	**15,550.18**	**2,154.02**	**890.62**	**18,594.82**
Various (benchmark linked)	**11,894.70**	**22,592.11**	**20,602.56**	**55,089.37**
Accrued Interest and EIR	**-**	**-**	**-**	**12,199.72**
Total*	**44,038.91**	**64,720.39**	**75,583.60**	**1,96,542.62**

* Complusory Convertible Debentures amounting to ₹ 11,042.44 millions not considered for maturity pattern.

Debt Securities - as at 31 March 2019

Maturities	**<1 years**	**1-3 years**	**> 3 years**	**Total**
Rate of Interest				
7.00 - 7.99%	650.00	10,840.00	1,353.96	12,843.96
8.00 - 8.99%	11,955.25	9,033.96	10,293.55	31,282.76
9.00 - 9.99%	24,417.31	32,258.30	22,497.78	79,173.39
10.00 - 10.99%	7,506.69	15,725.35	12,258.36	35,490.40
11.00 - 11.99%	4,641.42	-	-	4,641.42
Zero Coupon Debentures	51.85	917.96	56.34	1,026.15
Various (benchmark linked)	26,022.92	24,502.58	22,452.66	72,978.16
Accrued Interest and EIR	-	-	-	8,474.24
Total	**75,245.44**	**93,278.15**	**68,912.65**	**2,45,910.48**

(Currency: Indian rupees in million)

23. Borrowings (other than debt securities) at amortised cost

	31-Mar-20	31-Mar-19
Secured		
Term loans		
(Secured against investments in debt securities and stock-in-trade and charge on receivables of financing business, inventories and corporate guarantee)		
from banks	**86,522.48**	1,16,672.94
from other parties	**11,346.45**	13,351.07
Bank overdraft	**16,578.15**	26,002.15
(Secured by pledge of fixed deposits, property, trade receivables and charge on receivables of financing business)		
Collateralised borrowing and lending obligation and Clearcorp repo order matching system (Secured by pledge of Government Securities)	**7,752.70**	16,260.83
Working capital demand loan (secured by charge on receivables from financing business, inventories and fixed deposits)	**9,931.75**	2,900.00
Unsecured		
Term loans - from banks	**-**	14,003.84
Loans repayable on demand - from banks	**1,079.02**	1,262.68
Total	**1,33,210.55**	1,90,453.51
Borrowings in india	**1,33,210.55**	1,90,453.51
Borrowings outside india	**-**	-
Total	**1,33,210.55**	1,90,453.51

Following is the repayment terms of term loans:

Term loans from Banks - Secured as at 31 March 2020

Maturities	**<1 years**	**1-3 years**	**> 3 years**	**TOTAL**
Rate of Interest				
8.00 - 8.99%	**11,982.87**	**17,823.68**	**660.42**	**30,466.97**
9.00 - 9.99%	**14,307.24**	**16,402.19**	**7,416.00**	**38,125.43**
10.00 - 10.99%	**6,925.65**	**8,702.45**	**1,085.06**	**16,713.16**
11.00 - 11.99%	**840.63**	**300.00**	**109.38**	**1,250.01**
Accrued Interest and EIR	**-**	**-**	**-**	**(33.09)**
Total	**34,056.39**	**43,228.32**	**9,270.86**	**86,522.48**

Term loans from Banks - Secured as at 31 March 2019

Maturities	**<1 years**	**1-3 years**	**> 3 years**	**TOTAL**
Rate of Interest				
8.00 - 8.99%	4,647.74	4,922.25	1,884.13	11,454.12
9.00 - 9.99%	24,496.16	39,059.11	8,326.50	71,881.77
10.00 - 10.99%	7,372.22	13,760.95	7,087.49	28,220.66
11.00 - 11.99%	1,462.50	2,800.00	700.00	4,962.50
12.00 - 12.99%	39.96	-	-	39.96
Accrued Interest and EIR	-	-	-	113.93
Total	**38,018.58**	**60,542.31**	**17,998.12**	**1,16,672.94**

(Currency: Indian rupees in million)

23. Borrowings (other than debt securities) at amortised cost *(Continued)*

Term loans from Others - Secured as at 31 March 2020

Maturities	<1 years	1-3 years	> 3 years	TOTAL
Rate of Interest				
4.00 - 4.99%	119.28	318.08	356.12	793.48
6.00 - 6.99%	4.35	11.60	11.10	27.05
8.00 - 8.99%	639.72	1,446.73	70.39	2,156.84
9.00 - 9.99%	1,604.00	3,325.08	1,188.60	6,117.68
10.00 - 10.99%	586.74	841.00	-	1,427.74
11.00 - 11.99%	375.00	450.00	-	825.00
Accrued Interest and EIR	-	-	-	(1.34)
Total	**3,329.09**	**6,392.49**	**1,626.21**	**11,346.45**

Term loans from Others - Secured as at 31 March 2019

Maturities	<1 years	1-3 years	> 3 years	TOTAL
Rate of Interest				
7.00 - 7.99%	164.84	329.68	556.25	1,050.77
8.00 - 8.99%	95.36	190.72	569.32	855.40
9.00 - 9.99%	414.64	829.28	1,041.08	2,285.00
10.00 - 10.99%	2,929.61	3,894.61	2,335.68	9,159.90
Total	**3,604.45**	**5,244.29**	**4,502.33**	**13,351.07**

Term loans from Banks - Unsecured as at 31 March 2019

Maturities	<1 years	1-3 years	> 3 years	TOTAL
Rate of Interest				
9.00 - 9.99%	14,003.84	-	-	14,003.84
Total	**14,003.84**	**-**	**-**	**14,003.84**

24. Deposits (at amortised cost)

	31-Mar-20	31-Mar-19
Inter Corporate Deposit - from others	2,168.97	1,436.76
Total	2,168.97	1,436.76

(Currency: Indian rupees in million)

25. Subordinated liabilities (at amortised cost)

Unsecured	31-Mar-20	31-Mar-19
Non-convertible subordinated debt	18,816.11	18,993.56
Perpetual debt	1,162.64	3,731.46
Preference share capital	3,630.06	951.56
Total	**23,608.81**	23,676.58
Subordinated liabilities in india	23,608.81	23,676.58
Subordinated liabilities outside india	-	-
Total	**23,608.81**	23,676.58

Terms and condition related to subordinate liabilities:

Subordinated Liabilities – 31 March 2020

Maturities	<1 years	1-3 years	> 3 years	TOTAL
Rate of Interest				
9.00 - 9.99%	-	2,944.05	3,319.65	6,263.70
10.00 - 10.99%	-	-	3,420.73	3,420.73
11.00 - 11.99%	4,655.06	500.00	3,648.00	8,803.06
14.00 - 14.99%	-	300.68	310.38	611.06
Various (benchmark linked)	-	-	2,826.80	2,826.80
Accrued Interest and EIR	-	-	-	1,683.46
Total	**4,655.06**	**3,744.73**	**13,525.56**	**23,608.81**

Subordinated Liabilities – 31 March 2019

Maturities	<1 years	1-3 years	> 3 years	TOTAL
Rate of Interest				
9.00 - 9.99%	-	-	3,610.00	3,610.00
10.00 - 10.99%	-	-	5,700.00	5,700.00
11.00 - 11.99%	-	4,700.00	4,290.00	8,990.00
14.00 - 14.99%	-	-	850.05	850.05
Various (benchmark linked)	-	-	3,184.10	3,184.10
Accrued Interest and EIR	-	-	-	1,342.43
Total	-	4,700.00	17,634.15	23,676.58

(Currency: Indian rupees in million)

26. Other financial liabilities (at amortised cost unless otherwise specified)

	31-Mar-20	31-Mar-19
Payable to client (net)[1]	**17,823.52**	14,486.34
Payable to exchange / clearing house (net)	**1,292.54**	8,514.81
Book overdraft	**44.56**	3,001.96
Accrued salaries and benefits	**487.35**	2,307.70
Provision for short sale at fair value	**1,372.17**	2,150.91
Payable to contractors	**356.59**	376.07
Reinsurance payable	**133.06**	166.77
Deposits from sub-brokers	**112.18**	93.78
Rental deposits	**24.02**	24.52
Retention money payable	**60.71**	21.56
Unclaimed dividends	**13.00**	12.73
Security receipts held by outsiders	**5,420.15**	3,515.44
Derivative Liability	**2,036.58**	3,210.53
Lease Liability Payable	**2,398.43**	-
Financial Liability associate to financial assets that are not derecognised	**16,327.69**	750.13
Other liabilities	**1,347.99**	493.73
Total	**49,250.54**	**39,126.98**

[1] Includes deployed in the form of bank balances and fixed deposits amounting to ₹ 24,251.27 millions (Previous Year ₹ 26,426.41 millions)

27. Provisions

	31-Mar-20	31-Mar-19
Provision for employee benefits and related costs		
Gratuity	**167.66**	125.45
Compensated absences	**124.31**	132.57
Others	**59.14**	69.69
Total	**351.11**	327.71

28. Other non-financial liabilities

	31-Mar-20	31-Mar-19
Income received in advance	**1,416.43**	1,036.82
Statutory dues	**1,255.15**	969.14
Advances from customers	**1,026.04**	379.17
Proposal deposit from insurance business	**172.25**	320.71
Others	**340.08**	559.09
Total	**4,209.95**	3,264.93

(Currency: Indian rupees in million)

29. Equity share capital

	As at 31-Mar-2020		As at 31-Mar-2019	
	No of shares	Amount	No of shares	Amount
Authorised :				
Equity Shares of ₹ 1 each	**1,23,00,00,000**	**1,230.00**	1,23,00,00,000	1,230.00
Preference shares of ₹ 5 each	**40,00,000**	**20.00**	40,00,000	20.00
	1,23,40,00,000	**1,250.00**	1,23,40,00,000	1,250.00
Issued, Subscribed and Paid up:				
Equity Shares of ₹ 1 each	**93,44,09,002**	**934.41**	93,26,69,564	932.67
Less: Shares held by Edelweiss Employees Incentives and Welfare Trust (Refer note 2)	**(73,01,510)**	**(7.30)**	(73,01,510)	(7.30)
Less: Shares held by Edelweiss Employees Welfare Trust (Refer note 2)	**(3,75,95,270)**	**(37.60)**	(3,75,95,270)	(37.60)
	88,95,12,222	**889.51**	88,77,72,784	887.77

A. Reconciliation of number of shares

(Before deducting treasury shares)	As at 31-Mar-2020		As at 31-Mar-2019	
	No of shares	Amount	No of shares	Amount
Outstanding at the beginning of the year	**93,26,69,564**	**932.67**	91,54,98,927	915.50
Shares issued during the year:				
-Under Employee Stock Options Plans (ESOPs)	**17,39,438**	**1.74**	1,71,70,637	17.17
Outstanding at the end of the year	**93,44,09,002**	**934.41**	93,26,69,564	932.67

Note :

1. The Company had bought back 2,030,048 equity shares of ₹ 1 each pursuant to the buy back programme in the financial year 2014-15.
2. Edelweiss Employees' Welfare Trust and Edelweiss Employees' Incentive and Welfare Trust are extension of Edelweiss Financial Services Limited standalone financial statements and have been accordingly carried forward in consolidated financial statements., these trusts are holding 44,896,780 number of equity shares amounting to ₹ 44.90 millions (Previous year ₹ 44.90 millions). These are deducted from total outstanding equity shares.
3. The above two Employee Welfare Trust(s) hold an aggregate 44,896,780 equity shares of the Company for incentive and welfare benefits for group employees as per extant applicable SEBI regulations. Pursuant to the exercise of right available under Regulation 29 of SEBI (Share Based Employee Benefits) Regulations, 2014, the Company has applied before the expiry date of 27 October 2019 for extension of the time limit for disposing of aforesaid equity shares. The said application is under consideration and approval for extension from SEBI is awaited as at date.

B. Terms/rights attached to equity shares :

The Company has only one class of equity shares having a par value of ₹ 1 per share. Each holder of equity shares is entitled to one vote per share.

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

(Currency: Indian rupees in million)

29. Equity share capital *(Continued)*

C. **Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company**

	As at 31-Mar-2020		As at 31-Mar-2019	
	No of shares	% holding	No of shares	% holding
Rashesh Shah	**14,53,01,730**	**15.55%**	14,53,01,730	15.58%
Venkatchalam Ramaswamy	**5,80,26,560**	**6.21%**	5,80,26,560	6.22%
Bih Sa	**4,70,07,748**	**5.03%**	3,74,95,800	4.02%
Total	**25,03,36,038**	**26.79%**	24,08,24,090	25.82%

Note :

The Shareholding of Mr. Rashesh Chandrakant Shah and Mr. Venkatchalam A Ramaswamy in the Promoter and Promoter Group category does not include 300,000 equity shares and 100,000 equity shares purchased by them respectively on 31 March 2020, as the shares were credited to the respective demat accounts post 31 March 2020, as per the settlement cycle.

30. Other Equity

	31-Mar-20	31-Mar-19
Share application money pending allotment	**0.19**	6.15
Capital Reserve	**8,258.73**	8,060.23
Capital Redemption Reserve	**273.62**	166.74
Securities Premium Account	**29,062.49**	29,473.29
ESOP/SAR reserve	**818.18**	460.59
Special Reserve under section 45-IC of the Reserve Bank of India Act, 1934	**7,647.60**	7,503.94
Reserve under section 29C of the National Housing Bank Act, 1987	**540.34**	537.22
General reserve	**826.56**	916.82
Debenture redemption reserve	**8,721.51**	10,341.12
Impairment Resereve	**1,577.37**	-
Retained earnings	**(1,554.30)**	18,215.34
Foreign exchange translation reserve	**390.17**	175.66
Revaluation Reserve OCI	**5,080.88**	-
Equity instruments through Other Comprehensive Income	**(1,700.00)**	-
Debt instruments through Other Comprehensive Income	**454.26**	24.93
Total	**60,397.60**	**75,882.03**

30.1 Capital reserve

Capital reserve represents the gains of capital nature which is not freely available for distribution.

30.2 Capital redemption reserve

The Group has recognised Capital Redemption Reserve on buy back of equity share capital

30.3 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.

30. Other Equity *(Continued)*

30.4 Statutory reserve u/s 45-IC of The Reserve Bank of India Act, 1934

Every non-banking financial company shall create a reserve fund and transfer therein a sum not less than twenty per cent of its net profit every year as disclosed in the profit and loss account and before any dividend is declared.

30.5 Statutory reserve u/s 29C of The National Housing Bank Act, 1987

In terms of Section 29C of the National Housing Bank Act, 1987 every housing finance institution which is a company is required to create a reserve fund and transfer therein a sum not less than twenty percent of its net profit every year as disclosed in the profit and loss account before any dividend is declared. Housing Finance Companies (HFCs), are permitted to withdraw from the said reserve fund, the excess amount credited (in excess of the statutory minimum of 20%) in the previous years for any business purposes subject to suitable disclosure in the balance sheet and in the case of HFCs which have transferred only the statutory minimum in the previous years to selectively permit them to withdraw from the reserve fund only for the purpose of provisioning for non-performing assets subject to the conditions that there is no debit balance in the profit and loss account and that the reason for such withdrawal are stated explicitly in the balance sheet.

30.6 General reserve

Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paid-up capital of the Company for that year, then the total dividend distribution is less than the total distributable results for that year. Consequent to introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of Companies Act, 2013.

30.7 Debenture redemption reserve

The Companies Act 2013 requires companies that issue debentures to create a debenture redemption reserve from annual profits until such debentures are redeemed. The Company is required to transfer a specified percentage (as provided in the Companies Act, 2013) of the outstanding redeemable debentures to debenture redemption reserve. The amounts credited to the debenture redemption reserve may not be utilised except to redeem debentures. On redemption of debentures, the amount may be transferred from debenture redemption reserve to retained earnings.

30.8 Impairment reserve

RBI notification on Implementation of Indian Accounting Standards, dated 13 March 2020 requires NBFC/ARC subsidiaries within Group are to recognised impairement reserves where impairment allowance under Ind AS 109 is lower than the provisioning required under IRACP (including standard asset provisioning)

30.9 Retained earnings

The same represents portion of the fair value change attributable to the entity's own credit risk in respect of financial liabilities designated at FVTPL that is recognised in OCI, with no recycling

30.10 Foreign exchange translation reserve

The exchange differences arising out of year end translation of Group entities having functional currency other than Indian Rupees is debited or credited to this Reserve.

(Currency: Indian rupees in million)

30. Other Equity *(Continued)*

30.11 Revaluation Reserve through other comprehensive income

Group has decided to change to revaluation model from cost model of accounting for a class of asset (i.e. Flats and building) as at 31st March 2020. Similarly, group entities have also changed their existing model for Flats and building to align with the Group policy.

30.12 FVOCI equity investments

The Group has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the FVOCI equity investments within equity. The Group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised

30.13 FVOCI debt investments

The Group recognises changes in the fair value of debt instruments held with business objective of collect and sell in other comprehensive income. These changes are accumulated within the FVOCI debt investments within equity. The Group transfers amounts from this reserve to the statement of profit and loss when the debt instrument is sold.

31. Interest Income

For the year ended 31 March 2020

	Amortised cost	FVTPL	FVOCI	Total
Interest on Loans	50,630.22	-	-	50,630.22
Interest income from investments	415.81	2,656.41	1,387.04	4,459.26
Interest on deposits with Banks	2,933.69	-	-	2,933.69
Other interest Income	996.29	-	-	996.29
Total	**54,976.01**	**2,656.41**	**1,387.04**	**59,019.46**

For the year ended 31 March 2019

	Amortised cost	FVTPL	FVOCI	Total
Interest on Loans	57,072.07	-	-	57,072.07
Interest income from investments	688.61	6,299.76	951.03	7,939.40
Interest on deposits with Banks	2,262.91	-	-	2,262.91
Other interest Income	1,104.48	-	-	1,104.48
Total	61,128.07	6,299.76	951.03	68,378.86

32. Fee and commission income

	2019-20	2018-19
Income from broking	3,657.09	3,516.46
Advisory and other fees	17,335.89	17,817.18
Total	**20,992.98**	21,333.64

Below is the disaggregation of the revenue from contracts with customers and its reconciliation to amounts reported in statement of profit and loss:

	2019-20	2018-19
Service transferred at a point in time	7,798.21	8,582.32
Service transferred over time	13,194.77	12,751.32
Total revenue from contract with customers	**20,992.98**	21,333.64

(Currency: Indian rupees in million)

33. Net gain on fair value changes

	2019-20	2018-19
Net gain /(loss) on financial instruments at fair value through profit or loss		
On trading portfolio		
Investment at FVTPL	**(3,464.41)**	551.29
Derivatives at FVTPL	**1,375.09**	3,980.27
Others		
Other financial instruments	**4,038.90**	4,283.67
Total Net gain/(loss) on fair value changes	**1,949.58**	8,815.23
Fair Value changes:		
Realised	**11,849.68**	6,752.23
Unrealised	**(9,900.10)**	2,063.00
Total	**1,949.58**	8,815.23

34. Other operating revenue

	2019-20	2018-19
Agri value chain warehousing income	**712.35**	771.61
Delayed payment charges	**191.99**	312.45
Income from training centre	**39.49**	38.73
Rental income	**37.70**	13.56
Total	**981.53**	1,136.35

35. Other income

	2019-20	2018-19
Donation income	**243.41**	246.80
Interest on income tax refund	**304.73**	262.97
Miscellaneous income	**345.01**	327.36
Total	**893.15**	837.13

36. Finance cost (at amortised cost unless otherwise stated)

	2019-20	2018-19
Interest on deposits	**49.51**	131.96
Interest on borrowings (other than debt securities)	**18,458.16**	18,005.21
Interest on debt securities	**23,487.45**	24,814.82
Interest on debt securities (at fair value through profit or loss)	**2,717.00**	1,312.57
Interest on subordinated liabilities	**1,863.72**	1,717.15
Other interest expense	**1,354.55**	1,850.54
Total	**47,930.39**	47,832.25

(Currency: Indian rupees in million)

37. Employee benefits expense

	2019-20	2018-19
Salaries and wages	12,670.31	15,019.60
Contribution to provident and other funds	703.04	674.34
Expense on employee stock option scheme/Stock Appreciation Rights	390.79	225.47
Staff welfare expenses	308.87	580.48
Total	**14,073.01**	16,499.89

38. Impairment on financial instruments

	2019-20	2018-19
On loans	26,375.73	4,941.83
On investments	417.56	21.41
On trade receivables	109.36	(114.28)
Total	**26,902.65**	4,848.96

39. Other expenses

	2019-20	2018-19
Advertisement and business promotion	1,282.49	1,505.95
Auditors' remuneration (Refer note 39(a))	95.82	81.95
Commission and brokerage	1,229.06	1,250.19
Communication	490.91	489.62
Computer software and other expenses	815.47	816.77
Commission to non-executive directors	3.50	5.00
Contribution towards corporate social responsibility	484.28	344.28
Dematerialisation charges and stock exchange expenses	85.78	115.80
Directors' sitting fees	13.38	12.99
Insurance	76.70	67.02
Legal and professional fees	1,552.11	1,808.91
Membership and subscription	172.90	169.19
Mutual fund expenses	123.59	81.17
Office expenses	950.17	717.00
Printing and stationery	123.86	204.64
Rates and taxes	1,254.87	904.25
Rent and electricity charges	426.20	1,401.99
Repairs and maintenance - others	133.35	151.65
Securities and commodity transaction tax	305.74	489.34
Seminar and conference expenses	193.29	149.04
Stamp duty	234.95	164.07
Travelling and conveyance	823.91	932.78
Warehousing charges	466.50	107.30
Selling and Distribution expenses	952.55	1,234.22
Miscellaneous expenses	350.50	422.33
Total	**12,641.88**	13,627.45

39. (a) Auditors' remuneration

	2019-20	2018-19
As Auditors	91.46	77.01
Towards reimbursement of expenses	4.36	4.94
Total	**95.82**	81.95

(Currency: Indian rupees in million)

40. Income Tax

The components of income tax expense recognised in profit or loss for the years ended 31 March 2020 and 31 March 2019 are:

Particulars	**2019-20**	2018-19
Current tax	**3,243.47**	6,396.13
Adjustment in respect of current income tax of prior years	**(272.72)**	152.53
Deferred tax relating to origination and reversal of temporary differences	**(6,796.28)**	512.97
Deferred tax relating to unused tax losses and unused tax credits (including write-downs) (net)	**(303.27)**	(68.22)
Total tax expense	**(4,128.80)**	6,993.41
Total Current Tax	**2,970.75**	6,548.66
Total Deferred Tax	**(7,099.55)**	444.75

Pursuant to the introduction of Section 115BAA of the Income Tax Act, 1961, in FY 2019-20, 15 subsidiaries Companies in the Group have opted for the reduced tax rate of 25.17% under the said Section. Accordingly these entities have recognised provision for income tax for the year ended March 31, 2020 and have also re-measured their deferred tax asset/ liabilities (net) and MAT credit (wherever applicable) resulting in tax charge of ₹ 43.76 millions.

40.1. Reconciliation of the total tax expense

The tax expense shown in the statement of profit and loss differs from the tax expense that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the years ended 31 March 2020 and 2019 is, as follows:

Particulars	**2019-20**	2018-19
Profit / (Loss) before tax	**(24,566.52)**	17,437.10
Tax rate	**34.94%**	34.94%
Income tax expense calculated based on above tax rate	**(8,584.52)**	6,093.22
Adjustment in respect of income tax of prior years	**(272.72)**	152.53
Effect of income not subject to tax	**(163.20)**	(1,061.00)
Effect of non-deductible expenses	**1,425.31**	557.36
Impact of certain items being taxed at different rates	**(43.76)**	(4.09)
Impact of tax rate changes between two accounting periods	**(68.23)**	4.73
Write-down / reversal of write down of deferred tax assets on unused tax credits and unused tax losses (net)	**873.05**	(169.42)
Effect of non-recognition of deferred tax asset on current-period losses	**1,344.28**	612.89
Different tax rates of subsidiaries	**1,375.56**	738.56
Others	**(14.57)**	68.63
Tax expense recognised in profit or loss	**(4,128.80)**	6,993.41

Notes to the consolidated financial statements *(Continued)*

(Currency: Indian rupees in million)

41. Components of deferred tax

The following table shows deferred tax recorded in the Balance sheet and changes recorded in the income tax expense:

31-Mar-20	Opening deferred tax asset/ (liability)	Recognised in profit or loss	Recognised in other comprehensive income	Recognised directly in equity	Others	Total Movement	Closing deferred tax asset/ (liability)
Provision for expected credit losses	2,885.07	878.63	-	-	(32.87)	845.76	3,730.83
Unused tax losses / credits	2,528.16	3,027.39	-	-	(58.49)	2,968.90	5,497.06
Employee benefits obligations	91.81	0.65	3.02	-	0.02	3.69	95.50
ESOP Perquisite	4.80	(0.79)	-	-	-	(0.79)	4.01
Fair valuation of Financial Assets	(2,463.96)	2,421.58	(0.10)	61.52	0.04	2,483.04	19.08
Fair valuation of Derivatives	(19.32)	801.54	-	-	-	801.54	782.22
Property, Plant and Equipment and Intangible assets	(67.09)	6.88	-	9.62	0.37	16.87	(50.22)
Property, Plant and Equipment - revaluation	-	-	(2,534.83)	-	-	(2,534.83)	(2,534.83)
EIR adjustment on borrowings	(586.30)	(36.33)	-	-	-	(36.33)	(622.63)
Total	**2,373.17**	**7,099.55**	**(2,531.91)**	**71.14**	**(90.93)**	**4,547.85**	**6,921.02**

31-Mar-19	Opening deferred tax asset/ (liability)	Recognised in profit or loss	Recognised in other comprehensive income	Recognised directly in equity	Others	Total Movement	Closing deferred tax asset/ (liability)
Provision for expected credit losses	2,133.55	751.52	-	-	-	751.52	2,885.07
Unused tax losses / credits	1,327.98	1,200.18	-	-	-	1200.18	2,528.16
Employee benefits obligations	253.77	(157.92)	(4.04)	-	-	(161.96)	91.81
ESOP Perquisite	1,473.44	(222.21)	-	(1,246.43)	-	(1,468.64)	4.80
Fair valuation of Financial Assets	(535.30)	(1,928.66)	-	-	-	(1,928.66)	(2,463.96)
Fair valuation of Derivatives	(68.57)	49.25	-	-	-	49.25	(19.32)
Property, Plant and Equipment and Intangible assets	(168.10)	101.01	-	-	-	101.01	(67.09)
EIR adjustment on borrowings	(130.39)	(237.92)	-	-	(217.99)	(455.91)	(586.30)
Total	**4,286.38**	**(444.75)**	**(4.04)**	**(1,246.43)**	**(217.99)**	**(1,913.21)**	**2,373.17**

1. Recognition of deferred taxes are evalauted by Board in respective board meetings of Group companies.
2. Deferred tax liabilities on undistributed profit:

   The Group has not created deferred tax liability on the undistributed earnings in the subsidiary companies in the consolidated financial statements considering its ability to control the timing of the reversal of temporary differences associated with such undistributed earnings and its probable that such difference will not reverse in the foreseeable future.

(Currency: Indian rupees in million)

41.1. Deductible temporary diffrences, unused tax losses and unused tax credits on which deferred tax asset is not recognised in balance sheet

As at 31-Mar-2020

Financial Year to which the loss related to	Deductible temporary differences		Unused tax losses							Unused tax credits	
	Amount	Expiry year-financial year	Unabsorbed depriciation		Unabsorbed long term capital losses		Unabsorbed business losses		Total	Mat Credit	
			Amount	Expiry year-financial year	Amount	Expiry year-financial year	Amount	Expiry year-financial year	Amount	Amount	Expiry year-financial year
FY 2019-20	1,773.80	Not applicable	203.57	No expiry	-	-	5,277.76	FY 2027-28	5,481.33	18.90	FY 2027-28
FY 2019-20	-	-	-	-	-	-	10.08	FY 2024-25	10.08	-	-
FY 2018-19	55.32	Not applicable	52.57	No expiry	204.97	FY 2026-27	3,316.05	FY 2026-27	3,573.59	-	-
FY 2018-19	-	-	-	-	-	-	366.31	No Expiry	366.31	-	-
FY 2018-19	-	-	-	-	-	-	13.68	FY 2023-24	13.68	-	-
FY 2017-18	84.56	Not applicable	20.01	No expiry	-	-	2,758.01	FY 2025-26	2,778.02	-	-
FY 2017-18	-	-	-	-	-	-	731.26	No Expiry	731.26	-	-
FY 2016-17	-	-	4.73	No expiry	-	-	2,443.31	FY 2024-25	2,448.04	-	-
FY 2016-17	-	-	-	-	-	-	205.19	FY 2021-22	205.19	-	-
FY 2016-17	-	-	-	-	-	-	198.81	No Expiry	198.81	-	-
FY 2015-16	-	-	5.15	No expiry	-	-	1,807.30	FY 2023-24	1,812.45	-	-
FY 2015-16	-	-	-	-	-	-	218.92	FY 2020-21	218.92	-	-
FY 2014-15	-	-	1.79	No expiry	-	-	604.13	FY 2022-23	605.92	-	-
FY 2013-14	-	-	-	-	-	-	650.59	FY 2021-22	650.59	-	-
FY 2012-13	-	-	-	-	-	-	649.87	FY 2020-21	649.87	-	-
Total	1,913.68		287.82		204.97		19,251.27		19,744.06	18.90	

Notes to the consolidated financial statements *(Continued)*

(Currency: Indian rupees in million)

41.1. Deductible temporary diffrences, unused tax losses and unused tax credits on which deferred tax asset is not recognised in balance sheet *(Continued)*

As at 31-Mar-2019

Financial Year to which the loss related to	Deductible temporary differences		Unused tax losses							Unused tax credits	
	Amount	Expiry year-financial year	Unabsorbed depriciation		Unabsorbed long term capital losses		Unabsorbed business losses		Total	Mat Credit	
			Amount	Expiry year-financial year	Amount	Expiry year-financial year	Amount	Expiry year-financial year	Amount	Amount	Expiry year-financial year
FY 2018-19	55.32	Not applicable	166.31	No expiry	-	-	3,268.58	FY 2026-27	3,434.89	-	-
FY 2018-19	-	-	-	-	-	-	12.55	FY 2023-24	12.55	-	-
FY 2018-19	-	-	-	-	-	-	317.32	No expiry	317.32	-	-
FY 2017-18	84.56	Not applicable	157.59	No expiry	-	-	2,652.24	FY 2025-26	2,809.83	-	-
FY 2017-18	-	-	-	-	-	-	565.68	No expiry	565.68	-	-
FY 2016-17	-	-	11.66	No expiry	-	-	2,381.95	FY 2024-25	2,393.61	-	-
FY 2016-17	-	-	-	-	-	-	390.28	No expiry	390.28	-	-
FY 2015-16	-	-	5.15	No expiry	-	-	1,916.70	FY 2023-24	1,921.85	0.58	FY 2030-31
FY 2014-15	-	-	1.79	No expiry	-	-	682.85	FY 2022-23	684.64	-	-
FY 2013-14	-	-	-	-	2.46	FY 2021-22	651.00	FY 2021-22	653.46	-	-
FY 2012-13	-	-	-	-	4.79	FY 2020-21	650.00	FY 2020-21	654.79	-	-
FY 2011-12	-	-	-	-	-	-	158.00	FY 2019-20	158.00	-	-
Total	139.88		342.50		7.25		13,647.15		13,996.90	0.58	

(Currency: Indian rupees in million)

42. Earnings per share (EPS)

In accordance with Indian Accounting Standard 33 – "Earnings Per Share" prescribed by Companies (Accounts) Rules, 2015, the computation of earnings per share is set out below:

	2019-20	2018-19
Profit for the year attributable to owners of the parent	**(20,452.45)**	9,951.66
Weighted average number of equity shares for calculating basic EPS	**88,87,13,129**	88,25,64,701
Number of dilutive potential equity shares	**55,75,693**	1,47,61,041
Weighted average number of equity shares for calculating diluted EPS	**89,42,88,822**	89,73,25,742
Basic earnings share (in ₹)	**(23.01)**	11.28
Dilutive earning per share (in ₹)*	**(23.01)**	11.09

*Impact of potential equity shares are anti-dilutive, hence restricted to Basic earning per share.

43. Segment information

The Group has made its consolidated segment reporting to meaningfully represent its business lines Agency, Capital business, Asset reconstruction business, Insurance & Treasury business. Agency includes broking, advisory, product distribution and other fee based businesses; Capital Based represents lending business; Asset reconstruction business represents purchase and resolution of distress assets; Insurance business represents life insurance business and general insurance business. Treasury business represents income from trading and investment activities.

Segment data for previous financial period has been reclassified to conform to current financial period's presentation.

Since the business operations of the Group are primarily concentrated in India, the Group is considered to operate only in the domestic segment.

	Segment information	Particulars	Year Ended	
			31-Mar-20	31-Mar-19
1	**Segment revenue (Total income)[2]**			
		Agency	**11,268.50**	13,674.60
		Capital Based	**44,652.00**	59,104.30
		Insurance business	**12,462.50**	11,095.40
		Asset Reconstruction business	**18,207.10**	16,007.70
		Treasury	**8,839.70**	11,541.10
		Unallocated	**596.49**	231.18
		Total Income	**96,026.29**	**1,11,654.28**
2	**Segment results (Profit/(loss) before tax)**			
		Agency	**2,560.00**	4,479.30
		Capital Based	**(27,901.00)**	8,446.60
		Insurance business	**(3,670.10)**	(3,300.10)
		Asset Reconstruction business	**3,349.30**	6,559.30
		Treasury	**1,161.60**	1,518.80
		Unallocated	**(66.32)**	(266.80)
		Total Profit before tax	**(24,566.52)**	**17,437.10**

(Currency: Indian rupees in million)

43. Segment information (Continued)

		As at	
		31-Mar-20	31-Mar-19
3 Segment Assets			
	Agency	**45,287.70**	43,927.30
	Capital Based	**3,39,434.90**	4,03,273.80
	Insurance business	**43,953.70**	38,855.50
	Asset Reconstruction business	**65,949.10**	70,862.80
	Treasury	**32,773.60**	74,002.10
	Unallocated	**15,404.21**	10,613.94
	Total Assets	**5,42,803.21**	**6,41,535.44**
4 Segment Liabilities			
	Agency	**38,883.00**	39,618.70
	Capital Based	**3,28,181.60**	3,65,244.50
	Insurance business	**35,212.60**	28,368.20
	Asset Reconstruction business	**46,505.40**	52,968.30
	Treasury	**18,592.20**	61,818.50
	Unallocated	**3,357.64**	6,367.33
	Total Liabilities	**4,70,732.44**	**5,54,385.53**

1. Non-cash expenditure aggregated to ₹ 42,295.45 millions for the year ended 31 March 2020 (Previous Year ₹ 13,678.47 millions)
2. Segment revenue includes share in profit/(loss) in associates.

44. Transfer of Financials Asset

The following tables provide a summary of financial assets that have been transferred in such a way that part or all of the transferred financial assets do not qualify for derecognition, together with the associated liabilities

	2019-20	2018-19
Securitisations		
Carrying amount of transferred assets measured at amortised cost (Held as collateral)	**7,701.95**	704.93
Carrying amount of associated liabilities (Debt securities - measured at amortised cost)	**7,426.86**	750.24
Fair value of assets	**7,918.57**	848.48
Fair value of associated liabilities	**7,566.82**	784.84
Net position at fair value	**351.75**	63.64

(Currency: Indian rupees in million)

45. Unconsolidated structured entities

The Group has exposure to certain unconsolidated structured entities being securitisation trusts, alternative investment funds and similar funds. The Group is involved in setting up of these structured entities and generally, acts as the investment manager. However, the Group can be removed by certain specified majority of the investors. Further, the Group does not have significant exposure to variability of returns and its remuneration is commensurate to the services provided. Therefore, these structured entities are not consolidated by the Group.

The following tables show the carrying amount of the Group's recorded interest in its consolidated balance sheet as well as the maximum exposure to risk (as defined in below) due to these exposures in the unconsolidated structured entities:

Particulars	31-Mar-20			
	Securitisation trusts	**Alternative Investment Funds**	**Total**	**Maximum exposure[1]**
Loans	**895.61**	**-**	**895.61**	**895.61**
Trade Receivables	**5,404.33**	**344.61**	**5,748.94**	**5,748.94**
Investments at fair value through profit or loss	**40,098.56**	**856.68**	**40,955.24**	**40,955.24**
Total Assets	**46,398.50**	**1,201.29**	**47,599.79**	**47,599.79**
Off-balance sheet exposure	**-**	**3,163.97**	**3,163.97**	**3,163.97**
Size of the structured entity[1]	**4,10,401.57**	**2,50,903.97**	**6,61,305.54**	**-**
Income from the structured entity	**9,686.31**	**1,520.82**	**11,207.13**	**-**

Particulars	31-Mar-19			
	Securitisation trusts	**Alternative Investment Funds**	**Total**	**Maximum exposure[1]**
Loans	549.46	-	549.46	549.46
Trade Receivables	5,215.28	194.29	5,409.57	5,409.57
Investments at fair value through profit or loss	52,859.49	2,490.68	55,350.17	55,350.17
Total Assets	58,624.23	2,684.97	61,309.20	61,309.20
Off-balance sheet exposure	-	3,470.71	3,470.71	3,470.71
Size of the structured entity[1]	4,41,253.63	1,71,713.25	6,12,966.88	-
Income from the structured entity	19,898.44	1,271.14	21,169.58	-

[1] In the above table, the size of the structured entity refers to the corpus in case of securitisation trusts and to the assets under management in case of alternative investment funds. For loans, trade receivables and investments in structured entities, the carrying value reflects the Group's maximum exposure to loss.

(Currency: Indian rupees in million)

46. Disclosure of interest in other entities:

1. The Group does not have any associates as at 31 March 2020.

2. Details of non wholly subsidiaries that have material non-controlling interests.

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests held by non-controlling interests	Profit(loss) allocated to non-controlling interests	
			31-Mar-20	31-Mar-19
Edelweiss Asset Reconstruction Company Limited	India	40.16%	**1,211.01**	1,747.03
Edelweiss Tokio life insurance Company Limited	India	49.00%	**(1,337.76)**	(1,322.28)

Summarised financial information in respect of each of the Group's subsidiaries that have material non-controlling interests is set out below. The summarised financial information below represents amounts before intra-group eliminations.

Edelweiss Asset Reconstruction Company Limited	**As at 31-Mar-2020**	As at 31-Mar-2019
Financial assets	**65,178.66**	68,308.29
Non-financial assets	**285.99**	95.36
Financial liabilities	**43,920.19**	48,638.71
Non-financial liabilities	**1,180.39**	2,415.63
Equity attributable to owners of the company	**14,222.26**	12,116.76
Non-controlling interest	**6,141.80**	5,232.55

	For the year ended 31 March 2020	For the year ended 31 March 2019
Revenue from operations	**11,653.16**	13,660.79
Total income	**11,660.45**	13,668.76
Total expenses	**8,174.38**	6,910.53
Profit / (Loss) before tax	**3,486.07**	6,758.23
Tax expense	**470.61**	2,408.03
Profit / (Loss) for the year	**3,015.46**	4,350.20
Total Comprehensive Income / (Loss)	**3,014.74**	4,349.74
Profit / (Loss) for the year attributable to owners of the parent	**1,804.45**	2,603.16
Profit / (Loss) for the year attributable non-controlling interests	**1,211.01**	1,747.03
Cash flows (used) / generated from operating activities	**8,411.13**	7,650.62
Cash flows (used) / generated from investing activities	**8,656.56**	(7,152.80)
Cash flows (used) / generated from financial activities	**(10,975.85)**	(177.17)
Net cash inflow/(outflow)	**6,091.84**	320.66

(Currency: Indian rupees in million)

46. Disclosure of interest in other entities: *(Continued)*

Edelweiss Tokio life insurance Company Limited	**As at 31-Mar-2020**	As at 31-Mar-2019
Financial assets	**35,366.05**	31,803.70
Non-financial assets	**5,079.39**	4,477.38
Financial liabilities	**3,162.42**	3,184.67
Non-financial liabilities	**29,794.61**	23,803.75
Equity attributable to owners of the company	**3,819.09**	4,739.26
Non-controlling interest	**3,669.32**	4,553.40

	For the year ended 31 March 2020	For the year ended 31 March 2019
Revenue from operations	**11,865.28**	10,555.45
Total income	**11,881.84**	10,575.64
Total expenses	**14,611.96**	13,274.16
Profit / (Loss) before tax	**(2,730.12)**	(2,698.52)
Tax expense	**-**	-
Profit / (Loss) for the year	**(2,730.12)**	(2,698.52)
Total Comprehensive Income / (Loss)	**(1,737.31)**	(2,314.90)
Profit / (Loss) for the year attributable to owners of the parent	**(1,392.36)**	(1,376.24)
Profit / (Loss) for the year attributable non-controlling interests	**(1,337.76)**	(1,322.28)
Cash flows (used) / generated from operating activities	**2,195.00**	2,408.61
Cash flows (used) / generated from investing activities	**(1,921.00)**	(2,363.28)
Cash flows (used) / generated from financial activities	**(122.00)**	-
Net cash inflow/(outflow)	**152.00**	45.33

47. Retirement benefit plan

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

Amount of ₹ 572.45 millions (Previous year: ₹ 408.05 millions) is recognised as expenses and included in "Employee benefit expense" in the statement of profit and loss

B) Defined benefit plan (Gratuity):

The following tables summarise the components of the net benefit expenses recognised in the statement of profit and loss and the funded and unfunded status and amount recognised in the balance sheet for the gratuity benefit plan.

Statement of profit and loss

Expenses recognised in the Statement of Profit and Loss:

	2019-20	2018-19
Current service cost	**125.54**	116.25
Interest on defined benefit obligation	**10.36**	11.29
Past service cost	**2.40**	-
Effect of Curtailment	**(8.06)**	-
Exchange rate adjustment	**0.17**	0.34
Total included in 'Employee benefits expense'	**130.41**	127.88

(Currency: Indian rupees in million)

47. Retirement benefit plan *(Continued)*

Movement in Other Comprehensive Income:

	2019-20	2018-19
Balance at start of year (Loss)/ Gain		
Re-measurements on define benefit obligation (DBO)	(26.58)	-
a. Actuarial (Loss)/ Gain from changes in financial assumptions	(46.80)	(8.37)
b. Actuarial (Loss)/ Gain from experience over the past year	34.66	(18.12)
Re-measurements on Plan Assets	-	-
Return on plan assets excluding amount included in net interest on the net defined benefit liability/ (asset)	(31.32)	0.95
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)	(4.71)	(0.06)
Balance at end of year (Loss)/ Gain	**(74.75)**	**(25.60)**

Balance sheet

Reconciliation of defined benefit obligation (DBO) :

	2019-20	2018-19
Present value of DBO at the beginning of the year	625.53	487.60
Acquisition/ (Divestiture)	(8.06)	3.28
Transfer (out)/in		-
Interest cost	42.92	35.09
Current service cost	125.54	116.25
Benefits paid	(71.04)	(43.52)
Past service cost	2.40	-
Actuarial (gain)/loss	12.14	26.48
Exchange Rate Adjustment	0.17	0.35
Present value of DBO at the end of the year	**729.60**	**625.53**

Reconciliation of fair value of plan assets:

	2019-20	2018-19
Fair value of plan assets at the beginning of the year	506.53	348.42
Acquisition / (Divestiture)	-	3.28
Contributions by Employer	136.34	173.19
Benefits paid	(71.04)	(43.52)
Interest income	32.99	24.23
Return on plan asset excluding amount included in net interest on the net defined benefit liability/ (asset)	(31.32)	0.93
Fair value of plan assets at the end of the year	**573.50**	**506.53**

(Currency: Indian rupees in million)

47. Retirement benefit plan (Continued)

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

Net asset / (liability) recognised in the balance sheet:

	2020	2019	2018	2017	2016
Present value of DBO	**(729.60)**	(625.53)	(487.60)	(380.66)	(320.23)
Fair value of plan assets at the end of the year	**573.50**	506.53	348.42	290.19	257.36
Net Liability	**(156.10)**	(119.00)	(139.18)	(90.47)	(62.87)
Less: Effect of limiting net assets to asset ceiling	**(11.56)**	(6.45)	(5.96)	(1.40)	-
Liability recognised in the balance sheet	**(167.66)**	**(125.45)**	**(145.14)**	**(91.87)**	**(62.87)**

Experience adjustments:

	2020	2019	2018	2017	2016
On plan liabilities: loss / (gain)	**(34.66)**	18.12	(13.07)	(11.37)	28.52
On plan assets: gain / (loss)				15.53	(4.92)
Estimated contribution for next year				1.00	1.50

Principal actuarial assumptions at the balance sheet date:

	2019-20	2018-19
Discount rate	**5.50%-5.90%**	6.70%-7.00%
Salary escalation	**7%**	7.00%
Employees attrition rate	**13% - 60%**	13% - 60%
Mortality Rate	**IALM 2012-14 (Ultimate)**	IALM 2012-14 (Utl)
Percentage Break-down of Total Plan Assets	**2019-20**	2018-19
Investment Funds with Insurance Company and Cash	**100%**	100%
Total	**100%**	100%

Sensitivity Analysis for 2020:

Assumptions	**Discount rate**		**Future salary increases**	
Sensitivity Level	**1.00% increase**	**1.00% decrease**	**1.00% increase**	**1.00% decrease**
Impact on defined benefit obligation	**(34.39)**	**37.38**	**36.57**	**(34.31)**

Sensitivity Analysis for 2019:

Assumptions	**Discount rate**		**Future salary increases**	
Sensitivity Level	1.00% increase	1.00% decrease	1.00% increase	1.00% decrease
Impact on defined benefit obligation	(29.46)	32.19	31.86	(29.71)

(Currency: Indian rupees in million)

48. 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. With regard to loans and advances to customers, the Group uses the same basis of expected repayment behaviour as used for estimating the EIR. Issued debt reflect the contractual coupon amortisations

	As at 31-Mar-2020			As at 31-Mar-2019		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Financial assets						
(a) Cash and cash equivalents	**49,425.19**	**-**	**49,425.19**	31,158.21	-	31,158.21
(b) Bank balances other than cash and cash equivalents	**32,910.90**	**3,759.99**	**36,670.89**	33,396.05	-	33,396.05
(c) Derivative financial instruments	**5,223.80**	**98.07**	**5,321.87**	1,615.89	325.01	1,940.90
(d) Stock in trade (securities held for trading)	**17,458.07**	**-**	**17,458.07**	39,136.66	-	39,136.66
(e) Trade Receivables	**9,886.37**	**3,166.01**	**13,052.38**	24,277.91	3,262.15	27,540.06
(f) Loans	**79,525.99**	**2,04,080.80**	**2,83,606.79**	1,15,551.25	2,68,531.85	3,84,083.10
(g) Investments	**12,029.33**	**70,636.69**	**82,666.02**	24,403.17	63,587.30	87,990.47
(h) Other financial assets	**7,082.78**	**1,219.55**	**8,302.33**	1,511.45	4,587.06	6,098.51
Total financial assets (A)	**2,13,542.43**	**2,82,961.11**	**4,96,503.54**	**2,71,050.59**	**3,40,293.37**	**6,11,343.96**
Non-financial assets						
(a) Inventories	**436.09**	**-**	**436.09**	1,691.32	-	1,691.32
(b) Reinsurance assets	**-**	**2,944.42**	**2,944.42**	34.54	2,851.65	2,886.19
(c) Current tax assets (net)	**870.13**	**4,969.65**	**5,839.78**	4,326.64	-	4,326.64
(d) Deferred tax assets (net)	**-**	**9,564.75**	**9,564.75**	-	4,905.87	4,905.87
(e) Investment property	**-**	**4,457.27**	**4,457.27**	-	3,144.51	3,144.51
(f) Property, Plant and Equipment	**128.98**	**14,883.60**	**15,012.58**	-	5,477.86	5,477.86
(g) Capital work in progress	**-**	**111.56**	**111.56**	-	102.94	102.94
(h) Intangible assets under development	**-**	**320.79**	**320.79**	-	333.90	333.90
(i) Goodwill	**-**	**1,723.41**	**1,723.41**	-	1,742.72	1,742.72
(j) Other Intangible assets	**-**	**2,255.79**	**2,255.79**	-	2,282.58	2,282.58
(k) Other non- financial assets	**1,559.52**	**2,073.71**	**3,633.23**	2,462.76	834.19	3,296.95
Total non-financial assets (B)	**2,994.72**	**43,304.95**	**46,299.67**	**8,515.26**	**21,676.22**	**30,191.48**
TOTAL ASSETS (C = A+B)	**2,16,537.15**	**3,26,266.06**	**5,42,803.21**	**2,79,565.85**	**3,61,969.59**	**6,41,535.44**

(Currency: Indian rupees in million)

48. Maturity analysis of assets and liabilities (Continued)

	As at 31-Mar-2020			As at 31-Mar-2019		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
LIABILITIES						
Financial liabilities						
(a) Derivative financial instruments	**3,786.06**	**26.42**	**3,812.48**	1,349.78	579.73	1,929.51
(b) Trade Payables	**12,833.60**	**-**	**12,833.60**	19,752.83	-	19,752.83
(c) Insurance claims payable	**74.52**	**-**	**74.52**	45.61	-	45.61
(d) Debt securities	**-**	**2,07,585.06**	**2,07,585.06**	75,245.44	1,70,665.04	2,45,910.48
(e) Borrowings (other than debt securities)	**1,03,475.64**	**29,734.91**	**1,33,210.55**	1,02,166.46	88,287.05	1,90,453.51
(f) Deposits	**2,168.97**	**-**	**2,168.97**	1,390.38	46.38	1,436.76
(g) Subordinated Liabilities	**6,124.14**	**17,484.67**	**23,608.81**	1,003.39	22,673.19	23,676.58
(h) Other financial liabilities	**25,860.84**	**23,389.70**	**49,250.54**	32,106.44	7,020.54	39,126.98
Total financial liabilities (D)	**1,54,323.77**	**2,78,220.76**	**4,32,544.53**	**2,33,060.33**	**2,89,271.93**	**5,22,332.26**
Non-financial liabilities						
(a) Current tax liabilities (net)	**626.28**	**280.02**	**906.30**	1,435.14	-	1,435.14
(b) Provisions	**104.94**	**246.17**	**351.11**	122.05	205.66	327.71
(c) Provision for policyholders' liabilities	**-**	**30,076.82**	**30,076.82**	-	24,492.79	24,492.79
(d) Deferred tax liabilities (net)	**-**	**2,643.73**	**2,643.73**	-	2,532.70	2,532.70
(e) Other non-financial liabilities	**4,169.82**	**40.13**	**4,209.95**	3,106.62	158.31	3,264.93
Total non-financial liabilities (E)	**4,901.04**	**33,286.87**	**38,187.91**	**4,663.81**	**27,389.46**	**32,053.27**
TOTAL LIABILITIES (F = D+E)	**1,59,224.81**	**3,11,507.63**	**4,70,732.44**	**2,37,724.14**	**3,16,661.39**	**5,54,385.53**
NET TOTAL ASSETS / (LIABILITIES) (C-F)	**57,312.34**	**14,758.43**	**72,070.77**	**41,841.71**	**45,308.20**	**87,149.91**

49. Changes in liabilities arising from financing activities

Particulars	**01-Apr-19**	**Cash flows**	**Changes in fair values**	**Exchange difference**	**Others****	**31-Mar-20**
Borrowings*	**4,61,477.33**	**(1,04,025.90)**	**-**	**-**	**9,121.96**	**3,66,573.39**
Total liabilities from financing activities	**4,61,477.33**	**(1,04,025.90)**	**-**	**-**	**9,121.96**	**3,66,573.39**

Particulars	01-Apr-18	Cash flows	Changes in fair values	Exchange difference	Others**	31-Mar-19
Borrowings*	4,89,640.91	(37,249.42)	-	-	9,085.84	4,61,477.33
Total liabilities from financing activities	4,89,640.91	(37,249.42)	-	-	9,085.84	4,61,477.33

* Comprises of Debt securities, Deposits, Subordinated Liabilities and other borrowings.

** Refers to interest expense for the year incurred by entities other than non-banking financial companies in the group.

(Currency: Indian rupees in million)

50. Contingent liabilities, commitments and leasing arrangements:

50.1 Contingent liabilities and commitments

- Taxation matters in respect of which appeal is pending ₹ 1,488.26 millions (Previous year: ₹ 865.06 millions).
- Litigation pending against Group amounts to ₹ 194.78 millions (Previous year: ₹ 668.00 millions).
- Claims not acknowledged as debt ₹ 91.99 millions (Previous year: ₹ 54.87 millions).

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

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

- Undrawn committed credit lines subject to meeting of conditions, ₹ 18,118.83 millions as at balance sheet date (Previous year: ₹ 43,626.81 millions).
- Estimated amount of contracts remaining to be executed on capital account and not provided for ₹ 374.87 millions (Previous year: ₹ 555.83 millions).
- Uncalled liabilities on Non Current Investment ₹ 3,357.63 millions (Previous year: ₹ Nil millions)

50.2 Operating lease

1) This note provides information for leases where the group is a lessee. Group has not given any property on lease

Particulars	Amount
Lease liability	
As at 1 April 2019	2,478.92
Additions	247.03
Accretion of interest	221.45
Lease payment for the year	(548.97)
As at 31 March 2020	2,398.43

2) The statement of profit or loss shows the following amounts relating to leases

Particulars	Amount
Depreciation on ROU of assets	521.63
Interest cost	221.45
Expenses related to short term lease	199.32

Effective 01 April 2019, the Group has adopted Ind AS 116 'Leases' and applied it to all lease contracts existing on 01 April 2019 using the 'Modified Retrospective Approach'. Based on the same and as permitted, the Group has not restated the comparative figures. On transition. Group has accounted for recognition of right-of-use asset and a corresponding lease liability impacting reduction in networth by ₹ 209.55 millions.

51. Related party disclosures

(A) Individuals owning, directly or indirectly, an interest in the voting power of the reporting enterprise that gives them control or significant influence over the enterprise

Mr. Rashesh Shah
Mr. Venkatchalam Ramaswamy
Ms. Vidya Shah
Ms. Aparna T.C.

(B) Key Management Personnel

Mr. Rashesh Shah - Chairman, Managing Director & CEO
Mr. Venkatchalam Ramaswamy - Vice Chairman & Executive Director
Mr. Himanshu Kaji - Executive Director
Mr. Rujan Panjwani - Executive Director
Mr. S. Ranganathan - Chief Financial Officer

(C) Relatives of individuals exercising significant influence and relatives of KMP, with whom transactions have taken place

Ms. Kaavya Venkat
Ms. Shilpa Mody
Ms. Sejal Premal Parekh
Mr. A V Ramaswamy
Ms. Sneha Sripad Desai
Mr. Neel Shah
Ms. Avanti Shah
Mr. Nalin Kaji
Ms. Shabnam Panjwani

(D) Enterprises where significant influence is exercised

Allium Finance Private Limited (Associate upto 28 November 2018 and post that date it became a subsidiary)

(E) Enterprises over which Promoter / KMPs / Relatives exercise significant influence, with whom transactions have taken place

Spire Investment Advisors LLP
Mabella Investment Adviser LLP
Shah Family Discretionary Trust
Kenai Advisors LLP

(F) Independent Directors

Mr. Berjis Desai
Mr. Biswamohan Mahapatra
Mr. Kunnasagaran Chinniah
Mr. Navtej S. Nandra
Mr. P N Venkatachalam
Mr. Sanjiv Mishra (Upto 24 January 2019)
Mr. Ashok Kini (from 01 April 2019)
Dr. Ashima Goyal (from 01 April 2019)

(G) Other Directors

Ms. Anita M George (from 01 April 2019)

(Currency: Indian rupees in million)

51. Related party disclosures *(Continued)*

Transactions and balances with Related Parties:

Sr. No.	Nature of Transaction	Related Party Name	31-Mar-20	31-Mar-19
	Transactions with related parties			
1	Short term loans given to	Mr. Venkatchalam Ramaswamy	**34.02**	-
		Ms. Aparna T. C.	**353.28**	468.56
		Mabella Investment Advisor LLP	**1,087.89**	488.91
		Kenai Advisors LLP	**62.78**	-
		Mr. S. Ranganathan	**5.00**	-
2	Short term loans given repaid by	Mr. Venkatchalam Ramaswamy	**24.27**	-
		Ms. Aparna T. C.	**347.16**	468.56
		Mabella Investment Advisor LLP	**565.03**	488.91
		Mr. Rujan Panjwani	**-**	6.00
		Kenai Advisors LLP	**62.56**	-
3	Purchase of security from	Mr. Rujan Panjwani	**-**	10.00
4	Reimbursement recovered from	Allium Finance Private Limited	**-**	1.80
5	Dividend paid	Mr. Rashesh Shah	**43.59**	203.42
		Mr. Venkatchalam Ramaswamy	**17.41**	81.24
		Ms. Vidya Shah	**9.91**	49.04
		Shah Family Discretionary Trust	**11.63**	54.25
		Spire Investment Advisors LLP	**0.96**	4.48
		Ms. Aparna T. C.	**3.66**	17.09
		Ms. Kaavya Venkat	**3.54**	16.51
		Mr. Rujan Panjwani	**4.23**	18.15
		Mr. Himanshu Kaji	**1.20**	5.58
		Ms. Sneha Sripad Desai	**0.31**	1.44
		Ms. Shilpa Mody	**0.29**	1.33
		Ms. Sejal Premal Parekh	**0.29**	1.33
		Ms. Shabnam Panjwani	**0.32**	0.80
		Mr. A V Ramaswamy	**0.02**	0.07
		Mr. Navtej S. Nandra	**2.39**	11.16
		Mr. Berjis Desai	**-**	0.19
		Mr. Sanjiv Misra	**-**	0.14
		Ms. Avanti Shah	**0.60**	-
		Mr. P. N. Venkatachalam	**0.08**	0.38
		Mr. S. Ranganathan	**0.33**	1.53
6	Interest income on loan from	Mr. Venkatchalam Ramaswamy	**0.25**	-
		Ms. Aparna T. C.	**7.82**	1.87
		Mr. Rujan Panjwani	**-**	0.01
		Mabella Investment Advisor LLP	**28.62**	2.22
		Kenai Advisors LLP	**0.60**	-

(Currency: Indian rupees in million)

51. Related party disclosures *(Continued)*

Sr. No.	Nature of Transaction	Related Party Name	31-Mar-20	31-Mar-19
	Transactions with related parties *(Continued)*			
7	Brokerage earned from	Mabella Investment Adviser LLP	**0.14**	6.74
		Ms. Aparna T. C.	**0.10**	0.13
		Mr. Neel Shah	**0.01**	-
		Ms. Sejal Premal Parekh	**-**	0.01
8	Remuneration to	Mr. Rashesh Shah	**50.19**	140.66
		Mr. Rujan Panjwani	**38.19**	79.28
		Mr. Himanshu Kaji	**36.91**	74.93
		Mr. Venkatchalam Ramaswamy	**35.63**	63.10
		Ms. Shabnam Panjwani	**12.92**	9.21
		Ms. Vidya Shah	**4.24**	4.05
		Mr. Neel Shah	**1.27**	1.96
		Mr. S. Ranganathan	**25.18**	39.69
9	Cost reimbursements recovered from	Allium Finance Private Limited	**-**	0.20
10	Sitting fees paid to	Mr. Berjis Desai	**0.26**	0.26
		Mr. Biswamohan Mahapatra	**1.02**	0.28
		Mr. Kunnasagaran Chinniah	**0.96**	0.40
		Mr. Navtej S. Nandra	**0.68**	0.30
		Mr. P N Venkatachalam	**2.00**	0.48
		Mr. Sanjiv Misra	**-**	0.28
		Dr. Ashima Goyal	**0.10**	-
		Mr. Ashok Kini	**0.47**	-
11	Commission paid to	Mr. Berjis Desai	**1.00**	1.30
		Mr. Biswamohan Mahapatra	**1.00**	1.30
		Mr. Kunnasagaran Chinniah	**1.00**	1.30
		Mr. Navtej S. Nandra	**1.00**	1.30
		Mr. P N Venkatachalam	**1.00**	1.30
		Mr. Sanjiv Misra	**-**	1.30
	Balances With Related Parties			
12	Preference shares held by	Mr. Rujan Panjwani	**2.30**	2.30
		Ms. Shabnam Panjwani	**1.00**	1.00
13	Short Term Loan Given to	Mr. Venkatchalam Ramaswamy	**9.75**	-
		Ms. Aparna T. C.	**6.12**	-
		Mabella Investment Advisor LLP	**522.86**	-
		Kenai Advisors LLP	**0.22**	-
		Mr. S. Ranganathan	**5.00**	-

Notes:

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

(Currency: Indian rupees in million)

52. Capital management

The Group manages the capital structure by a balanced mix of debt and equity. The Group's capital management strategy is to effectively determine, raise and deploy capital so as to create value for its shareholders. The Group maintains sound capitalisation both from an economic and regulatory perspective. The Group continuously monitors and adjusts overall capital demand and supply in an effort to achieve an appropriate balance of the economic and regulatory considerations at all times and from all perspectives. These perspectives include specific capital requirements from rating agencies.

Capital structure includes infusion in the form of equity and structured debt from strategic business partners in certain of Group's subsidiaries to fund expansion and assist in achieving expected growth in the competitive market.

No changes were made in the objectives, policies or processes during the financial years ended 31 March 2020 and 31 March 2019.

This framework is adjusted based on underlying the macro-economic factors affecting business environment, financial market conditions and interest rates environment. Group monitors capital using debt-equity ratio, which is total debt divided by total equity.

Particulars	**31-Mar-20**	31-Mar-19
Total Debt	**3,66,573.40**	4,61,477.33
Equity	**72,070.77**	87,149.91
Debt to Equity	**5.09**	5.30

53. Share based payments: Employee Stock Option Plans and Stock Appreciation Rights Plans

Edelweiss Financial Services Limited ("EFSL" hereafter), has recognised share based payment expenses for the years ended 31 March 2020 and 31 March 2019 based on fair value as on the grant date calculated as per option pricing model. The grants represent equity-settled options under the Employee Stock Option Plans and Stock Appreciation Rights Plans (hereafter referred to as "ESOP 2010", "ESOP 2011" and "SAR 2019" or "ESOPs" "SARs").

The Edelweiss Group has granted ESOPs under the three plans viz., ESOP 2010, ESOP 2011 SAR 2019 to its employees on an equity-settled basis as tabulated below. The ESOPs/SARs provide a right to its holders (i.e., Edelweiss group employees) to purchase one EFSL share for each option at a pre-determined strike price on the expiry of the vesting period. The ESOP/SAR hence represents an European call option that provides a right but not an obligation to the employees of the Edelweiss group to exercise the option by paying the strike price at any time on completion of the vesting period, subject to an outer boundary on the exercise period.

EFSL has granted stock options to employees of the Edelweiss group on an equity-settled basis as tabulated below.

	SAR 2019	**ESOP 2010**	**ESOP 2011**
Dates of grant	Varying	Varying	Varying
Option Type	Equity settled	Equity settled	Equity settled
No. of outstanding options at 31 March 2020	1,12,30,000	-	2,11,26,689
No. of outstanding options at 31 March 2019	-	-	2,05,88,627
No. of Equity shares represented by an option	1 share for 1 option	1 share for 1 option	1 share for 1 option
Fair Value per option	Varies as per the grant date	Varies as per the grant date	Varies as per the grant date
Exercise Price	Varies as per the grant date	Varies as per the grant date	Varies as per the grant date
Vesting Period	2-6 years	1-4 years	1-4 years
Vesting Conditions	Service	Service	Service

(Currency: Indian rupees in million)

53 Share based payments: Employee Stock Option Plans and Stock Appreciation Rights Plans (Continued)

The vesting of options is subject to the employee's continued employment with the Edelweiss group. The ESOPs shall vest as follows:

	SAR 2019	ESOP 2010	ESOP 2011
Duration from grant date	% options vesting	% options vesting	% options vesting
12 months from the grant date	-	25.00%	25.00%
24 months from the grant date	33.33%	25.00%	25.00%
36 months from the grant date	-	25.00%	25.00%
48 months from the grant date	33.33%	25.00%	25.00%
60 months from the grant date	-	-	-
72 months from the grant date	33.34%	-	-
Total	**100.00%**	**100.00%**	**100.00%**

Plan description

Plan Name	Grant Date	Vesting Conditions	Term of Options	Payout
ESOP Plan 2010	Various	As specified in tables above	1-4 years	Equity settled
ESOP Plan 2011	Various	As specified in tables above	1-4 years	Equity settled
SAR Plan 2019	Various	As specified in tables above	2-6 years	Equity settled

Movement of number of Options for FY 2019-20 and 2018-19

Number of options	2019-20			2018-19		
	SAR 2019	ESOP 2011	Total	ESOP 2010	ESOP 2011	Total
Outstanding at the start of the year	-	2,05,88,627	2,05,88,627	14,73,000	3,34,51,874	3,49,24,874
Granted during the year*	1,16,25,000	40,85,000	1,57,10,000	-	41,53,750	41,53,750
Exercised during the year	-	(17,46,763)	(17,46,763)	(14,62,850)	(1,52,07,822)	(1,66,70,672)
Lapsed/ cancelled during the year	(3,95,000)	(18,00,175)	(21,95,175)	(10,150)	(18,09,175)	(18,19,325)
Outstanding at the end of the year*	1,12,30,000	2,11,26,689	3,23,56,689	-	**2,05,88,627**	**2,05,88,627**
Exercisable at the end of the year	-	1,12,41,676	1,12,41,676	-	1,05,55,675	1,05,55,675

*Includes, SAR 2019 515,000, ESOP 2011 1,670,825 (Previous year ESOP 2011 2,090,800) approved but not granted.

Weighted Average Exercise Price for FY 2019-20 and 2018-19

Weighted Average Exercise Price (₹)	31-Mar-20		31-Mar-19	
	SAR 2019	ESOP 2011	ESOP 2010	ESOP 2011
Outstanding at the start of the year	NA	117.34	49.41	57.84
Granted during the year	180.26	168.04	-	294.67
Exercised during the year	-	47.27	49.41	39.65
Lapsed/ cancelled during the year	180.65	127.91	48.56	122.76
Outstanding at the end of the year	178.75	131.80	-	117.34
Exercisable at the end of the year	NA	78.84	-	51.27
Weighted Average Share Price at the exercise date	NA	47.61	49.91	39.61

(Currency: Indian rupees in million)

53. Share based payments: Employee Stock Option Plans and Stock Appreciation Rights Plans *(Continued)*

Outstanding Options as at March 31 - 2020 and 2019

	31-Mar-20		31-Mar-19	
	SAR 2019	ESOP 2011	ESOP 2010	ESOP 2011
Number of options outstanding	1,12,30,000	2,11,26,689	-	2,05,88,627
Weighted average strike price (₹)	178.75	131.80	-	117.34
Weighted average remaining lifetime of options (in years)	3.18	0.54	-	0.55
Number of employees covered under the scheme	132	372	-	446

Options granted during FY 2019-20 and 2018-19

	31-Mar-20		31-Mar-19	
	SAR 2019	ESOP 2011	ESOP 2010	ESOP 2011
Number of options granted	1,16,25,000	40,85,000	NA	41,53,750
Weighted average strike price (in ₹)	180.26	168.04	NA	294.67
Weighted average remaining lifetime of options (in years)	4	3.5	NA	3.5
Number of employees covered under the scheme	132	216	NA	179.00
Weighted Average Fair value per option (in ₹)	85.08	81.21	NA	112.57
Weighted Average Intrinsic value per option (in ₹)	1.44	9.03	NA	2.59

Assumptions for Fair Value for FY 2019-20 and 2018-19

	31-Mar-20		31-Mar-19	
	SAR 2019	ESOP 2011	ESOP 2010	ESOP 2011
Weighted average share price (in ₹)	180.17	133.12	NA	116.93
Weighted average strike price (in ₹)	178.75	131.80	NA	117.34
Weighted average remaining lifetime of options (in years)	3.18	0.54	NA	0.55
Expected volatility (% p.a.)	56% - 62% p.a.	35% - 62% p.a.	NA	33% - 54% p.a.
Risk-free discount rate (% p.a.)	5.4% - 6.9% p.a.	5.4% - 8.5% p.a.	NA	6.0% - 8.5% p.a.
Expected dividend yield (% p.a.)	0.66% - 0.67% p.a.	0.4% - 3.1% p.a.	NA	0.4% - 3.1% p.a.

Other Disclosure

	31-Mar-20			31-Mar-19		
	SAR 2019	ESOP 2011	Total	ESOP 2010	ESOP 2011	Total
Charges during the year due to share based payments	148.93	242.03	390.96	(2.57)	228.04	225.47
Changes in fair value of share based payments due to any modifications made during the year	-	-	-	-	-	-
Liability due for share based payments	148.93	669.25	818.18	-	460.59	460.59
Intrinsic value of the liability above	-	-	-	-	-	-

54. Events after reporting date

Sale of loans to Asset Reconstruction Company (ARC)

ECL Finance Limited, Edelweiss Finvest Private Limited, Edelweiss Retail Finance Limited (together 'subsidiaries') had initiated sale of certain financial assets before 31 March 2020 and for which definitive contracts were executed post the balance sheet date. These financial assets sold subsequent to 31 March 2020, amounted to ₹ 16,570.00 millions to alternative assets fund and asset reconstruction companies trusts. As per Ind AS 109, Financial Instruments, prescribed under section 133 of the Companies Act, 2013 significant judgement is involved in classification of assets which has been accentuated on account of factors caused by COVID 19. Accordingly, management of these subsidiary companies assessed that such loans sold by these subsidiaries subsequent to 31 March 2020 had an increased risk but were not credit impaired. Of the above, on ₹ 8,450.00 millions sold to alternative asset funds, the Group, has, vide a put agreement dated 01 July 2020, undertaken to purchase part of these financial assets amounting to ₹ 4,500.00 millions under certain contingencies as per the agreement. Further, on financial assets amounting to ₹ 8,120.00 millions sold to asset reconstruction trusts, EFSL and ERCSL, have, guaranteed significant risks and assumed rewards in respect of an aggregate value of financial assets of ₹ 6,120.00 millions. As at 31 March 2020, there are no impact on the coonsolidated financial statements of the Group other than expected credit loss already provided amounting to ₹ 5,560.00 millions.

55. Fair Value Measurement

55.1. Valuation Principles :

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique. In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as explained in Note 55.4

55.2. Valuation governance :

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

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

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

(Currency: Indian rupees in million)

55.3. Assets and liabilities by fair value hierarchy

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy. Exchange traded and OTC derivatives are at gross amount i.e. before offsetting margin money. The impact of offsetting is explained in note 10.1.

Particulars	31-Mar-20			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value on a recurring basis				
Derivative financial instruments (assets)				
Exchange-traded derivatives	1,061.72	1,160.73	-	2,222.45
OTC derivatives	-	545.86	-	545.86
Embedded derivatives in market-linked debentures issued	-	-	2,637.76	2,637.76
Total derivative financial instruments (assets)	1,061.72	1,706.59	2,637.76	5,406.07
Stock-in-trade				
Government Securities	7,462.91	-	-	7,462.91
Debt Securities	12.32	695.51	-	707.83
Mutual Fund	6,500.47	-	-	6,500.47
Equity Instruments	1,766.73	-	1,020.00	2,786.73
Preference Shares	0.13	-	-	0.13
Stock-in-trade	15,742.56	695.51	1,020.00	17,458.07
Investments				
Government securities	262.08	17,865.26	-	18,127.34
Debt securities	-	6,632.90	581.91	7,214.81
Mutual fund units	762.08	-	-	762.08
Security receipts	-	-	42,646.81	42,646.81
Units of AIF	18.59	-	4,269.90	4,288.49
Equity instruments	5,319.08	1,614.21	494.80	7,428.09
Preference Shares	49.01	-	1,905.53	1,954.54
Total investments measured at fair value	6,410.84	26,112.37	49,898.95	82,422.16
Loans and other financial assets measured at fair value	-	78.62	5,479.21	5,557.83
Property Plant and equipment	-	-	12,245.20	12,245.20
Total financial assets measured at fair value on a recurring basis	23,215.12	28,593.09	71,281.12	1,23,089.33

(Currency: Indian rupees in million)

55.3. Assets and liabilities by fair value hierarchy *(Continued)*

Particulars	31-Mar-19			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value on a recurring basis				
Derivative financial instruments (assets)				
Exchange-traded derivatives	1,092.02	-	-	1,092.02
OTC derivatives	-	400.81	-	400.81
Embedded derivatives in market-linked debentures issued	-	-	580.81	580.81
Total derivative financial instruments (assets)	1,092.02	400.81	580.81	2,073.64
Stock-in-trade				
Government Securities	27,552.72	-	-	27,552.72
Debt Securities	520.04	2,020.90	-	2,540.94
Mutual Fund	6,642.51	-	-	6,642.51
Equity Instruments	2,400.36	-	-	2,400.36
Preference Shares	0.13	-	-	0.13
Stock-in-trade	37,115.76	2,020.90	-	39,136.66
Investments				
Government securities	14,639.54	-	-	14,639.54
Debt securities	502.47	5,196.07	406.50	6,105.04
Mutual fund units	1,057.71	698.24	-	1,755.95
Security receipts	-	-	53,121.56	53,121.56
Units of AIF	-	-	2,957.36	2,957.36
Equity instruments	5,840.00	770.30	798.72	7,409.02
Preference Shares	75.68	1,319.25	37.27	1,432.20
Total investments measured at fair value	22,115.40	7,983.86	57,321.41	87,420.67
Loans and other financial assets measured at fair value	-	224.83	5,896.70	6,121.53
Total financial assets measured at fair value on a recurring basis	60,323.18	10,630.40	63,798.92	1,34,752.50

Particulars	**31-Mar-20**			
	Level 1	**Level 2**	**Level 3**	**Total**
Liabilities measured at fair value on a recurring basis				
Derivative financial instruments (liabilities):				
Exchange-traded derivatives	**730.89**	**2,874.91**	**-**	**3,605.80**
OTC derivatives	**1.89**	**904.22**	**-**	**906.11**
Embedded derivative liabilities in market-linked debentures	**-**	**-**	**735.01**	**735.01**
Non convertible debentures issued	**-**	**-**	**10,779.73**	**10,779.73**
Short sales	**1,372.17**	**-**	**-**	**1,372.17**
Total financial liabilities measured at fair value on a recurring basis	**2,104.95**	**3,779.13**	**11,514.74**	**17,398.82**

(Currency: Indian rupees in million)

55.3. Assets and liabilities by fair value hierarchy *(Continued)*

Particulars	31-Mar-19			
	Level 1	Level 2	Level 3	Total
Liabilities measured at fair value on a recurring basis				
Derivative financial instruments (liabilities):				
Exchange-traded derivatives	1,001.30	-	-	1,001.30
OTC derivatives	-	514.96	-	514.96
Embedded derivative liabilities in market-linked debentures	-	-	1,469.08	1,469.08
Non convertible debentures issued	-	-	14,212.19	14,212.19
Short sales	2,150.91			2,150.91
Total financial liabilities measured at fair value on a recurring basis	3,152.21	514.96	15,681.27	19,348.44

55.4. Fair valuation techniques :

Government debt securities

Government debt securities are financial instruments issued by sovereign governments and include both long term bonds and short-term bills with fixed or floating rate interest payments. These instruments are generally highly liquid and traded in active markets resulting in a Level 1 classification. In life insurance business, CRISIL security level prices are considered.

Debt securities

Whilst most of these instruments are standard fixed or floating rate securities, however nifty linked debentures have embedded derivative characteristics. Fair value of these instruments is derived based on the indicative quotes of price and yields prevailing in the market as at the reporting date. Group has used quoted price of national stock exchange wherever bonds are traded actively. In cases where debt securities are not activity traded Group has used CRISIL Corporate Bond Valuer model for measuring fair value.

Security receipts

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

Equity instruments

The majority of equity instruments are actively traded on recognised stock exchanges with readily available active prices on a regular basis. Such instruments are classified as Level 1. Equity instruments in non-listed entities are initially aintenanc at transaction price and re-measured at each reporting date at valuation provided by external valuer at instrument level. Such unlisted equity securities are classified at Level 3

Units of Alternative Investment Funds and Mutual Fund.

Units held in Alternative Investment funds are measured based on fund net asset value (NAV), taking into account redemption and/or other restrictions. Such instruments are classified at Level 3.

Open-ended funds that are redeemable at any time, and that report a daily net asset value (NAV) and for which sufficient subscriptions and redemptions occur at NAV are measured at NAV and classified as level 1.

55.4. Fair valuation techniques : *(Continued)*

Loans measured at fair value through profit or loss

Loans are segregated, as far as possible, into portfolios of similar characteristics. Fair values are based on observable market transactions, when available. When they are unavailable, fair values are estimated using valuation models incorporating range of input assumptions. Group has determine fair value with help of internal valuation team and independent valuer on case to case basis. Valuation is based on discounted cash flow, comparable transaction market price, market research and marked trend as considered appropriate.

Derivatives

The Group enters into derivative financial instruments with various counter-parties, primarily banks with investment grade credit ratings. Derivatives valued using valuation techniques with market observable inputs are mainly interest rate swaps, exchange traded futures and options contracts. The most frequently applied valuation techniques include quoted price for exchange traded derivatives and Black Scholes models (for option valuation).

OTC derivatives:

Under Interest rate swap contract, the Company agrees to exchange the difference between fixed and floating rate interest amount calculated on agreed notional principal. Such contracts enable the Company to mitigate the risk of changing interest rate. The fair value of interest rate swap is determined by discounting the future cash flows using the curves at the end of reporting period and the credit risk inherent in the contract. Company classify the Interest rate swaps as level 2 instruments.

Exchange traded derivatives

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

Embedded derivatives

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

Group uses valuation models. Inputs to valuation models are determined from observable market (Indices) data wherever possible, including prices available from exchanges, dealers, brokers. Group classify these embedded derivative as level 2 instruments.

55.5. Transfer between Level 1 and level 2

During the year there were no transfers between level 1 and level 2. Similarly, there were no transfers from or transfer to level 3.

55.6. Financial instruments not measured at fair value

The following table sets out the fair values of financial instruments not measured at fair value and analysing them by the level in the fair value hierarchy into which each fair value measurement is categorised. The information given below is with respect to financial assets and financial liabilities measured at amortised cost for which the fair value is different than the carrying amount. Carrying amounts of cash and cash equivalents, trade receivables, trade and other payables as on 31 March 2020 approximate the fair value because of their short-term nature. Difference between carrying amounts and fair values of bank deposits, other financials assets and other financial liabilities is not significant in each of the years presented.

(Currency: Indian rupees in million)

55.6. Financial instruments not measured at fair value *(Continued)*

Particulars	31-Mar-20				
	Total Carrying Amount	**Total fair value**	**Level 1**	**Level 2**	**Level 3**
Financial assets:					
Loans	**2,78,127.72**	**2,81,767.78**	**-**	**-**	**2,81,767.78**
Financial liabilities					
Debt securities	**2,01,616.56**	**2,07,562.29**	**28,596.10**	**1,40,369.16**	**38,597.03**
Borrowing (other than debt securities)	**1,33,221.87**	**1,33,216.51**	**4,251.82**	**1,28,964.69**	**-**
Subordinated liabilities	**25,945.88**	**25,842.30**	**-**	**25,842.30**	**-**
Off-balance sheet items					
Loan commitments	**17,916.64**	**16,937.41**	**-**	**-**	**16,937.41**

Particulars	31-Mar-19				
	Total Carrying Amount	Total fair value	Level 1	Level 2	Level 3
Financial assets:					
Loans	3,84,083.10	3,81,721.98	-	14,792.93	3,66,929.05
Financial liabilities					
Debt securities	2,45,910.48	2,46,996.95	-	1,98,867.55	48,129.40
Borrowing (other than debt securities)	1,94,352.61	1,94,374.07	-	1,94,374.07	-
Subordinated liabilities	23,676.58	22,939.65	-	22,939.65	-
Off-balance sheet items					
Loan commitments	43,626.81	38,282.47	-	-	38,282.47

55.7. Valuation methodologies of financial instruments not measured at fair value:

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the Group's financial statements. These fair values were calculated for disclosure purposes only. The below methodologies and assumptions relate only to the instruments in the above tables and, as such, may differ from the techniques as explained in Notes 55.4

Financial assets at amortised cost

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

Issued Debt

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

(Currency: Indian rupees in million)

55.8. Movement in level 3 financial instruments measured at fair value

The following tables show a reconciliation of the opening and closing amounts of Level 3 financial assets and liabilities which are recorded at fair value.

The following tables show the reconciliation of the opening and closing amounts of Level 3 financial assets and liabilities measured at fair value:

	Financial assets						Financial liabilities	
Particulars	**Security Receipts**	**Equity & Preference**	**Debt Securities**	**AIFs**	**Loans classified as FVTPL**	**Derivative financial assets**	**Derivative financial liabilities**	**Non-convertible debentures issued**
As at 31-Mar-2019	**53,121.56**	**835.99**	**406.50**	**2,957.36**	**5,896.70**	**580.81**	**1,469.09**	**14,212.19**
Purchases	**10,260.91**	**2,570.92**	**713.97**	**3,314.55**	**1,026.85**	**-**	**-**	**-**
Sales	**(15,407.99)**	**(724.16)**	**(412.28)**	**(1,439.93)**	**(113.73)**	**-**	**-**	**-**
Issuance	**-**	**-**	**-**	**-**	**-**	**(760.01)**	**13.56**	**152.00**
Settlements	**-**	**-**	**(21.50)**	**(626.51)**	**-**	**357.48**	**(310.06)**	**(2,294.94)**
Gain / Loss	**(5,327.67)**	**737.58**	**(104.77)**	**64.42**	**(1,330.61)**	**2,459.48**	**(437.57)**	**(1,289.52)**
As at 31-Mar-2020	**42,646.81**	**3,420.33**	**581.92**	**4,269.89**	**5,479.21**	**2,637.76**	**735.02**	**10,779.73**
Unrealised Gain / Loss	**(250.46)**	**733.17**	**-**	**(5.04)**	**(1,313.95)**	**2,458.91**	**(467.89)**	**1,715.12**
As at 31-Mar-2018	**45,421.41**	**660.20**	**461.41**	**1,368.83**	**3,366.42**	**487.98**	**746.76**	**7,200.80**
Purchases	41,580.42	-	-	1,774.44	1,510.94	-	-	-
Sales	(41,881.69)	(150.98)	(102.60)	(133.14)	-	-	-	-
Issuance	-	-	-	-	-	(101.93)	618.86	5,302.14
Settlements	-	-	-	(206.28)	-	240.20	(37.03)	(420.65)
Gain / Loss	8,001.42	326.77	47.69	153.51	1,019.34	(45.44)	140.50	2,129.90
As at 31-Mar-2019	**53,121.56**	**835.99**	**406.50**	**2,957.36**	**5,896.70**	**580.81**	**1,469.09**	**14,212.19**
Unrealised Gain / Loss	6,233.47	324.93	72.79	136.17	1,019.46	-	-	-

(Currency: Indian rupees in million)

55.9. Unobservable inputs used in measuring fair value categorised within Level 3 and sensitivity of fair value measurement to change in unobservable market data.

As at 31-Mar-2020

Type of Financial Instruments	Valuation Techniques	Significant Unobservable input	Range of estimates for unobservable input	Increase in the unobservable input	Change in fair value because of increase in unobservable input	Decrease in the unobservable input	Change in fair value because of decrease in unobservable input
Investments in security receipts	Net asset value method	NAV per security receipt	-	5%	0.0025	5%	(0.0025)
	Discounted projected cash flow	Cash Flow	5,24,105.72	5%	3,791.53	5%	(3,791.53)
		Discount rates	12.0% to 21.6%	50 basis point	3,606.56	50 basis point	582.50
Investments in units of AIF	Net Asset approach	Fair value of underlying investments	₹ 983 to ₹ 240,319 per unit	5%	22.19	5%	(22.19)
			₹ 153 to ₹ 240,320 per unit	5%	85.07	5%	(85.07)
			₹ 1,719.19 millions to ₹ 12,035.98 millions	5%	19.47	5%	(19.47)
			NAV per unit ₹ 498.72	5%	1.17	5%	(1.17)
			₹ 5,779.93 millions	5%	244.70	5%	(244.70)
			-	5%	0.66	5%	(0.66)
Investments in unquoted equity shares and preference shares categorised at Level 3	Comparable transaction and P/E	Fair value per share	₹ 5 to ₹ 8,106 per unit	5%	8.36	5%	(8.36)
			₹ 84 to ₹ 201,509 per share	5%	73.43	5%	(73.43)
			₹ 1.40 to ₹ 18,117 per share	5%	10.71	5%	(10.71)
			₹ 166 to ₹ 201,509 per share	5%	30.34	5%	(30.34)
			₹ 1,020 per share	5%	51.00	5%	(51.00)
			₹ 7,141 per share	5%	1.85	5%	(1.85)
			₹ 201,509 per share	5%	1.01	5%	(1.01)
			-	5%	1.77	5%	(1.77)

(Currency: Indian rupees in million)

55.9. Unobservable inputs used in measuring fair value categorised within Level 3 and sensitivity of fair value measurement to change in unobservable market data *(Continued)*

As at 31-Mar-2020

Type of Financial Instruments	Valuation Techniques	Significant Unobservable input	Range of estimates for unobservable input	Increase in the unobservable input	Change in fair value because of increase in unobservable input	Decrease in the unobservable input	Change in fair value because of decrease in unobservable input
Debt investments classified at FVTPL	Comparable transaction and P/E	Fair value of the instrument	₹ 10,000 per NCD	5%	2.00	5%	(2.00)
Units of venture fund	Net Asset approach	Fair value of underlying investments	₹ 197,289 to ₹ 217,942 per unit	5%	5.95	5%	(5.95)
Warrants	Comparable transaction and P/E	Fair value of underlying investments	₹ 3.5 per unit of warrants	5%	2.63	5%	(2.63)
			-	5%	7.63	5%	(7.63)
Loans classified as FVTPL	Comparable transaction value	Discounting rate	15% - 20%	1%	A one percentage point change in the discounting rate used in fair valuation of Level 3 assets docs not have a significant impact in its value	1%	A one percentage point change in the discounting rate used in fair valuation of Level 3 assets docs not have a significant impact in its value

(Currency: Indian rupees in million)

55.9. Unobservable inputs used in measuring fair value categorised within Level 3 and sensitivity of fair value measurement to change in unobservable market data *(Continued)*

As at 31-Mar-2020

Type of Financial Instruments	Valuation Techniques	Significant Unobservable input	Range of estimates for unobservable input	Increase in the unobservable input	Change in fair value because of increase in unobservable input	Decrease in the unobservable input	Change in fair value because of decrease in unobservable input
Embedded derivatives in market-linked debentures issued (asset) (net)	Fair value using Black Scholes model or Monte Carlo approach based on the embedded derivative	Nifty levels	₹ 8,597.75 millions	5%	11.36	5%	(11.36)
			0.05	5%	1.99	5%	(1.99)
			-	5%	28.19	5%	(28.19)
		Discount rates	4.5 to 10%	5%	(4.05)	5%	4.05
Embedded derivatives in market-linked debentures issued (liability) (net)	Fair value using Black Scholes model or Monte Carlo approach based on the embedded derivative	Index levels	₹ 8,597.75 millions	5%	0.89	5%	(0.89)
			-	5%	-	5%	-
		Discount rates	4.5 to 10%	5%	(0.30)	5%	0.30
Non-convertible debentures issued	Discounted projected cash flow	Expected gross recoveries	1,68,797.22	5%	468.93	5%	(468.93)
			₹ 12,74,436 per NCD	5%	8.48	5%	(8.48)
		Discount rates	12% - 17.34%	5%	(123.50)	5%	123.50
Land, Flats and Buildings	Discounted projected cash flow	Cash Flow	-	5%	-	5%	-
		Discount rates	0.12	50 basis point	-	50 basis point	-

(Currency: Indian rupees in million)

55.9. Unobservable inputs used in measuring fair value categorised within Level 3 and sensitivity of fair value measurement to change in unobservable market data *(Continued)*

As at 31-Mar-2019

Type of Financial Instruments	Valuation Techniques	Significant Unobservable input	Range of estimates for unobservable input	Increase in the unobservable input	Change in fair value because of increase in unobservable input	Decrease in the unobservable input	Change in fair value because of decrease in unobservable input
Investments in security receipts	Net asset value method	NAV per security receipt	₹ 175.43 to ₹ 431.32 per security receipt	5%	4.26	5%	(4.26)
	Discounted projected cash flow	Cash Flow	5,21,646.06	5%	3,286.25	5%	(3,103.26)
		Discount rates	12%	50 basis points	(699.13)	50 basis points	788.45
Investments in units of AIF	Net Asset approach	Fair value of underlying investments	-	5%	2.68	5%	(2.68)
			₹ 145 to ₹ 141,337 per Unit	5%	158.17	5%	(158.17)
			₹ 1,061.54 millions	5%	6.21	5%	(6.21)
			₹ 1,392.33 millions to ₹ 13,329.35 millions	5%	17.94	5%	(17.94)
Investments in unquoted equity shares and preference shares categorised at Level 3	Comparable transaction and P/E	Fair value per share	₹ 1 to ₹ 42,083 per share	5%	41.80	5%	(41.80)
Debt investments classified at FVTPL	Comparable transaction and P/E	Fair value of the instrument	-	5%	20.32	5%	(20.32)
Units of venture fund	Net Asset approach	Fair value of underlying investments	₹ 125,966 to ₹ 195,558 per unit	5%	4.58	5%	(4.58)

Notes to the consolidated financial statements *(Continued)*

(Currency: Indian rupees in million)

55.9. Unobservable inputs used in measuring fair value categorised within Level 3 and sensitivity of fair value measurement to change in unobservable market data *(Continued)*

As at 31-Mar-2019

Type of Financial Instruments	Valuation Techniques	Significant Unobservable input	Range of estimates for unobservable input	Increase in the unobservable input	Change in fair value because of increase in unobservable input	Decrease in the unobservable input	Change in fair value because of decrease in unobservable input
Loans classified as FVTPL	Comparable transaction value	Discounting rate	15%-20%	1%	A one percentage point change in the discounting rate used in fair valuation of Level 3 assets does not have a significant impact in its value	1%	A one percentage point change in the discounting rate used in fair valuation of Level 3 assets does not have a significant impact in its value
Embedded derivatives in market-linked debentures issued (asset) (net)	Discounted cash flows: The present value of expected future cash flows estimated based on Nifty forward discounted at current risk adjusted discount rate	Market index curve	5%	5% increase in Market Index curve	(15.54)	5% decrease in Market Index curve	15.54
		Risk-adjusted discount rate	10.25%	0.5% increase in risk-adjusted discount rate	1.86	0.5% decrease in risk-adjusted discount rate	(1.86)
Embedded derivatives in market-linked debentures issued (liability) (net)	Fair value of index	Index levels	-	5%	27.14	5%	(27.14)
Non-convertible debentures issued	Discounted projected cash flow	Expected gross recoveries	₹ 2,20,936.89 millions	5%	986.01	5%	(917.30)
		Discount rates	12.00%	50 basis points	(253.60)	50 basis points	281.26

56. Risk Manangement

56.1. Introduction and risk profile

The Edelweiss Group ("The Group") provides a broad range of financial products and services to a substantial and diversified client base that includes corporations, institutions and individuals. The Group's products and services span multiple asset classes and consumer segments across domestic and global geographies. The Group's key lines of business can broadly be classified as below

- Credit (Retail Credit, Corporate Credit and Distressed Credit)
- Franchise & Advisory (Wealth Management, Asset Management and Capital Markets)
- Insurance (Life and General)
- Asset reconstruction
- Treasury

The Group's diversified businesses acts as an inherent risk management mechanism. However, the prevailing market environment exposes the Group to various risks like credit, market, liquidity, compliance, technology amongst others. As the Group is regulated various regulators in the financial industry - from RBI to NHB to SEBI to IRDA, it also exposes it to regulatory and reputation risks.

56.2. Risk management strategy:

The strategy at an execution level is supported by -

1. Four-tiered risk management structure to manage and oversee risks
2. Board and Executive Level Committees to review and approve risk exposures
3. Risk Management framework to ensure each risk the Group is exposed to is given due importance and managed through a well-defined framework and guidelines
4. Defined exposure limits and thresholds for businesses to operate
5. Well-defined Standard Operating Procedures and Product approval framework to ensure risks are mitigated at operational level
6. Adequate segregation of duties to ensure multi-layered checks and balances
7. Exception reporting framework to ensure process and policy deviations are adequately addressed

56.3. Risk management structure

To support the risk strategy and effective risk management, the Group have the "Four-tiered risk management structure" to ensure that there are enough defences available to control all types of risk issues. The risk structure is enumerated below

1. **Three lines of defense** - for accountability, oversight, and assurance
   - **Respective Businesses and Business Risk teams** - the first line of defense own and manage the risks and are responsible for implementation of the risk management framework

56.3. Risk management structure *(Continued)*

- o **Group risk** - the second line of defense and is responsible for overseeing the risk and defining the risk management framework
- o **Corporate Controller and audit** - the third line of defense to provide independent assurance of risk management framework implementation

2. **Board and Executive level Committees** - for overseeing the risk management. The current Risk Management Committees are

- o Board Risk Committee
- o Global Risk Committee
- o Enterprise Risk Management Council
- o Investment and Credit Committees

The Board Risk Committee is the overseeing body for Risk Management at the Group level. The Committee meets on regular interval to review the risk profile of the Company.

The Enterprise Risk Management (ERM) Council and the Global Risk Committee serve as the Apex Risk bodies of the Group. The constituents include Chairman & CEO, Executive Directors and Group Heads of Finance, Compliance, Technology, Risk, Corporate Services as its core members. The Committee meets regularly to identify, evaluate and mitigate potential extreme risks and take risk management decisions in relation to strategic matters

The Investment and Credit Committee serve as the Apex bodies of the Group for all credit related decisions. Respective businesses has formulated its own Investment and Credit Committees depending upon the exposure scale.

Risk management framework

The Group has a Risk Framework, which describes the risk management approach and provides clear accountability for managing risk across the Group. The framework is subject to continuous evaluation based on existing internal as well external environment.

The current "Eleven risk framework" covers the following vectors of risks

- o Business Risk
- o Credit Risk
- o Market Risk
- o Liquidity Risk
- o Regulatory Risk
- o Reputation Risk
- o Technology Risk
- o Operational and Process Risk
- o Fraud Risk
- o People Risk
- o Physical and Infrastructure Risk

56.3. Risk management structure *(Continued)*

The Group uses different types of tools and techniques for mitigating risk, depending upon the type of risk and quantum. For example:

- o Financial risks are mitigated through thorough counterparty, client assessment before any exposure is taken, and defined product/program level risk limits to ensure exposure does not exceed risk appetite. Committee based approval mechanism is adopted to ensure high exposures are approved with adequate representation and there is no bias in approvals.
- o Non-financial risks viz technology, operational, fraud, etc are mitigated through process documentation defining clear ownership for each activity, having adequate system/process level controls like maker-checker, reconciliation, testing and reviews.
- o Enterprise level risks viz. reputation, compliance, regulatory, etc are controlled through policies and framework, educating employees through training and risk socialisation sessions.

56.4. Risk management framework of General Insurance ("EGICL")

Governance framework

The core of our risk philosophy lies in the identification, measurement, monitoring and management of risk. We believe that enough is never enough when it comes to risk management: for us, it is a continuous, vital process that is an inalienable part of our DNA.

Risk is therefore directly overseen at all levels in EGICL. The Governance structure can thus be seen from three focal points:

1. The Business Users would form the First Line of defence. First Line of defense would ensure that risk and control environment is established into their day to day activities. This line of defense would also:

    A. Implement proactive and reactive risk management tools in their processes

    B. Review their processes for adequacy of effectiveness of controls

    C. Report on the level of the risks and effectiveness of controls to the second line of defense on periodic basis

    D. Respond to Regulatory/ Operational/ Business changes quickly and keep the second line of defense informed on the developments.

2. Risk Management, and Compliance team forms part of the Second Line of Defense. The second line of defense is oversight function and would provide direction and guidance to the first line of defense for implementation of EGICL's Board driven policies. Second line of defense would also monitor implementation efficiency of these policies and provide overall oversight to the business processes and risks.

3. Independent assurance providers like internal auditors, external auditors, statutory auditors, regulatory auditors etc. forms third line of defense and provides independent assurance. Independent assurance function will have direct access to the Board of EGICL. Statutory and Regulatory auditors would have independence as per Statutory and Regulatory assurance framework of the country.

56.4. Risk management framework of General Insurance ("EGICL") *(Continued)*

The Insurance Regulatory and Development Authority (IRDAI) vide its circular number IRDA/F&A/GDL/CG/100/05/2016 dated May 18, 2016 has issued Guidelines on Corporate Governance for the Insurance Sector. Basis the circular, the following committees form part of the overall risk governance framework:

- Risk Management Committee
- Audit Committee
- Investment Committee
- Policyholder protection Committee

The Risk Management Committee is responsible for periodic review of the risk management process to ensure that the process initiatives are aligned to the desired objectives. EGICL has Chief Risk Officer who is responsible for the implementation and monitoring of the framework. Further, the key policies adopted under the Risk Framework are as under:

- Underwriting Policy
- Investment Policy
- Asset Liability Management Policy
- Reinsurance Program
- Information Security Policy
- Outsourcing Policy
- Fraud Risk Management Policy
- Financial authority Matrix

Regulatory framework

Regulators are primarily interested in protecting the rights of policyholders and monitor them closely to ensure that the EGICL is satisfactorily managing affairs for their benefit. At the same time, regulators are also interested in ensuring that EGICL maintains an appropriate solvency position to meet unforeseeable liabilities arising from economic shocks or natural disasters. The operations of EGICL are subject to regulatory requirement within the jurisdiction it operates.

Asset liability management (ALM) framework

The ALM policy adopted by EGICL helps in:

- Understanding all risks requiring the coordination of assets and liabilities
- Quantify interest rate risks and equity risks
- Quantify the solvency position under various stresses in terms of fall in equity markets, changes in interest rates, change in new business mix and volumes, increase/decrease in loss ratios and expense ratios and other risks as deemed fit.
- Quantify the extent of mismatch between the assets and liabilities and thereby prescribe appropriate measures to bridge the gap

56.4. Risk management framework of General Insurance ("EGICL") *(Continued)*

Granularity of the exercise:

The analysis is carried out at an LOB level as per the IRDAI guidelines. If reserves held under any line of business fall below 5% of the total reserves as at the given valuation date the corresponding line of business is excluded for the ALM exercise.

Asset Valuation:

Asset valuation and bucketing of assets basis the duration will be as per Ind AS and IRDAI regulations. Assets will be allocated to different lines of in proportion the net technical reserves for that line of business.

Liability profiling:

The technical reserves consist of:

1. Unearned Premium Reserves (UPR)
2. Premium Deficiency Reserve (PDR)
3. Incurred But Not Reported (IBNR) reserves
4. Outstanding claims reserves

UPR and PDR can be apportioned basis the policy term outstanding. Outstanding claims reserves and IBNR will be apportioned basis the expected reserve utilisation. Where data is available the reserving techniques like Chain Ladder method can provide significant inputs on the development profile for the claims. Where data is not available, industry benchmarks or assumptions related to the claims profile will be made to arrive at the suitable run off pattern for the liabilities. The emerging claims experience will be periodically reviewed by the actuarial department to take into account any changes in the same.

Insurance risk

The principal risk, EGICL faces under insurance contracts, is that the actual claims payments or the timing thereof differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of EGICL is to ensure that sufficient reserves are available to cover these liabilities.

EGICL has developed a risk strategy to manage the risks appropriately. EGICL's risk management strategy is to establish measures and controls which will assist in prevention, detection and management of risks for strong risk management system. Such risk management system will identify risk at macro as well as micro level on ongoing basis.

The risk identification, assessment and evaluation activity is followed by defining appropriate action items for ensuring effective management of the risks. EGICL mitigates the risks by careful section of the underwriting strategy, reinsure a part of the risk with various reinsurers, diversification of all insurance contracts and acquiring business from all parts of the Country.

The main Insurance Risks that EGICL is exposed to are as follows:

I. Product Pricing Risk: The loss ratios are assumed at the time of pricing the product. There is a risk of not pricing the products adequately due to model error/ data selection or biases / lack of relevant data or inadequate underwriting assumptions leading to losses greater than anticipated.

56.4. Risk management framework of General Insurance ("EGICL") *(Continued)*

II. Fraud Risk - Excessive, invalid, duplicate or fraudulent claims

III. Reinsurance Risk - EGICL enters into reinsurance agreements in order to mitigate insurance Risk. However, this leads to default Risk from the reinsurer at the time of claim payment or also concentration risk if all the Risk is insured to one reinsurer.

IV. Investment Risk - Risk of loss arising from actual returns being different than expected. Credit risk due to investee enterprise defaulting on its debt payments

V. Expense Risk - Risk of loss arising from expense experience being different than expected

VI. Concentration Risk - EGICL faces concentration Risk by selling business to specific geography or by writing only single line business etc.

Control Measures:

EGICL has set up Risk Management framework to continuously monitor EGICL's experience with regard to parameters like loss ratios and investment returns. The underwriting team, with actuarial guidance, has set in place processes and procedures to review proposal.

EGICL has entered into a separate agreement with reinsurers to cover the catastrophic risks to hedge against catastrophic events leading to higher than expected claim payouts.

EGICL has been taking efforts so as to mitigate concentration risk through diversification however EGICL may still be exposed to channel concentration risk as EGICL is in 2nd year of operation and all the channels are not yet fully developed. EGICL has been acquiring business from all the parts of India and thus has little geographical concentration. It also insulates EGICL from impact of catastrophic risk.

56.5. Risk management framework of Life Insurance business ("ETLIFE")

a. Governance framework

The primary objective of the ETLIFE's risk and financial management framework is to protect the ETLIFE's shareholders as well as policyholders from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities.

ETLIFE has an effective Risk Management Framework in place which provides for risk identification, risk assessment and evaluation, monitoring, tracking and feedback mechanism framework to identify, evaluate business risks and opportunities.

ETLIFE has a risk balancing approach and follows the process of risk evaluation, monitoring and control. ETLIFE has structured and uniform method of risk monitoring and control through the Risk and Control Self- Assessment (RCSA) Framework.

ETLIFE continuously reviews its risk exposures and takes measures to limit it to acceptable levels. The Board of Directors has overall responsibility for the establishment and oversight of ETLIFE’s risk management framework. This is supplemented with the clear organisational structure and documented delegated authorities and responsibilities from the board of directors to various executive management committees.

56.5. Risk management framework of Life Insurance business ("ETLIFE") *(Continued)*

b. Capital management objectives, policies and approach

The primary source of capital used by ETLIFE is Equity. ETLIFE's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The capital requirements are routinely forecast on a periodic basis and assessed against both the forecast available capital and the expected internal rate of return, including risk and sensitivity analysis. The process is ultimately subject to approval by the Board.

ETLIFE has established the following capital management objectives, policies and approach to managing the risks that affect its capital position:

- To comply with the insurance capital requirements that the IRDAI require. In this respect, the IRDAI has prescribed minimum solvency ratio of 150% (refer note on Capital Management for solvency ratio);
- To maintain the required level of stability of ETLIFE, thereby providing a degree of security to policyholders
- To allocate capital efficiently and support the development of business by ensuring that returns on capital employed meet the requirements of its capital providers and shareholders.
- To retain financial flexibility by maintaining strong liquidity and access to a range of capital markets
- To align the profile of assets and liabilities, taking account of risks inherent in the business
- To maintain financial strength to support new business growth and to satisfy the requirements of the policyholders, regulators and stakeholders
- To maintain strong credit ratings and healthy capital ratios in order to support its business objectives and maximise shareholders value

In reporting, financial strength, capital and solvency are measured using the rules prescribed by the Insurance Regulatory Authority of India (IRDAI). These regulatory capital tests are based upon required levels of solvency, capital and a series of prudent assumptions in respect of the type of business written. ETLIFE's Capital Management Policy for its business is to hold sufficient capital to cover the statutory requirements based on the IRDAI directives and maintain a health solvency ratio.

c. Regulatory framework

Regulators are primarily interested in protecting the rights of policyholders and monitor them closely to ensure that the ETLIFE is satisfactorily managing affairs for their benefit. At the same time, regulators are also interested in ensuring that ETLIFE maintains an appropriate solvency position to meet unforeseeable liabilities arising from economic shocks or natural disasters. The operations of ETLIFE are subject to regulatory requirement within the jurisdiction it operates.

d. Asset liability management (ALM) framework

Financial risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The main risk that ETLIFE faces, due to the nature of its investments and liabilities, is interest rate risk. ETLIFE manages these positions within an ALM framework that has been developed to achieve long-term investment returns in excess of its obligations under insurance and investment contracts. The principal technique of ETLIFE's ALM is to match assets to the liabilities arising from insurance and investment contracts by reference to the type of benefits payable to contract holders. For each distinct category of liabilities, a separate portfolio of assets is maintained.

56.5. Risk management framework of Life Insurance business ("ETLIFE") *(Continued)*

ETLIFE's ALM is:

- Integrated with the management of the financial risks associated with ETLIFE's other financial assets and liabilities not directly associated with insurance and investment liabilities/
- As an integral part of the insurance risk management policy, to ensure in each period sufficient cash flow is available to meet liabilities arising from insurance and investment contracts.

a. Insurance risk

ETLIFE's main lines of business are Participating Life (Individual), Non-Participating Life (Individual and Company) and Unit Linked Life (Individual and Company). ETLIFE has presence in Non-Participating Health (Individual), Non-participating Non-linked Variable Insurance (Company), Participating Pension (Individual), Unit Linked Pension (Individual) and Non-Participating Annuity (Individual) business as well. By nature of the business, ETLIFE underwrites risks and provides financial protection. In doing so, ETLIFE is exposed to various risks.

The principal risk, ETLIFE faces under insurance contracts, is that the actual claims and benefit payments or the timing thereof differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long–term claims. Therefore, the objective of ETLIFE is to ensure that sufficient reserves are available to cover these liabilities.

ETLIFE has developed a risk strategy to manage the risks appropriately. ETLIFE's risk management strategy is to establish measures and controls which will assist in prevention, detection and management of risks for strong risk management system. Such risk management system will identify risk at macro as well as micro level on ongoing basis.

The risk identification, assessment and evaluation activity is followed by defining appropriate action items for ensuring effective management of the risks. An action item for all the high risks is defined with clear owners and timelines. ETLIFE mitigates the risks by careful section of the underwriting strategy, reinsure a part of the risk with various reinsurers, diversification of all insurance contracts and acquiruing business from all parts of the Country

b. Life Insurance Contracts and Investment Contracts with and without Discretionary Participation Features:

Ind AS 104 'Insurance Contracts' requires ETLIFE to separate the Financial Instruments (investment contracts) from insurance contracts under specified conditions.

Insurance contracts are those contracts where ETLIFE has accepted significant insurance risk from the policyholders by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. Insurance and investment contracts are further classified as being either with or without DPF. DPF is a contractual right to receive, as a supplement to guaranteed benefits, additional benefits that are likely to be a significant portion of the total contractual benefits.

As a general guideline by IRDAI, ETLIFE classifies contract under insurance contract and investment contracts with DPF, if the benefit payable on death is higher by at least 5% of the premium at any time during the life of the contract for other than unit linked products.

All other contracts are classified under Investment Contracts.

56.5. Risk management framework of Life Insurance business ("ETLIFE") *(Continued)*

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire.

Investment contracts, however, can be reclassified as insurance contracts after inception if insurance risk becomes significant.

c. The main Insurance Risks that ETLIFE is exposed to are as follows:

(i) Persistency Risk - Risk of loss arising due to policyholder experiences (lapses and surrenders) being different than expected

(ii) Mortality Risk - Risk of loss arising due to policyholder mortality experience being different than expected

(iii) Investment Risk - Risk of loss arising from actual returns being different than expected

(iv) Expense Risk - Risk of loss arising from expense experience being different than expected

(v) Reinsurance Risk - The Company enters into reinsurance agreements in order to mitigate insurance Risk. However, this leads to default Risk from the reinsurer at the time of claim payment or also concentration risk if all the Risk is insured to one reinsurer.

(vi) Concentration Risk - The Company faces concentration Risk by selling business to specific geography or by writing only single line business etc.

Control Measures:

ETLIFE has set up Risk Management framework to continuously monitor the ETLIFE's experience with regard to parameters like policy lapses, premium persistency, maintenance expenses and investment returns. The underwriting team, with actuarial guidance, has set in place processes and procedures to review proposal.

Further, the possible financial effect of adverse mortality and morbidity experience has been reduced by entering into re-insurance agreements with multiple re-insurers. ETLIFE has entered into a separate agreement with reinsurers to cover the catastrophic risks under Individual and Group business to hedge against catastrphic eventys leading to higher than expected claim payouts.

ETLIFE has been taking efforts so as to mitigate concentration risk through diversification however ETLIFE may still be exposed to channel concentration risk as company is in 9th year of operation and all the channels are not yet fully developed. ETLIFE has been acquiring business from all the parts of India and thus has little geographical concentration. It also insulates ETLIFE from impact of catastrophic risk.

ETLIFE has a Board approved Risk Management Policy covering underwriting, claims and reserving for policy liabilities. ETLIFE has a detailed claims processing manual in place. Complicated and large claims are referred to ETLIFE's Claims Committee.

56.6. Excessive risk concentration

Group's diversified business model acts as an inherent mechanism to avoid excessive concentrations of risk.

Single and Group level borrower limits for wholesale lending and program level limits for retail lending have been defined as a proactive risk measure to avoid excess credit concentration. Business risk team monitor these limits as part of its regular monitoring activity. Additionally, the risk team also keeps track of Group, Industry, Collateral, Geography (for retail) level exposure concentrations. These concentrations are reviewed as part of monthly risk review meetings and also discussed in the Credit Committee, so as to avoid further exposures or reduce exposures to sector/industry/group/geography under stress.

On the trading portfolio, limit structures have been put in place to address potential concentration risks within each trading portfolio. Any exposure beyond the approved limits and losses exceeding the VaR limits gets reported as an Exception to the Global Risk Committee and is monitored by the group and business risk teams.

The Company has a Board approved Risk Management Policy. The Company has a detailed claims processing manual in place.

56.7. Credit risk

Credit risk is the risk of financial loss the Group 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 Group has adopted a policy of dealing with creditworthy counterparties and obtains sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. In case the loans are to be restructured, similar credit assessment process is followed by the Group.

The Group manages its credit risk through a multi-layered approach as given below

1) Review by the Board Risk and Global Risk Committee

2) The Investment Committees (IC) for approving all credit related decisions, beyond certain levels delegated to Credit Committees. Further, individual loan specific limits as well as concentration limits are also approved by the IC and reviewed on a periodic basis

3) Group risk team is responsible for industry and portfolio level monitoring and stress testing

4) Business risk does day to day client level monitoring

5) Independent verification of all client accounts, adherence to policies and frameworks are carried out by internal audit team.

Counterparty, client assessment is done before any exposure is taken. Assessment covers all the aspects of risk like Borrower profile, financials, and adequacy of collateral, promoter strength, repayment capability and cash flow generation. Discussions are held with independent risk and compliance teams both at Business and Group level before the credit proposals are put forward to the Committees for approval. Group has committee based approval process mechanism to ensure high exposures are approved with adequate representation from Compliance, Credit, Legal and other relevant teams so as to get a three sixty degree view on the proposal and there is no biasness.

The Group has separate credit origination and appraisal processes for wholesale, distressed and retail segments. For wholesale and distressed segment, the Group adopts underwriting standards for different client segment based on risk parameter and availability of security. For Retail segment, Group adopts underwriting standards both at product and portfolio level.

56.7. Credit risk *(Continued)*

The Group uses Early Warning Signal (EWS) framework to identify risks at nascent stage. The objective is to classify the credit book on severity of risk- standard, early stage, mid stage and high stress. The classification of risk is done basis inputs from financial and non-financial parameter. An actionable matrix is defined, based on severity of the risk.

Credit monitoring is very important part of managing credit risk. Accordingly, the Group has dual layered independent monitoring of credit exposures and associated risks. A team of experienced and competent professionals, at business level as well as group level, identify and monitor these risks on an on-going basis and evolve processes/systems to monitor and control the same to keep the risks to minimum levels. On-going monitoring by them helps in identifying the risks at an early stage and taking time bound action to mitigate those risks.

Further, counterparty settlement risk associated in our broking business is managed by maintaining sufficient liquid collateral. We have well established real time limit utilisation monitoring process to ensure cover is sufficient at any given point of time.

Asset quality review is also performed on a regular basis by the Global Risk Committee - the apex body for all risk related decisions. Credit Portfolio Health Check is also presented to the Board Risk Committee on a quarterly basis.

The Group applies the expected credit loss model for recognising impairment loss. For the purpose of measuring lifetime expected credit loss ('ECL') the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

The Group has separate credit origination and appraisal processes for wholesale, distressed and retail segments. For wholesale and distressed segment, the Group adopts underwriting standards for different client segment based on risk parameter and availability of security. For Retail segment, Group adopts underwriting standards both at product and portfolio level.

The expected credit loss is a product of exposure at default, probability of default and loss given default. The Group has devised an internal model to evaluate the probability of default and loss given default based on the parameters set out in Ind AS 109. Accordingly, the loans are classified into various stages for different type of business. For non-distress credit business they are classified into Stage 1 – Standard Assets with zero to thirty days past due (DPD), Stage 2 – Significant Credit Deterioration or overdue between 31 to 90 days and Stage 3 – Default Assets with overdue for more than 90 days. Further, ECL also takes into account forward looking factors like GDP growth, interest rates etc. along with historical trends.

The Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used

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

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

56.7. Credit risk *(Continued)*

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

Group does internal grading that is based on days past due (dpd) as specified below

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

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

Management evaluates the credit situation continuously and the current credit assessment of borrowers is based on the following factors including many factors such as;

1. Whether there is actual or expected significant change in the credit situation which entails significant increase in credit risk?

2. Whether there are existing or forecasted adverse changes in borrower's business, financial or economic conditions that are expected to cause a significant change in the borrower's ability to meet its debt obligations?

3. Based on information available at present, Whether in the longer term current adverse changes created by Covid-19 in economic and business conditions can reduce the ability of the borrower to fulfil its obligations?

4. Whether there are any significant changes in the expected performance and behavior of the borrower?

5. Whether there are expected changes in the loan documentation, including an expected breach of contract that might lead to covenant waivers or amendments, interest payment holidays, interest rate step-ups, requiring additional collateral or guarantees, or other changes to the contractual framework of the loan?

   Reasonable and supportable information that is forward-looking and that is available without undue cost or effort is used by management to assess changes in credit risk.

   However, considering that the current economic situation is continuously evolving, the management shall apply on regular basis any favorable or detrimental change to the borrower profiles and accordingly factor in macro/micro variables that shall represent the evolved inherent credit risk.

56.7. Credit risk *(Continued)*

Probability of Default

Historical DPD data is used to calculate historic default rates for each portfolio. This is done by using transition matrix which are calculated by assessing the transition from the one DPD state to the default DPD state 12 months from the cohort date.

Loss Given Default (LGD)

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

Exposure at Default (EAD)

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

EAD = Drawn Credit Line + Credit Conversion Factor * Undrawn Credit Line

Where,

Drawn Credit Line = Current outstanding amount

Credit Conversion Factor (CCF) = Expected future drawdown as a proportion of undrawn amount Undrawn Credit Line = Difference between the total amount which the Group has committed and the drawn credit line While the drawn exposure and limits for the customer are available, the modelling of CCF is required for computing the EAD.

Purchased or originated credit impaired (POCI)

Financial assets that are purchased or originated at a deep discount that reflects the incurred credit losses are considered to be POCI. This population includes the recognition of a new financial instrument following a renegotiation where concessions have been granted for economic or contractual reasons relating to the borrower's financial difficulty, that otherwise would not have been considered.

Forward looking adjustments

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

(Currency: Indian rupees in million)

56.7. Credit risk *(Continued)*

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

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

Data sourcing: External information includes economic data and forecasts published by governmental bodies and monetary authorities in the country, supranational organisations such as the OECD and the IMF, and selected private sector and academic forecasters. Macroeconomic information was aggregated from Economic Intelligence Unit (EIU), Bloomberg, World Bank, RBI database. The EIU data has a database of around 150 macroeconomic variables as well as their forecasted values. Beyond 2022 macro-economic variables are forecasted by mean reverting the values to their long term average.

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

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

The significant economic parameters scenarios are as below:

Key Economic Parameter	Base FY +1	Base FY +2
Debt-to-GDP ratio:	18.3-18.7%	18.7-19.2%
Total factor productivity	4.0-4.5	4.4-5.0
Labor productivity growth:	5.1-5.5%	5.5-6.3%
Unemployment rate	8.5-8.8%	8.5-8.8%
Gross Domestic Product	7.0-7.5%	7.5-8.0%

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

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

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

56.7.1. Overview of modified and forborne loans

From a risk management point of view, once an asset is forborne or modified, the Group's special department for distressed assets continues to monitor the exposure until it is completely and ultimately derecognised.

The table below includes Stage 2 and 3 assets that were modified and, therefore, treated as forborne during the period, with the related modification loss suffered by the Group.

Particulars	**2019-20**	2018-19
Amortised costs of financial assets modified during the period	**80.19**	1,180.97
Net modification gains	**(3.23)**	5.64

Notes to the consolidated financial statements *(Continued)*

(Currency: Indian rupees in million)

56.7.2. Analysis of risk concentration

The following table shows the risk concentration by industry for the components of the balance sheet. Additional disclosures for credit quality and the maximum exposure for credit risk per categories based on the Group's internal grading system and year-end stage classification are further disclosed in Note 13.1.

Industry analysis - Risk concentration for 31-Mar-20

Components	Financial services	Government	Manufacturing	Retail and wholesale	Construction	Oil & gas	Services	Others	Total
Cash and bank balances	86,064.80	-	-	-	-	-	31.28	-	86,096.08
Derivative financial instruments	5,321.87	-	-	-	-	-	-	-	5,321.87
Stock in trade	8,474.61	7,462.91	23.58	-	1.39	61.91	556.18	877.49	17,458.07
Trade receivables	5,538.81	-	2,415.95	1,898.30	1,358.87	-	1,163.12	677.33	13,052.38
Loans	3,610.77	-	8,972.52	1,13,918.73	1,26,330.14	493.62	10,409.83	19,871.18	2,83,606.79
Investments	22,424.01	18,755.10	21,183.34	914.17	11,650.37	14.91	1,716.68	6,007.44	82,666.02
Other financial assets	6,649.97	287.80	-	1,060.46	78.62	-	139.83	85.65	8,302.33
Total	1,38,084.84	26,505.81	32,595.39	1,17,791.66	1,39,419.39	570.44	14,016.92	27,519.09	4,96,503.54
Other Commitments	-	-	-	4,491.93	505.16	-	-	-	4,997.09

Industry analysis - Risk concentration for 31-Mar-19

Components	Financial services	Government	Manufacturing	Retail and wholesale	Construction	Oil & gas	Services	Others	Total
Cash and bank balances	64,554.26	-	-	-	-	-	-	-	64,554.26
Derivative financial instruments	1,940.90	-	-	-	-	-	-	-	1,940.90
Stock in trade	11,061.59	27,552.72	339.24	19.82	7.55	16.05	139.69	-	39,136.66
Trade receivables	15,867.32	-	2,830.11	4,072.12	1,254.79	-	3,147.85	367.87	27,540.06
Loans	35,273.08	-	25,223.20	1,56,879.37	1,40,774.54	1,244.22	19,349.45	5,339.24	3,84,083.10
Investments	375.53	14,679.80	37,990.09	2,513.34	27,786.67	-	1,296.19	3,348.85	87,990.47
Other financial assets	4,105.59	835.46	-	558.61	224.83	47.55	264.45	62.02	6,098.51
Total	1,33,178.27	43,067.98	66,382.64	1,64,043.26	1,70,048.38	1,307.82	24,197.63	9,117.98	6,11,343.96
Other Commitments	486.27	-	-	805.21	958.14	-	-	-	2,249.62

(Currency: Indian rupees in million)

56.7.3. Collateral and other credit enhancements

The tables on the following pages show the maximum exposure to credit risk by class of financial asset.

	Maximum exposure to credit risk		
	31 March 2020	31 March 2019	**Principal type of collateral**
Financial assets			
Loans:			
Retail Loans and Wholesale loans	**2,60,854.47**	3,61,815.94	Equity shares and Mutual fund units, Bonds, Property; book receivables, Land, real estate property securities, and Tangible assets , Inventories, fixed deposits & other marketable securities,Surrender Value of the Policy
Distressed assets	**47,925.48**	25,982.20	Tangible assets
Other credits	**140.13**	193.43	
Trade receivables	**13,052.37**	29,750.94	Equity shares, fixed deposits and bank guarantees, Securities etc.
Debt instruments at amortised cost	**243.86**	569.80	Government security and Book debts (including Highly liquid Central/State Government securities & high rated Corporate Bonds)
Total financial assets at amortised cost	**3,22,216.31**	4,18,312.31	
Derivative financial instruments	**5,321.87**	1,940.90	Margin money
Financial assets at FVTPL	**66,840.26**	96,080.06	Tangible assets, Warrants
Financial instrument designated at fair value through profit or loss	**7,446.04**	5,361.13	Tangible assets and Highly liquid Central/ State Government securities, high rated Corporate Bonds and liquid Mutual fund units
Total financial instruments at fair value through profit or loss	**79,608.17**	1,03,382.09	
Debt instruments at fair value through OCI	**14,615.77**	12,826.50	Government security and Book debts
Total debt instruments at fair value through OCI	**14,615.77**	12,826.50	
Other commitments (max exposure)	**16,556.52**	21,884.04	Property, book receivables, Tangible Assets, Equity Shares, Mutual Fund units, Land, Office Space, Flats, Bungalow, Penthouse, Row house and Commodities.
Total	**4,32,996.77**	**5,56,404.94**	

The Group has not entered in to any credit derivative to mitigate above credit risk.

(Currency: Indian rupees in million)

56.7.4. Fair value of collateral held for stage 3 assets

The below tables provide an analysis of the current fair values of collateral held and credit enhancements for stage 3 assets. Dependent on the level of collateral, some Stage 3 exposures may not have individual ECLs when the expected value of the collateral is greater than the LGD, even in if the future value of collateral is forecast using multiple economic scenarios.

As at 31-Mar-2020

	Maximum exposure to credit risk (carrying amount before ECL)	Associated ECL	Carrying amount	Fair value of collateral
Financial assets				
Loans:				
Retail and wholesale loans	**56,625.97**	**8,413.81**	**48,212.16**	**65,513.60**
Distressed assets	**3,288.03**	**537.37**	**2,750.66**	**13,657.64**
Total financial assets at amortised cost	**59,914.00**	**8,951.18**	**50,962.82**	**79,171.24**
Debt instruments at fair value through OCI	**1,258.00**	**438.94**	**819.06**	**819.06**
Total	**61,172.00**	**9,390.12**	**51,781.88**	**79,990.30**
Loan commitments	**127.38**	**0.19**	**127.19**	**134.96**
Financial guarantee contracts	-	-	-	-
Total	**61,299.38**	**9,390.31**	**51,909.07**	**80,125.26**

As at 31-Mar-2019

	Maximum exposure to credit risk (carrying amount before ECL)	Associated ECL	Carrying amount	Fair value of collateral
Financial assets				
Loans:				
Retail and wholesale loans	35,819.48	5,538.52	30,280.96	47,250.85
Distressed assets	-	-	-	-
Total financial assets at amortised cost	35,819.48	5,538.52	30,280.96	47,250.85
Debt instruments at fair value through OCI	-	-	-	-
Total	35,819.48	5,538.52	30,280.96	47,250.85
Loan commitments	84.45	1.87	82.58	120.74
Financial guarantee contracts	-	-	-	-
Total	**35,903.93**	**5,540.39**	**30,363.54**	**47,371.59**

(Currency: Indian rupees in million)

56.7.5 Margin received from clients

		31-Mar-20	31-Mar-19
Cash margin	A	**17,699.53**	14,100.02
Non cash margin			
Securities*		**24,470.53**	40,284.54
Fixed deposits		**13,127.90**	12,957.80
Bank guarantee		**2,054.23**	3,030.90
Total non cash margin	B	**39,652.66**	56,273.24
Total margin received	**(A+B)**	**57,352.19**	70,373.26

* Securities received as non cash margin from clients as collateral are held in the a subsidiary's client demat account.

56.8 Liquidity risk and funding management

Liquidity risk emanates from the mismatches existing on the balance sheet due to differences in maturity and repayment profile of assets and liabilities. These mismatches could either be forced in nature due to market conditions or created with an interest rate view. Such risk can lead to a possibility of unavailability of funds to meet upcoming obligations arising from liability maturities. To avoid such a scenario, Edelweiss has ensured maintenance of a Liquidity Cushion in the form of Fixed Deposits, Mutual Funds, Cash, G-Sec, etc. These assets carry minimal credit risk and can be liquidated in a very short period of time. A liquidity cushion amounting to 10-12% of the borrowings is sought to be maintained through such assets. These would be to take care of immediate obligations while continuing to honour our commitments as a going concern. There are available lines of credit from banks which are drawable on notice which further augment the available sources of funds. Funding is raised through diversified sources including Banks, Retail issue, Mutual Funds, ECB, Sub Debt etc to maintain a healthy mix.

Group has a Liquidity Contingency Policy in place to ensure various liquidity parameters are defined and tracked regularly. Liquidity Management Team is provided with update on expected liquidity shortfalls in Normal as well as Stress scenario. A detailed set of activities have been defined to be executed during stress scenario.

56.8.1. Analysis of financial liabilities, financial assets, derivatives and financial commitments by remaining contractual maturities

The table below summarises the maturity profile of the undiscounted cash flows of the Group's financial liabilities, financial assets, derivatives and financial commitments as at 31 March.

The tables have been drawn up based on the undiscounted cash flows i.e. the tables include both interest and principal cashflows. The contractual maturiy with respect to financial liabilities is based on the earliest date on which the Group can be required to pay. To the extent that interest flows are at floating rate, the undiscounted amount is derived based on the interest rates in force at the balance sheet date. Further, with regards to amounts payable in currencies other than Indian Rupees, the amounts are determined based on the spot exchange rates at the balance sheet date. The analysis with respect to financial assets is based on expected maturities. All derivatives which are entered into for trading purposes are shown in the earliest time band. With respect to other derivatives, the remaining contractual maturity information has been given based on undiscounted cash flows.

(Currency: Indian rupees in million)

56.8.1. Analysis of financial liabilities, financial assets, derivatives and financial commitments by remaining contractual maturities *(Continued)*

As at 31-Mar-20

Non-derivative financial liabilities	Upto 3 months	Between 3 to 6 months	Between 6 months to 1 year	Between 1 year to 3 years	More than 3 years	Total
Trade payables	11,256.29	902.20	571.41	103.73	-	12,833.63
Borrowings (other than debt securities)	28,590.53	12,286.70	34,885.71	52,777.65	11,297.61	1,39,838.20
Debt securities	34,613.77	9,381.40	25,959.02	85,511.34	98,281.62	2,53,747.15
Subordinated financial liabilities	5,173.95	574.90	523.28	4,184.58	14,931.56	25,388.26
Deposits	2,615.49	-	-	-	-	2,615.49
Lease liabilities	144.97	113.00	217.89	965.48	586.75	2,028.09
Other financial liabilities	4,013.79	583.62	2,093.48	4,593.35	2,838.75	14,122.99
Total undiscounted non-derivative financial liabilities	86,408.80	23,841.81	64,250.78	1,48,136.13	1,27,936.30	4,50,573.82

Non-derivative financial assets	Upto 3 months	Between 3 to 6 months	Between 6 months to 1 year	Between 1 year to 3 years	More than 3 3 years	Total
Cash and cash equivalent and other bank balances	60,576.50	6,884.90	10,679.90	478.07	5,124.01	83,743.39
Stock-in-trade	12,355.29	221.10	4,941.33	4.45	12.91	17,535.09
Trade receivables	7,422.74	1,607.02	2,945.43	3,208.08	4.59	15,187.86
Loans	23,382.18	21,241.83	43,642.30	1,01,060.42	1,20,484.61	3,09,811.35
Investments at fair value through profit or loss	699.68	168.62	1,310.20	11,189.22	31,958.41	45,326.12
Investments at fair value through profit or loss pledged as collateral	2,372.03	1,060.57	6,497.96	15,959.27	31,837.66	57,727.49
Investments at designated fair value through profit or loss	211.54	30.15	279.39	1,834.55	15,041.73	17,397.36
Investments at FVOCI	429.74	402.37	775.26	2,830.82	34,542.89	38,981.08
Investments at FVOCI pledged as collateral	-	-	-	-	-	-
Investments at amortised cost	239.99	-	-	0.01	-	240.00
Investments at amortised cost pledged as collateral	-	-	-	-	-	-
Other financial assets	6,457.29	470.15	1,186.99	866.25	175.43	9,156.10
Total undiscounted non-derivative financial assets	1,14,146.99	32,086.70	72,258.75	1,37,431.15	2,39,182.25	5,95,105.84

Derivatives	Upto 3 months	Between 3 to 6 months	Between 6 months to 1 year	Between 1 year to 3 years	More than 3 3 years	Total
Net settled derivatives entered into for trading purposes	(1,437.14)	-	-	-	-	(1,437.14)
Other net settled derivatives	2,016.29	(466.09)	47.02	1,091.99	(4.37)	2,684.85
Total	579.16	(466.09)	47.02	1,091.99	(4.37)	1,247.71

Commitments	Upto 3 months	Between 3 to 6 months	Between 6 months to 1	Between 1 year to 3 years	More than 3 years	Total
Undrawn loan and other commitments	1,695.87	15,785.86	4,820.94	807.28	931.00	24,040.95

The Group has undrawn lines of credit available aggregating ₹ 20,423.68 millions as at 31 March 2020 to meet any possible liquidity shortfall.

(Currency: Indian rupees in million)

56.8.1 Analysis of financial liabilities, financial assets, derivatives and financial commitments by remaining contractual maturities *(Continued)*

As at 31-Mar-19

Non-derivative financial liabilities	**Upto 3 months**	**Between 3 to 6 months**	**Between 6 months to 1 year**	**Between 1 year to 3 years**	**More than 3 years**	**Total**
Trade payables	17,059.64	2,319.86	451.61	1.93	-	19,833.04
Borrowings (other than debt securities)	41,640.79	21,588.57	62,808.91	18,266.27	77,743.48	2,22,048.02
Debt securities	31,681.87	18,157.73	51,627.87	63,811.49	1,43,572.04	3,08,851.00
Subordinated financial liabilities	421.91	22.20	1,112.65	455.30	29,983.42	31,995.48
Deposits	46.38	1,390.38	-	-	-	1,436.76
Other financial liabilities	33,227.52	1,687.86	740.26	2,758.75	3,284.31	41,698.70
Total undiscounted non-derivative financial liabilities	**1,24,078.11**	**45,166.60**	**1,16,741.30**	**85,293.74**	**2,54,583.25**	**6,25,863.00**

Non-derivative financial assets	**Upto 3 months**	**Between 3 to 6 months**	**Between 6 months to 1 year**	**Between 1 year to 3 years**	**More than 3 3 years**	**Total**
Cash and cash equivalent and other bank balances	53,872.50	3,441.15	3,009.61	536.92	5,377.73	66,237.91
Stock-in-trade	24,316.39	5,276.43	17,245.57	17.54	-	46,855.93
Trade receivables	15,796.82	11,008.57	1,196.56	1,618.04	-	29,619.99
Loans	40,185.92	18,427.12	65,846.92	59,742.59	3,70,619.33	5,54,821.88
Investments at fair value through profit or loss	4,321.13	1,629.71	6,096.66	18,158.41	26,328.97	56,534.88
Investments at fair value through profit or loss pledged as collateral	12,104.47	2,083.43	1,822.18	7,773.95	30,144.29	53,928.32
Investments at designated fair value through profit or loss	257.78	166.82	434.22	1,002.78	10,774.09	12,635.69
Investments at FVOCI	513.89	195.12	817.93	3,711.83	30,921.84	36,160.61
Investments at FVOCI pledged as collateral	-	-	-	-	-	-
Investments at amortised cost	583.04	3.87	-	1,500.01	-	2,086.92
Investments at amortised cost pledged as collateral	-	-	-	-	-	-
Other financial assets	13,979.52	2.50	2,038.67	573.11	4,648.60	21,242.40
Total undiscounted non-derivative financial assets	**1,65,931.46**	**42,234.72**	**98,508.32**	**94,635.18**	**4,78,814.85**	**8,80,124.53**

Derivatives	**Upto 3 months**	**Between 3 to 6 months**	**Between 6 months to 1 year**	**Between 1 year to 3 years**	**More than 3 3 years**	**Total**
Net settled derivatives entered into for trading purposes	(299.09)	-	-	-	-	(299.09)
Other net settled derivatives	(347.96)	(192.82)	(316.87)	(68.41)	35.30	(890.76)
Total	**(647.05)**	**(192.82)**	**(316.87)**	**(68.41)**	**35.30**	**(1,189.85)**

Commitments	**Upto 3 months**	**Between 3 to 6 months**	**Between 6 months to 1**	**Between 1 year to 3 years**	**More than 3 years**	**Total**
Undrawn loan and other commitments	4,570.76	3,115.50	42,206.78	838.20	2,101.49	52,832.73

The Group has undrawn lines of credit available aggregating ₹ 16,410.14 million as at 31 March 2019 to meet any possible liquidity shortfall.

(Currency: Indian rupees in million)

56.9 Market Risk:

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

Exposure to market risk

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

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

Foreign exchange risk - Our foreign exposure is limited to capital investment in our Group entities outside India and profits/ loss generated by these entities. The Treasury Unit aggregates the foreign exchange exposure emerging out these outflows/ inflows and the same is hedged to ensure we do not run any foreign exchange risk in our books. Positions are regularly monitored by the Treasury Unit and rebalanced based on the inflow and outflow of funds.

Equity price risk - The Treasury and Balance Sheet Management Units effectively evaluates various risks involved in underlying assets in trading and non-trading books respectively

Interest rate risk

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

The following table demonstrates the sensitivity to a reasonably possible change in interest rates (all other variables being constant) of the Group's statement of profit and loss and equity. The sensitivity to profit before tax is the effect of the assumed changes in interest rates on the profit before tax for the year, based on the floating rate financial assets and financial liabilities held at reporting date. Thus, the sensitivity analysis has been prepared assuming the amount of the floating-rate financial liability and financial assets outstanding at the end of the reporting period was outstanding for the whole year. The sensitivity of equity is calculated by revaluing the fixed rate FVOCI, including the effect at reporting date for the effects of the assumed changes in interest rates.

Currency of item	2019-20					
	Increase in basis points	Effect on profit before tax	Effect on Equity	Decrease in basis points	Effect on profit before tax	Effect on Equity
INR	**25.00**	**(483.18)**	**(383.89)**	**25.00**	**483.18**	**383.89**
US dollar	**25.00**	**-**	**-**	**25.00**	**-**	**-**

Currency of item	2018-19					
	Increase in basis points	Effect on profit before tax	Effect on Equity	Decrease in basis points	Effect on profit before tax	Effect on Equity
INR	25.00	(217.41)	(304.91)	25.00	217.41	304.91
US dollar	25.00	(51.43)	-	25.00	51.43	-

(Currency: Indian rupees in million)

56.9 Market Risk: ***(Continued)***

Currency risk:

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Foreign currency risk arise majorly on account of foreign currency borrowings.

The table below indicates the currencies to which the Group had significant exposure at the end of the reported periods.

Currency	2019-20					
	Increase in exchange rate (%)	Effect on profit before tax	Effect on Equity	Decrease in exchange rate (%)	Effect on profit before tax	Effect on Equity
US dollar	5.00	0.50	-	5.00	(0.50)	-
INR*	5.00	(10.15)	-	5.00	10.15	-
Others	5.00	(43.02)	-	5.00	43.02	-

Currency	2018-19					
	Increase in exchange rate (%)	Effect on profit before tax	Effect on Equity	Decrease in exchange rate (%)	Effect on profit before tax	Effect on Equity
US dollar	5.00	213.25	-	5.00	(213.25)	-
INR*	5.00	0.39	-	5.00	(0.39)	-
Others	5.00	12.60	-	5.00	(12.60)	-

* This is on account of items denominated in Indian Rupees held by certain foreign companies in the Group having functional currency other than INR.

Equity Price risk:

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

Impact on	2019-20					
	Increase in equity price (%)	Effect on profit before tax	Effect on Equity	Decrease in equity price (%)	Effect on profit before tax	Effect on Equity
Derivatives	5.00	(103.10)	(1.32)	5.00	103	1.32
Others	5.00	512.59	0.06	5.00	(512.59)	(0.06)

Impact on	2018-19					
	Increase in equity price (%)	Effect on profit before tax	Effect on Equity	Decrease in equity price (%)	Effect on profit before tax	Effect on Equity
Derivatives	5.00	26.64	-	5.00	(26.64)	-
Others	5.00	426.69	-	5.00	(426.69)	-

(Currency: Indian rupees in million)

56.9. Market Risk: ***(Continued)***

Index price risk:

Index price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the level of equity indices.

Impact on	2019-20					
	Increase in index price (%)	Effect on profit before tax	Effect on Equity	Decrease in index price (%)	Effect on profit before tax	Effect on Equity
Derivatives	5.00	(435.78)	-	5.00	435.78	-
Others	5.00	38.37	-	5.00	(38.37)	-

Impact on	2018-19					
	Increase in index price (%)	Effect on profit before tax	Effect on Equity	Decrease in index price (%)	Effect on profit before tax	Effect on Equity
Derivatives	5.00	76.20	-	5.00	(76.20)	-
Others	5.00	-	-	5.00	-	-

Other price risk:

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the level of market prices other than equity and index prices.

Impact on	2019-20					
	Increase in price (%)	Effect on profit before tax	Effect on Equity	Decrease in price (%)	Effect on profit before tax	Effect on Equity
Security receipts of ARC trusts	5.00	23.93	-	5.00	(23.93)	-
Units of AIFs and Trusts	5.00	25.22	-	5.00	(25.22)	-
Others	5.00	397.06	132.70	5.00	(397.06)	(132.70)

Impact on	2018-19					
	Increase in price (%)	Effect on profit before tax	Effect on Equity	Decrease in price (%)	Effect on profit before tax	Effect on Equity
Security receipts of ARC trusts	5.00	21.40	-	5.00	(21.40)	-
Units of AIFs and Trusts	5.00	22.29	-	5.00	(22.29)	-
Others	5.00	752.82	7.59	5.00	(752.82)	(7.59)

57. Impact of Covid

The Covid-19 pandemic outbreak across the world including India has resulted in most countries announcing lockdowns and quarantine measures that have sharply stalled economic activity. The Indian Government too has imposed lockdowns starting from 24 March 2020. The Indian economy would be impacted by this pandemic and the resultant lockdown, due to the contraction in industrial and services output across small and large businesses. The impact of the COVID -19 pandemic on Group's results, including credit quality and provisions, remains uncertain and dependent on the current and further spread of COVID -19, steps taken by the government and the RBI to mitigate the economic impact and also the time it takes for economic activities to resume and reach the normal levels.

In accordance with the regulatory package announced by the Reserve Bank of India (RBI) on 27 March 2020 and 17 April 2020 the Group has granted a moratorium of 3 months and extended the same for a further period of 3 months in accordance with the announcement by the RBI on 22 May 2020 for the payment of all instalments falling due between 01 March 2020 and August 31, 2020 to all eligible borrowers that have opted to avail the same. In respect of accounts overdue but standard as at 29 February 2020 where moratorium benefit has been granted, the staging for the accounts is based on staging existing as at that date. As per the assessment done by the Group, this staging standstill has not been on its own considered to be triggering any substantial increase in credit risk. Based on the assessment of the Group, in the absence of other credit risk indicators, the granting of the moratorium does not itself result in accounts becoming past due and triggering Stage 2 and Stage 3 classification criteria.

The Group has assessed the impact of the COVID-19 pandemic on its liquidity and ability to repay its obligations as and when they are due. Management has considered various stimulus packages announced by the Government of India which will directly or indirectly benefit NBFCs and outcome of definitive agreement for sale of loans, Group's lenders to extend moratorium and various other financial support from other banks, agencies and its parent entity in determining the Group's liquidity position over the next 12 months. Based on the foregoing and necessary stress tests considering various scenarios, management believes that the Group will be able to pay its obligations as and when these become due in the foreseeable future. The Group would continue to focus on maintaining adequate capital and ensuring liquidity during current period and for the period going forward.

In assessing the recoverability of loans, receivables, intangible assets (including goodwill), deferred tax assets, investments and investment properties, the Group has considered internal and external sources of information, including credit reports, economic forecasts and industry reports up to the date of approval of these financial results. Group has also considered the impact of COVID – 19 pandemic while estimating the recoverability during the year 31 March 2020. Since the situation is rapidly evolving, its effect on the operations of the Group may be different from that estimated as at the date of approval of these financial results. The Group will continue to closely monitor material changes in markets and future economic conditions.

(Currency: Indian rupees in million)

58. Composition of the Group

Sr.	Name of the Entity	Note	Country of Incorporation	Proportion of ownership interest as at 31-Mar-2020	Proportion of ownership interest as at 31-Mar-2019
	Subsidiaries				
1	Edelweiss Securities Limited		India	**100.00%**	100.00%
2	Edelweiss Finance & Investments Limited		India	**100.00%**	100.00%
3	ECL Finance Limited		India	**100.00%**	100.00%
4	Edelweiss Global Wealth Management Limited		India	**100.00%**	100.00%
5	Edelweiss Gallagher Insurance Brokers Limited (Formerly known as Edelweiss Insurance Brokers Limited)	e	India	**74.00%**	100.00%
6	Edelweiss Trustee Services Limited	a	India	-	100.00%
7	Edelcap Securities Limited		India	**100.00%**	100.00%
8	Edelweiss Asset Management Limited		India	**100.00%**	100.00%
9	ECap Equities Limited	a	India	**100.00%**	100.00%
10	Edelweiss Broking Limited		India	**100.00%**	100.00%
11	Edelweiss Trusteeship Company Limited		India	**100.00%**	100.00%
12	Edelweiss Housing Finance Limited		India	**100.00%**	100.00%
13	Edelweiss Investment Adviser Limited		India	**100.00%**	100.00%
14	EC Commodity Limited		India	**100.00%**	100.00%
15	Edel Land Limited		India	**100.00%**	100.00%
16	Edelweiss Custodial Services Limited		India	**100.00%**	100.00%
17	Edel Investments Limited		India	**100.00%**	100.00%
18	Edelweiss Rural & Corporate Services Limited		India	**100.00%**	100.00%
19	Edelweiss Comtrade Limited		India	**100.00%**	100.00%
20	Edel Finance Company Limited		India	**100.00%**	100.00%
21	Edelweiss Retail Finance Limited		India	**100.00%**	100.00%
22	Edelweiss Multi Strategy Fund Advisors LLP		India	**100.00%**	100.00%
23	Edelweiss Resolution Advisors LLP		India	**100.00%**	100.00%
24	Edelweiss Holdings Limited	a	India	-	100.00%
25	Edelweiss General Insurance Company Limited		India	**100.00%**	100.00%
26	Edelweiss Finvest Private Limited		India	**100.00%**	100.00%
27	Edelweiss Securities (IFSC) Limited		India	**100.00%**	100.00%
28	Alternative Investment Market Advisors Private Limited	a	India	-	100.00%
29	Edelweiss Securities Trading and Management Private Limited	b	India	-	100.00%
30	Edelweiss Securities and Investment Private Limited	b	India	**100.00%**	100.00%
31	Edelweiss Securities (Hong Kong) Private Limited		Hong Kong	**100.00%**	100.00%
32	EC Global Limited		Mauritius	**100.00%**	100.00%
33	EC International Limited		Mauritius	**100.00%**	100.00%
34	EAAA LLC		Mauritius	**100.00%**	100.00%
35	EFSL International Limited	i	Mauritius	-	100.00%
36	Edelweiss Capital (Singapore) Pte. Limited	k	Singapore	**100.00%**	100.00%

(Currency: Indian rupees in million)

58. Composition of the Group *(Continued)*

Sr.	Name of the Entity	Note	Country of Incorporation	Proportion of ownership interest as at 31-Mar-2020	Proportion of ownership interest as at 31-Mar-2019
	Subsidiaries *(Continued)*				
37	Edelweiss Alternative Asset Advisors Pte. Limited		Singapore	**100.00%**	100.00%
38	Edelweiss International (Singapore) Pte. Limited		Singapore	**100.00%**	100.00%
39	Edelweiss Investment Advisors Private Limited		Singapore	**100.00%**	100.00%
40	Aster Commodities DMCC		United Arab Emirates	**100.00%**	100.00%
41	Edelweiss Financial Services (UK) Limited		United Kingdom	**100.00%**	100.00%
42	Edelweiss Financial Services Inc.		United States of America	**100.00%**	100.00%
43	Edelweiss Alternative Asset Advisors Limited		India	**95.00%**	95.00%
44	EW Clover Scheme - 1	c	India	**-**	100.00%
45	Edelvalue Partners	g	India	**-**	100.00%
46	Edelgive Foundation		India	**100.00%**	100.00%
47	Lichen Metals Private Limited		India	**100.00%**	100.00%
48	EW India Special Assets Advisors LLC	h	Mauritius	**-**	90.00%
49	Edelweiss Private Equity Tech Fund		India	**88.90%**	88.90%
50	Edelweiss Value and Growth Fund		India	**88.90%**	88.90%
51	Edelweiss Asset Reconstruction Company Limited		India	**74.80%**	74.80%
52	EW Special Opportunities Advisors LLC		Mauritius	**67.00%**	67.00%
53	Edelweiss Tokio Life Insurance Company Limited		India	**51.00%**	51.00%
54	Allium Finance Private Limited		India	**70.00%**	70.00%
55	Retra Ventures Private Limited	d	India	**-**	70.00%
56	ESL Securities Limited	f	India	**100.00%**	-

Group stake in trusts

	Trust Name	Country of Incorporation	Proportion of ownership interest as at 31-Mar-2020	Proportion of ownership interest as at 31-Mar-2019
1	EARC SAF - 2 Trust	India	**100.00%**	100.00%
2	EARC Trust - SC 6	India	**100.00%**	100.00%
3	EARC Trust - SC 7	India	**100.00%**	100.00%
4	EARC Trust - SC 9	India	**100.00%**	100.00%
5	EARC Trust - SC 102	India	**100.00%**	100.00%
6	EARC Trust - SC 109	India	**50.00%**	50.00%
7	EARC Trust - SC 112	India	**100.00%**	100.00%
8	EARC Trust - SC 130	India	**100.00%**	100.00%
9	EARC SAF - 3 Trust	India	**46.00%**	46.00%
10	EARC Trust - SC 223	India	**100.00%**	100.00%
11	EARC Trust - SC 229	India	**100.00%**	100.00%

(Currency: Indian rupees in million)

58. Composition of the Group *(Continued)*

Group stake in trusts *(Continued)*

	Trust Name		Country of Incorporation	Proportion of ownership interest as at 31-Mar-2020	Proportion of ownership interest as at 31-Mar-2019
12	EARC Trust - SC 238		India	**100.00%**	100.00%
13	EARC Trust - SC 245		India	**37.00%**	37.00%
14	EARC Trust - SC 251		India	**100.00%**	100.00%
15	EARC Trust - SC 266		India	**100.00%**	100.00%
16	EARC Trust - SC 262		India	**37.00%**	37.00%
17	EARC Trust - SC 263		India	**100.00%**	100.00%
18	EARC Trust - SC 293		India	**100.00%**	100.00%
19	EARC Trust - SC 297		India	**37.00%**	37.00%
20	EARC Trust - SC 308		India	**100.00%**	100.00%
21	EARC Trust - SC 314		India	**100.00%**	100.00%
22	EARC Trust - SC 325		India	**100.00%**	100.00%
23	EARC Trust - SC 329		India	**100.00%**	100.00%
24	EARC Trust - SC 331		India	**100.00%**	100.00%
25	EARC Trust - SC 306		India	**50.00%**	50.00%
26	EARC Trust - SC 321		India	**100.00%**	100.00%
27	EARC Trust - SC 334		India	**100.00%**	100.00%
28	EARC Trust - SC 318		India	**100.00%**	100.00%
29	EARC Trust - SC 332		India	**100.00%**	100.00%
30	EARC Trust - SC 348		India	**100.00%**	100.00%
31	EARC Trust - SC 349		India	**100.00%**	100.00%
32	EARC Trust - SC 350	j	India	**-**	50.00%
33	EARC Trust - SC 352		India	**100.00%**	100.00%
34	EARC Trust - SC 354	j	India	**-**	50.00%
35	EARC Trust - SC 357		India	**100.00%**	100.00%
36	EARC SAF - 1 Trust		India	**100.00%**	100.00%
37	EARC Trust - SC 298		India	**100.00%**	100.00%
38	EARC Trust - SC 342		India	**100.00%**	100.00%
39	EARC Trust - SC 347		India	**100.00%**	100.00%
40	EARC Trust - SC 351		India	**100.00%**	100.00%
41	EARC Trust - SC 360		India	**100.00%**	100.00%
42	EARC Trust - SC 361		India	**100.00%**	100.00%
43	EARC Trust - SC 363		India	**100.00%**	100.00%
44	EARC Trust - SC 344		India	**100.00%**	100.00%
45	EARC Trust - SC 370		India	**100.00%**	100.00%
46	EARC Trust - SC 381		India	**100.00%**	-
47	EARC Trust - SC 383		India	**100.00%**	-
48	EARC Trust - SC 386		India	**100.00%**	-
49	EARC Trust - SC 384		India	**100.00%**	-
50	EARC Trust - SC 391		India	**100.00%**	-

(Currency: Indian rupees in million)

58. Composition of the Group *(Continued)*

Group stake in trusts *(Continued)*

	Trust Name	**Country of Incorporation**	**Proportion of ownership interest as at 31-Mar-2020**	**Proportion of ownership interest as at 31-Mar-2019**
51	EARC Trust - SC 395	India	**100.00%**	-
52	EARC Trust - SC 392	India	**100.00%**	-
53	EARC Trust - SC 372	India	**100.00%**	-
54	EARC Trust - SC 373	India	**100.00%**	-
55	EARC Trust - SC 374	India	**100.00%**	-
56	EARC Trust - SC 393	India	**100.00%**	-
57	EARC Trust - SC 380	India	**100.00%**	-
58	EARC Trust - SC 387	India	**100.00%**	-
59	EARC Trust - SC 388	India	**100.00%**	-
60	EARC Trust - SC 375	India	**100.00%**	-
61	EARC Trust - SC 399	India	**100.00%**	-
62	EARC Trust - SC 394	India	**100.00%**	-
63	EARC Trust - SC 385	India	**100.00%**	-
64	EARC Trust - SC 401	India	**100.00%**	-
65	EARC Trust - SC 402	India	**100.00%**	-
66	EARC Trust - SC 376	India	**100.00%**	-

Notes:

a) With effect from 22 November 2019, Edelweiss Trustee Services Limited, Edelweiss Holdings Limited and Alternative Investment Market Advisors Private Limited have been merged with ECap Equities Limited, a wholly owned subsidiary of the Company, pursuant to the scheme of arrangement approved by National Company Law Tribunal.

b) With effect from 19 November 2019, Edelweiss Securities Trading and Management Private Limited have been merged with Edelweiss Securities and Investment Private Limited, a wholly owned subsidiary of the Company, pursuant to the scheme of arrangement approved by National Company Law Tribunal.

c) EW Clover Scheme - 1, a subsidiary has been wound up on 29 February 2020 and has not been consolidated from the said date.

d) With effect from 19 March 2020, Retra Ventures Private Limited is ceased to be became a subsidiary of the company and has not been consolidated from the said date.

e) The Company has reduced its stake in Edelweiss Insurance Brokers Limited from 100% to 74% during the year by allotment of 878,378 numbers of shares to Arthor J. Gallagher & Co. on 25 October 2019. Subsequently name of the compamy is also changed to Edelweiss Gallagher Insurance Brokers Limited. Consequently, Edelweiss Gallagher Insurance Brokers Limited has ceased to become a wholly owned subsidiary of the Company.

f) With effect from 01 October 2019, Edelweiss Securities Limited has incorporated a new subsidiary namely ESL Securities Limited and became a wholly subsidiary of the company and has been consolidated from the said date.

g) With the required consent of the Partners of the Firm, the Firm has been dissolved with effect from 25 March 2019 vide Deed of Dissolution of Partnership of even date.

h) Liquidation of EW India Special Assets Advisors LLC: The Company has ceased to carry on business and received liquidation confirmation from relevant Authority on 01 April 2019.

i) EFSL International Limited, a subsidiary has been wound up on 12 December 2019 and has not been consolidated from the said date.

j) With effect from 30 November 2019, EARC Trust SC 350 and EARC Trust SC 354 are ceased to be became a consolidated trust of the company and has not been consolidated from the said date.

k) Edelweiss Capital (Singapore) Pte. Limited, the financial statements have been prepared on a other than a going concern basis in accordance with the Board of Directors' resolution dated 18 June 2020, whereby Directors has approved the winding up of the Company.

Notes to the consolidated financial statements *(Continued)*

(Currency: Indian rupees in million)

59 Additional Information, as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as Subsidiary

Sr. No.	Name of the Entity	Net Assets i.e. Total Assets minus Total Liabilities		Share in Profit or Loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
		As % of consolidated net assets	Amount (₹ in Million)	As % of consolidated profit or loss	Amount (₹ in Million)	As % of consolidated other comprehensive Income	Amount (₹ in Million)	As % of consolidated total comprehensive Income	Amount (₹ in Million)
Parent									
	Edelweiss Financial Services Limited	47.93%	34,545.70	(4.04%)	825.79	(0.01%)	(0.47)	(5.25%)	825.32
Subsidiaries									
	Indian								
1	Edelweiss Securities Limited	5.76%	4,153.12	(3.03%)	619.64	6.58%	311.03	(5.92%)	930.67
2	Edelweiss Finance & Investments Limited	6.41%	4,618.70	(0.90%)	184.29	(0.07%)	(3.25)	(1.15%)	181.04
3	ECL Finance Limited	34.39%	24,783.61	69.21%	(14,144.59)	9.66%	456.52	87.12%	(13,688.07)
4	Edelweiss Global Wealth Management Limited	0.03%	19.61	0.72%	(148.07)	0.00%	0.01	0.94%	(148.06)
5	Edelweiss Gallagher Insurance Brokers Limited (Formerly known as Edelweiss Insurance Brokers Limited)	1.15%	826.89	(0.46%)	94.48	(0.03%)	(1.35)	(0.59%)	93.12
6	Edelcap Securities Limited	1.53%	1,102.06	4.14%	(846.97)	(0.01%)	(0.37)	5.39%	(847.33)
7	Edelweiss Asset Management Limited	2.17%	1,562.04	(0.06%)	12.07	(0.03%)	(1.35)	(0.07%)	10.72
8	ECap Equities Limited	1.59%	1,146.14	3.01%	(615.72)	(17.94%)	(847.90)	9.32%	(1,463.61)
9	Edelweiss Broking Limited	2.27%	1,635.35	1.48%	(301.76)	(0.24%)	(11.23)	1.99%	(312.99)
10	Edelweiss Trusteeship Company Limited	0.01%	4.78	(0.00%)	0.31	-	-	(0.00%)	0.31
11	Edelweiss Housing Finance Limited	10.67%	7,690.74	(0.08%)	15.55	(0.02%)	(1.08)	(0.09%)	14.47
12	Edelweiss Investment Adviser Limited	(3.68%)	(2,652.32)	15.09%	(3,084.81)	0.00%	0.05	19.63%	(3,084.76)
13	EC Commodity Limited	(0.09%)	(67.30)	0.26%	(53.18)	(9.02%)	(426.21)	3.05%	(479.39)
14	Edel Land Limited	(0.31%)	(226.50)	0.07%	(14.08)	(1.71%)	(80.66)	0.60%	(94.74)
15	Edelweiss Custodial Services Limited	3.15%	2,268.76	(7.10%)	1,451.85	0.00%	0.05	(9.24%)	1,451.89
16	Edel Investments Limited	3.60%	2,593.36	1.53%	(312.57)	0.00%	0.05	1.99%	(312.52)
17	Edelweiss Rural & Corporate Services Limited	5.83%	4,201.61	12.59%	(2,572.62)	21.24%	1,003.78	9.98%	(1,568.84)
18	Edelweiss Comtrade Limited	0.05%	33.79	(0.01%)	1.34	(0.08%)	(3.73)	0.02%	(2.39)
19	Edel Finance Company Limited	1.77%	1,277.07	1.66%	(339.17)	0.03%	1.56	2.15%	(337.61)
20	Edelweiss Retail Finance Limited	6.42%	4,630.39	(0.05%)	10.66	(0.00%)	(0.15)	(0.07%)	10.51
21	Edelweiss Multi Strategy Fund Advisors LLP	0.00%	0.35	0.01%	(2.29)	(35.97%)	(1,700.00)	10.83%	(1,702.29)
22	Edelweiss Resolution Advisor LLP	0.01%	4.06	(0.01%)	2.39	-	-	(0.02%)	2.39
23	Edelweiss General Insurance Company Limited	1.74%	1,252.65	4.60%	(940.11)	(0.00%)	(0.01)	5.98%	(940.12)
24	Edelweiss Finvest Private Limited	14.40%	10,374.63	(1.22%)	248.38	0.00%	0.16	(1.58%)	248.54
25	Edelweiss Securities (IFSC) Limited	0.18%	131.93	0.09%	(18.90)	0.23%	10.97	0.05%	(7.93)
26	Edelweiss Securities and Investment Private Limited	1.05%	760.33	(0.83%)	170.16	-	-	(1.08%)	170.16
27	Edelweiss Alternative Asset Advisors Limited	(0.48%)	(347.43)	(0.87%)	177.99	0.02%	0.78	(1.14%)	178.77
28	EW Clover Scheme - 1	(0.00%)	-	(0.10%)	20.73	-	-	(0.13%)	20.73

Notes to the consolidated financial statements *(Continued)*

(Currency: Indian rupees in million)

59 **Additional Information, as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as Subsidiary *(Continued)***

Sr. No.	Name of the Entity	Net Assets i.e. Total Assets minus Total Liabilities		Share in Profit or Loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
		As % of consolidated net assets	Amount (₹ in Million)	As % of consolidated profit or loss	Amount (₹ in Million)	As % of consolidated other comprehensive Income	Amount (₹ in Million)	As % of consolidated total comprehensive Income	Amount (₹ in Million)
Subsidiaries *(Continued)*									
	Indian *(Continued)*								
29	Edelgive Foundation	0.32%	233.36	(0.04%)	7.35	-	-	(0.05%)	7.35
30	Lichen Metals Private Limited	0.37%	266.94	(0.04%)	7.77	(0.00%)	(0.01)	(0.05%)	7.77
31	Edelweiss Private Equity Tech Fund	0.88%	633.01	(1.28%)	262.28	-	-	(1.67%)	262.28
32	Edelweiss Value and Growth Fund	2.09%	1,506.93	(2.61%)	533.37	-	-	(3.39%)	533.37
33	Edelweiss Asset Reconstruction Company Limited	28.26%	20,364.07	(14.75%)	3,015.46	(0.02%)	(0.72)	(19.19%)	3,014.74
34	Edelweiss Tokio Life Insurance Company Limited	10.39%	7,488.41	13.36%	(2,730.12)	21.01%	992.81	11.06%	(1,737.31)
35	Allium Finance Private Limited	1.32%	951.72	(0.35%)	71.92	(0.00%)	(0.01)	(0.46%)	71.91
36	Retra Ventures Private Limited	(0.00%)	-	0.21%	(42.10)	-	-	0.27%	(42.10)
37	ESL Securities Limited	(0.00%)	(0.06)	0.00%	(0.16)	-	-	0.00%	(0.16)
	Foreign								
38	EC Global Limited	0.33%	237.05	(0.91%)	186.32	5.27%	249.26	(2.77%)	435.58
39	EC International Limited	0.20%	140.68	(13.94%)	2,848.14	(0.86%)	(40.71)	(17.87%)	2,807.43
40	EAAA LLC	0.07%	51.93	0.08%	(15.38)	0.10%	4.65	0.07%	(10.73)
41	EFSL International Limited	0.00%	-	0.00%	(0.36)	(0.00%)	(0.03)	0.00%	(0.38)
42	EW Special Opportunities Advisors LLC	0.00%	3.37	0.01%	(1.87)	(0.06%)	(2.89)	0.03%	(4.76)
43	Edelweiss Capital (Singapore) Pte. Limited	0.02%	16.79	0.29%	(59.14)	0.03%	1.37	0.37%	(57.76)
44	Edelweiss Alternative Asset Advisors Pte. Limited	0.63%	452.09	(0.24%)	48.42	0.34%	16.30	(0.41%)	64.73
45	Edelweiss International (Singapore) Pte. Limited	2.19%	1,579.01	(0.41%)	84.32	2.81%	132.99	(1.38%)	217.31
46	Edelweiss Investment Advisors Private Limited	0.15%	111.65	(0.03%)	6.04	0.09%	4.08	(0.06%)	10.12
47	Aster Commodities DMCC	0.85%	612.13	0.06%	(12.67)	1.76%	83.14	(0.45%)	70.47
48	Edelweiss Financial Services (UK) Limited	0.04%	26.39	(0.00%)	0.93	0.02%	0.74	(0.01%)	1.67
49	Edelweiss Financial Services Inc.	0.17%	119.40	(0.13%)	26.03	0.19%	9.22	(0.22%)	35.25
50	Edelweiss Securities (Hong Kong) Private Limited	0.06%	42.53	0.18%	(36.33)	0.01%	0.56	0.23%	(35.77)
51	Controlled Trusts	(1.33%)	(959.58)	2.42%	(494.65)	-	-	3.15%	(494.65)
	Non-Controlling Interests	14.96%	10,783.66	(0.07%)	14.73	10.26%	484.88	(3.18%)	499.60
	Adjustments arising out of consolidation	(109.50%)	(78,914.83)	22.50%	(4,598.81)	86.40%	4,083.59	3.28%	(515.25)
	Total	**100.00%**	**72,070.77**	**100.00%**	**(20,437.72)**	**100.00%**	**4,726.42**	**100.00%**	**(15,711.30)**

Notes to the consolidated financial statements *(Continued)*

(Currency: Indian rupees in million)

60. Key disclosures related to life insurance business

a Life insurance and Investment Contract Liabilty

Particulars	31-Mar-20				31-Mar-19			
	With DPF	Linked Business	Others	Total gross liabilities	With DPF	Linked Business	Others	Total gross liabilities
Insurance Contract Liability								
Life	**4,894.47**	**6,692.92**	**16,391.52**	**27,978.91**	3,222.22	5,799.29	12,981.80	22,003.31
Health	**-**	**-**	**46.88**	**46.88**	-	-	38.97	38.97
Annuity	**-**	**-**	**365.63**	**365.63**	-	-	312.90	312.90
Pension	**851.73**	**271.47**	**-**	**1,123.20**	646.83	252.13	-	898.96
Total	**5,746.20**	**6,964.39**	**16,804.03**	**29,514.62**	3,869.05	6,051.42	13,333.67	23,254.14
Investment Contract Liability								
Life	**-**	**652.88**	**322.09**	**974.97**	-	574.81	261.27	836.08
Health	**-**	**-**	**-**	**-**	-	-	-	-
Annuity	**-**	**-**	**-**	**-**	-	-	-	-
Pension	**-**	**-**	**-**	**-**	-	-	-	-
Total	**-**	**652.88**	**322.09**	**974.97**	-	574.81	261.27	836.08

b Movement of life insurance contract liabilities

Particulars	31-Mar-20				31-Mar-19			
	With DPF	Linked Business	Others	Total	With DPF	Linked Business	Others	Total
Gross Liability at the beginning of the year	**3,869.05**	**6,051.42**	**13,333.65**	**23,254.12**	2,634.80	3,591.89	9,812.71	16,039.40
Add/(Less)								
Premium	**2,327.17**	**2,790.09**	**5,180.95**	**10,298.21**	1,814.29	2,525.55	4,514.70	8,854.54
Unwinding of the discount / Interest credited	**590.87**	**(1,237.80)**	**879.12**	**232.19**	327.28	305.61	646.87	1,279.76
Changes in valuation for expected future benefits	**(887.59)**	**(394.79)**	**(1,333.61)**	**(2,615.99)**	(804.16)	(322.87)	(978.48)	(2,105.51)
Insurance liabilities released	**(256.47)**	**(268.58)**	**(1,326.09)**	**(1,851.14)**	(129.16)	(86.16)	(681.39)	(896.71)
Undistributed Participating Policyholders surplus (UPPS)	**11.36**	**-**	**-**	**11.36**	14.02	-	-	14.02
Others	**-**	**-**	**-**	**-**	-	-	-	-
Change in other Liabilities	**91.81**	**24.05**	**70.01**	**185.87**	11.98	37.40	19.24	68.62
Gross Liability at the end of the year	**5,746.20**	**6,964.39**	**16,804.03**	**29,514.62**	3,869.05	6,051.42	13,333.65	23,254.12

(Currency: Indian rupees in million)

60. Key disclosures related to life insurance business*(Continued)*

c. Investment contract liabilities without DPF are stated at fair value.

The investment contracts measured at fair value are mainly unit linked in structure and the fair value of the liability is equal to the unit reserve plus additional non-unit reserves, if required, on a fair value basis. These contracts are classified as Level 1 in the fair value hierarchy when the unit reserve is calculated as the publicly quoted unit price multiplied by the number of units in issue and any non-unit reserve is insignificant. Where the unit price is not publicly-available these contracts are classified as Level 2 in the fair value hierarchy provided the additional non-unit reserve is an insignificant input to the valuation. Where the non-unit reserve is a significant input in the valuation, the contracts are classified at Level 3 in the fair value hierarchy. The Group takes credit risk into account in assessing the fair value of the liabilities.

Investment contract liabilities without DPF are further analysed as follows:

Particulars	31-Mar-20			31-Mar-19		
	Linked Business	Others	Total	Linked Business	Others	Total
At the beginning of the year	574.82	261.27	836.09	397.04	101.58	498.62
Additions				-	-	-
Premium	141.58	45.05	186.63	187.76	150.82	338.58
Interest and Bonus credited to policyholders	7.19	21.80	28.99	35.12	13.74	48.86
Others	0.13	0.06	0.19	0.09	0.83	0.92
Deductions						
Withdrawals / Claims	(61.85)	(4.60)	(66.45)	(39.02)	(5.03)	(44.05)
Fee Income and Other Expenses	(8.99)	(1.49)	(10.48)	(6.17)	(0.67)	(6.84)
At the end of the year	652.88	322.09	974.97	574.82	261.27	836.09

Change in insurance contract liabilities

Particulars	31-Mar-20				31-Mar-19			
	With DPF	Linked Business	Others	Total	With DPF	Linked Business	Others	Total
a) Policy Liabilities (Gross)	1,877.15	912.97	3,470.39	6,260.51	1,234.26	2,459.53	3,520.93	7,214.72
b) Amount ceded in reinsurance	-	(0.27)	(92.54)	(92.81)	-	-	-	(361.31)
c) Amount accepted in reinsurance	-	-	-	-	-	-	-	-
Net change in insurance contract liabilities	1,877.15	912.70	3,377.85	6,167.70	1,234.26	2,459.53	3,520.93	6,853.41

(Currency: Indian rupees in million)

60. Key disclosures related to life insurance business*(Continued)*

c. Investment contract liabilities without DPF are stated at fair value.

Change in Reinsurance assets

Particulars	**31-Mar-20**	31-Mar-19
Opening Reinsurance Assets	**2,851.60**	2,490.15
Premium	**446.04**	302.25
Unwinding of the Discount/Interest Credited	**169.70**	148.31
Change in Valuation for expected future benefits	**(145.23)**	103.69
Insurance Liabilities released	**(377.70)**	(192.80)
Closing Reinsurance Assets	**2,944.41**	2,851.60

At 31 March 2020, the Company conducted an impairment review of the reinsurance assets and there is no impairement loss for the year.

During the year, the Company entered into reinsurance arrangements that resulted in losses of ₹ 54.18 millions for the financial year 2019-20 (Previous year ₹ 41.93 millions). This loss has been reflected in the statement of profit or loss.

At 31 March 2020 and 31 March 2019, there are no impaired reinsurance assets.

d. Key Assumptions

Liabilities for life insurance policies are determined by the Appointed Actuary in accordance with the IRDAI regulations and relevant actuarial practice standards and guidance notes issued by the Institute of Actuaries of India.

For Linked business (UL), separate unit and non-unit reserve is maintained. The unit reserve is the current value of the assets underlying the unit funds and the non-unit reserve is kept to meet the liabilities due to the cost of insurance, expenses, commissions etc in excess of future charges. For lapsed policies under UL products the fund is transferred to a separate discontinuance fund as per IRDAI regulations and reserves have been kept for benefits payable post lock-in period. The discontinuance charges collected are kept as non-unit reserves till the lock-in period and the non-unit reserves for the discontinuance polices are also kept assuming the policy will continue to be in the discontinuance fund till the lock-in period of five years

Non-linked business is reserved using a prospective gross premium method of valuation. The reserves are established having regard to the assumptions as to future experience, including the interest rate that will be earned on premiums not yet received and future bonus rates for participating business. Assumptions as to the future bonus rates are set to be consistent with the interest rate assumptions. For participating policies the valuation interest rate used is 6.00% (no change from last year). For non-par policies, the valuation interest rate ranges between 5.58% - 6.75% (no change from last year) for the first 5 years and 4.00% - 6.00% (no change from last year) thereafter (for annuity, 2% assumed for year greater than 50 years)

The lapse assumptions are based on various factors namely the actual experience, credibility of the experience, pricing assumptions, trend from actual experience and consistency from past year's assumptions.

For lapsed policies, revival reserves are maintained (till the policies are within the revival period) assuming 10.00% (previous year 10.00%) of them will get revived.

Mortality assumptions are set with reference to the published IALM (2006-2008) Ultimate Mortality Table. The mortality assumptions are based on various factors namely the actual experience, credibility of the experience, pricing assumptions, trend from actual experience and consistency from past year's assumptions. For annuity product, mortality rates are set with reference to the Modified Mortality for Annuitants – LIC (a) (1996-98) Ultimate Rates. Assumptions for morbidity and incidence of accidental death are based on terms available from reinsurers and the standard morbidity rate table CIBT 93 (Critical Illness Base Table for year 93).

(Currency: Indian rupees in million)

60. Key disclosures related to life insurance business *(Continued)*

d. Key Assumptions

Assumptions for future expenses are considered as per the file and use assumptions (which are derived from long term business plan of the Company) and these expenses escalated each year by 5.00% p.a. (previous year 5.00%) to allow for inflation. An additional reserve has been included to allow for the contingency to cover maintenance expense overrun.

Commission has been allowed for at the rates specified in the products file and use.

Further it has been ensured that for each policy the reserve is sufficient to pay the surrender value.For participating products, terminal bonuses are provisioned such that the reserves are at least equal to asset share at product level. Further any mark to market (MTM) gains / losses in Par fund is considered in the liability calculations.

The provisions have been made for incurred but not reported death claims (IBNR), free look reserve, unearned premium reserve of the extra premium collected etc.

For riders, both unearned premium and gross premium reserves are calculated and the higher of these two is held as reserve. For One year renewable group term life (""OYRGTL"") plan, the Unearned Premium Reserve is calculated as premium for the unexpired duration. In addition, the premium deficiency reserve and IBNR is also kept for OYRGTL.

Portfolio assumptions impacting net liabilities	Range	FY 2020	FY 2019
Mortality rates (as a % of Indian Assured Lives Mortality (2006-08))**	Max	215.0% (Without MAD)*	195.0% (Without MAD)*
	Min	20.0% (Without MAD)	19.8% (Without MAD)
Discount/ interest rates***	Max	7.75% (Without MAD)	8.00% (Without MAD)
	Min	7.00% (Without MAD)	7.25% (Without MAD)
Expense****	Max	8865 (INFL @5%) (without MAD) 17 (INFL @ 5%) (without MAD) for micro Insurance plan	8443 (INFL @5%) (without MAD) 16 (INFL @ 5%) (without MAD) for micro Insurance plan
	Min	263 (INFL @ 5%) (without MAD) 11 (INFL @ 5%) (without MAD) for micro Insurance plan	255 (INFL @ 5%) (without MAD) 16 (INFL @ 5%) (without MAD) for micro Insurance plan
MAD*		Mortality: 10%; additional 5% MAD to cater COVID19 pandemic risk	Mortality: 10%; additional 5% MAD to cater AIDS risk
		Interest: 75 - 550 bps	Interest: 95 – 575 bps
		Expenses: 10%	Expenses: 10%

* Margin for Adverse Deviation (MAD) is over and above the base rate mentioned above.

**For annuity it is a % of Modified Mortality for Annuitants – LIC (a) (1996-98) Ultimate Rates.

***Under Unit linked, for unit growth rate (i.e. Investment return) weighted average growth rate of various unit funds is used.

****The value of future expenses has been derived to allow for all the future aintenance expenses as applicable namely fixed per policy, renewal premium (0%-2%)/ commission (0%-25%) related, fund (0%-0.25%) related etc. The limits for fixed per policy expenses are as mentioned above in the table.

(Currency: Indian rupees in million)

60. Key disclosures related to life insurance business *(Continued)*

e. Sensitivity Analysis

The following analysis is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on gross liabilities.

The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non–linear. The method used for deriving sensitivity information and significant assumptions made did not change from the previous period. The sensitivities are same as shared with Regulators during annual reporting.

For Year Ended 31-Mar-20

Sensitivity Parameters	Gross Liability				
	Insurance Contracts			Investment Contracts	
	With DPF	Linked	Others	Linked	Others
Mortality increased by 10%	**5,750.39**	**6,968.23**	**17,764.85**	**652.86**	**322.11**
Mortality decreased by 10%	**5,742.00**	**6,962.06**	**15,863.84**	**652.86**	**322.11**
Lapses increased by 10%	**5,744.83**	**6,963.97**	**16,552.07**	**652.86**	**322.11**
Lapses decreased by 10%	**5,747.60**	**6,964.88**	**17,075.63**	**652.86**	**322.11**
Expenses increased by 10%	**5,750.63**	**6,965.38**	**16,919.17**	**652.86**	**322.11**
Expenses decreased by 10%	**5,741.78**	**6,963.62**	**16,689.49**	**652.86**	**322.11**
Interest Rate increased by 100 bps	**5,221.24**	**6,898.09**	**13,592.26**	**635.12**	**322.11**
Interest Rate decreased by 100 bps	**6,382.52**	**7,036.88**	**21,035.01**	**672.28**	**322.11**
Inflation Rate increased by 100 bps	**5,749.25**	**6,965.06**	**16,913.79**	**652.86**	**322.11**
Inflation Rate decreased by 100 bps	**5,743.44**	**6,964.11**	**16,710.94**	**652.86**	**322.11**

For Year Ended 31-Mar-19

Sensitivity Parameters	Gross Liability				
	Insurance Contracts			Investment Contracts	
	With DPF	Linked	Others	Linked	Others
Mortality increased by 10%	3,874.71	6,052.42	14,145.94	574.81	261.27
Mortality decreased by 10%	3,863.61	6,050.72	12,530.62	574.81	261.27
Lapses increased by 10%	3,867.67	6,051.30	13,165.53	574.81	261.27
Lapses decreased by 10%	3,870.46	6,051.55	13,512.22	574.81	261.27
Expenses increased by 10%	3,874.64	6,051.80	13,432.36	574.81	261.27
Expenses decreased by 10%	3,863.56	6,051.10	13,236.28	574.81	261.27
Interest Rate increased by 100 bps	3,558.45	6,024.24	10,727.48	558.60	261.27
Interest Rate decreased by 100 bps	4,241.98	6,080.54	16,751.14	592.57	261.27
Inflation Rate increased by 100 bps	3,873.04	6,051.58	13,428.22	574.81	261.27
Inflation Rate decreased by 100 bps	3,865.47	6,051.39	13,253.25	574.81	261.27

(Currency: Indian rupees in million)

60. Key disclosures related to life insurance business *(Continued)*

e. Sensitivity Analysis *(Continued)*

Gross premiums on insurance contracts and investment contracts with DPF

Particulars	2019-20	2018-19
Life Insurance	10,298.21	8854.54
Total Gross Premiums	10,298.21	8854.54

Premiums ceded to reinsurers on insurance contracts and investment contracts with DPF

Particulars	2019-20	2018-19
Life Insurance	(446.04)	(302.26)
Total premiums ceded to reinsurers	(446.04)	(302.26)

Net benefits and claims

Particulars		2019-20	2018-19
a.	**Gross benefits and claims paid**		
	Life insurance contracts	1,187.26	818.53
	Investment contracts with DPF	-	-
	Total gross benefits and claims paid	1,187.26	818.53
b.	**Claims ceded to reinsurers**		
	Life insurance contracts	(373.29)	(193.93)
	Investment contracts with DPF	-	-
	Total claims ceded to reinsurers	(373.29)	(193.93)
	Net benefits and claims	813.97	624.60

61. Key disclosures related to General Insurance business

Contract Liability for General Insurance business

Premium earned

Gross Premium on insurance contracts

Particular	2019-20	2018-19
Gross written Premium	1,586.05	1,043.09
Change in reserve for unexpired risks	(476.69)	(678.45)
Gross Earned Premium (a)	1,109.36	364.64

Premium ceded to reinsurers on insurance contracts

Particular	2019-20	2018-19
Premium on reinsurance ceded	268.30	307.39
Change in reserve for unexpired risks	(84.40)	(230.90)
Premium ceded to reinsurers (b)	183.90	76.49
Total Premium Earned (net) (a - b)	925.46	288.15

(Currency: Indian rupees in million)

61. Key disclosures related to General Insurance business *(Continued)*

Change in actuarial liability

Particular	**2019-20**	**2018-19**
Gross Claim Paid	**686.12**	66.00
Claims Ceded to reinsurer on Gross Claims Paid	**(52.78)**	(5.51)
Net Claims Paid	**633.34**	**60.49**
Change in Gross Claims Outstanding	**151.51**	58.88
Change in Cededing to reinsurer on Gross Claims Outstanding	**(9.61)**	(2.38)
Net Claims Outstanding	**141.90**	**56.50**
Total Benefits paid	**775.24**	**116.99**
Change in Gross IBNR	**341.61**	270.46
Change in Cededing to reinsurer on Gross IBNR	**(55.30)**	(34.36)
Net IBNR	**286.31**	**236.10**
Change in Gross Premium deficiency Reserve	**(33.00)**	72.78
Change in Cededing to reinsurer on Premium deficiency Reserve	**-**	-
Net Premium deficiency Reserve	**(33.00)**	72.78
Change in actuarial liability	**253.31**	**308.88**

Reinsurance asset

Particular	**31-Mar-20**	**31-Mar-19**
Reinsurance on Insurance Contract	**133.37**	80.41
Gross Insurance contract liabilities	**2,030.33**	1,093.52
Reinsurance asset relating to Insurance contracts	**428.14**	278.84
Net Insurance contract liabilities	**1,602.18**	814.69
Gross Insurance contract liabilities	**31-Mar-20**	**31-Mar-19**
Gross Claims Outstanding	**210.39**	58.88
Gross IBNR	**612.25**	270.64
Gross Premium deficiency Reserve	**39.78**	72.78
Gross Reserve for unexpired risks	**1,167.92**	691.22
Gross Insurance contract liabilities	**2,030.34**	**1,093.52**
Reinsurance asset relating to Insurance contracts	**31-Mar-20**	**31-Mar-19**
Reinsurance of Claims Outstanding	**11.98**	2.38
Reinsurance of IBNR	**89.83**	34.53
Reinsurance of Premium deficiency Reserve	**-**	-
Reinsurance of Reserve for unexpired risks	**326.33**	241.93
Reinsurance of Insurance contract liabilities	**428.14**	**278.84**

Notes to the consolidated financial statements *(Continued)*
(Currency: Indian rupees in million)

61. Key disclosures related to General Insurance business (Continued)

Net Insurance contract liabilities	**2019-20**	**2018-19**
Net Claims Outstanding	**198.41**	56.50
Net IBNR	**522.42**	236.11
Net Premium deficiency Reserve	**39.78**	72.78
Net Reserve for unexpired risks	**841.58**	449.30
Net Insurance contract liabilities	**1,602.19**	**814.69**

Reconciliation of Claims Outstanding	**2019-20**	**2018-19**
Gross Claims Outstanding at the beginning of year	**58.88**	-
Gross Change in claims reserve	**151.51**	58.88
Gross Claims Outstanding at the end of year	**210.39**	**58.88**
Reinsurance of Claims Outstanding at the beginning of year	**2.38**	-
Reinsurance of Change in claims reserve	**9.61**	2.38
Reinsurance of Claims Outstanding at the end of year	**11.99**	**2.38**
Net Claims Outstanding at the beginning of year	**56.50**	-
Net Change in claims reserve	**141.91**	56.50
Net Claims Outstanding at the end of year	**198.41**	**56.50**

Reconciliation of Incurred but not reported (IBNR)	**2019-20**	**2018-19**
Gross IBNR Outstanding at the beginning of year	**270.65**	0.19
Gross Change in IBNR reserve	**341.60**	270.46
Gross IBNR Outstanding at the end of year	**612.25**	**270.65**
Reinsurance of IBNR Outstanding at the beginning of year	**34.53**	0.17
Reinsurance of Change in IBNR reserve	**55.30**	34.36
Reinsurance of IBNR Outstanding at the end of year	**89.83**	**34.53**
Net IBNR Outstanding at the beginning of year	**236.11**	0.02
Net Change in IBNR reserve	**286.31**	236.09
Net IBNR Outstanding at the end of year	**522.42**	**236.11**

Reconciliation of Premium deficiency Reserve	**2019-20**	**2018-19**
Gross Premium deficiency Reserve Outstanding at the beginning of year	**72.78**	-
Gross Change in Premium deficiency reserve	**(33.00)**	72.78
Gross Premium deficiency Reserve Outstanding at the end of year	**39.78**	**72.78**
Reinsurance of Premium deficiency Reserve Outstanding at the beginning of year	**-**	-
Reinsurance of Change in Premium deficiency reserve	**-**	**-**
Reinsurance of Premium deficiency Reserve Outstanding at the end of year	**-**	**-**
Net Premium deficiency Reserve Outstanding at the beginning of year	**72.78**	-
Net Change in Premium deficiency reserve	**(33.00)**	72.78
Net Premium deficiency Reserve Outstanding at the end of year	**39.78**	**72.78**

(Currency: Indian rupees in million)

61. Key disclosures related to General Insurance business (Continued)

Reserve for unexpired risks	**2019-20**	**2018-19**
Gross Reserve for unexpired risks Outstanding at the beginning of year	**691.22**	12.77
Gross Change in Reserve for unexpired risks reserve	**476.69**	678.45
Gross Reserve for unexpired risks Outstanding at the end of year	**1,167.91**	**691.22**
Reinsurance of Reserve for unexpired risks Outstanding at the beginning of year	**241.93**	11.03
Reinsurance of Change in Reserve for unexpired risks reserve	**84.40**	230.90
Reinsurance of Reserve for unexpired risks Outstanding at the end of year	**326.33**	241.93
Net Reserve for unexpired risks Outstanding at the beginning of year	**449.29**	1.74
Net Change in Reserve for unexpired risks reserve	**392.30**	447.55
Net Reserve for unexpired risks Outstanding at the end of year	**841.59**	**449.29**

Geographical concentration:

The Company has its operation only in India.

Sensitivity Analysis to key assumptions

The following analysis is performed for reasonably possible movements in 'Ultimate Loss ratio' with all other assumptions held constant, showing the impact on gross and \net liabilities, profit before tax and equity.

The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are linear. The method used for deriving sensitivity information and significant assumptions made did not change from the previous period.

2019-20	**Change in Assumption**	**Increase / (Decrease) on Gross Liability**	**Increase / (Decrease) on Net Liability**	**Increase / (Decrease) Profit Before Tax on**	**Increase / (Decrease) on Equity**
Ultimate Loss Ratio	**10%**	**203.03**	**160.22**	**160.22**	**-**
Ultimate Loss Ratio	**(10%)**	**(203.03)**	**(160.22)**	**(160.22)**	**-**

2018-19	Change in Assumption	Increase / (Decrease) on Gross Liability	Increase / (Decrease) on Net Liability	Increase / (Decrease) Profit Before Tax on	Increase / (Decrease) on Equity
Ultimate Loss Ratio	10%	40.26	36.80	36.80	-
Ultimate Loss Ratio	(10%)	(40.26)	(36.80)	(36.80)	-

62. EC Commodity Limited (ECCL), a wholly owned subsidiary of the Company, has entered into an agreement dated 28 November 2019, pursuant to which upon happening of a contingency whereupon if the investors who have subscribed for a majority in the Alternative Investment Fund (AIF) to which ECL Finance Limited (ECLF) and Edelweiss Housing Finance Limited (EHFL), subsidiaries of the Group have sold financial assets does not receive the agreed IRR (IRR) as per the agreement in which case ECCL shall be required to either arrange for a buyer thereof and/or purchase the assets at IRR.

63. Pursuant to Securities Subscription Agreement dated 05 March 2019 amongst ECL Finance Limited ("ECLF"), Edelweiss Financial Services Limited ("the Company"), Edelweiss Securities Limited, Edelweiss Rural & Corporate Services Limited and Edel Finance Company Limited and CDPQ Private Equity Asia Pte Limited (the "Investor"), a wholly owned subsidiary of Caisse de dépôt et placement du Québec (CDPQ), for an investment of US$ 250 millions, amounting to approximately ₹ 18,000 millions into ECLF, the Investor has subscribed to 1,000 Equity shares of ₹ 1 each at premium of ₹ 31 per Equity Share of ECLF and 103,949,680 Compulsorily Convertible Debentures (CCDs) at ₹ 100 per CCD of ECLF and accordingly paid ECLF a total sum of ₹ 10,395 millions on 07 May 2019, towards first tranche.

64. CDPQ Private Equity Asia Pte. Ltd. (CDPQ), holder of cumulative convertible preference shares (CCPS) of Edelweiss Asset Reconstruction Company Limited (EARC), a subsidiary, had on 15 July 2019 given a put intimation notice to subsidiaries viz., Edelweiss Custodial Services Limited (ECSL) and ECL Finance Limited (ECL) in accordance with Option Agreement dated 14 November 2017. The Option Agreement required ECSL and ECLF to buy these CCPS at an agreed fair value. EARC had applied to Reserve Bank of India (RBI) which gave its no objection on 17 February 2020 in the name of fellow subsidiaries Edelweiss Rural and Corporate Services and Ecap Equities Limited. As the companies and CDPQ have not completed fair value of the put security in accordance with the put agreement, CDPQ has not exercised its put option.

65. The Group has process whereby periodically all long term contract (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Group has reviewed and ensured that adequate provisions as required under any law / accounting standard for material foreseeable losses on such long terms contracts (including derivative contract) has been made in the books of accounts.

66. Previous year's figures have been regrouped / reclassified to conform to current year presentation.

The accompanying notes are an integral part of financial statements.

As per our report of even date attached

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

per Shrawan Jalan
Partner
Membership No: 102102

Mumbai 04 July 2020

For and on behalf of the Board of Directors

Rashesh Shah
Chairman, Managing Director & CEO
DIN: 00008322

Himanshu Kaji
Executive Director
DIN : 00009438

S Ranganathan
Chief Financial Officer

B Renganathan
EVP & Company Secretary

Mumbai 04 July 2020

Edelweiss Financial Services Limited

Standalone Financial Statements
for the year ended 31 March 2020

INDEPENDENT AUDITOR'S REPORT

To the Members of Edelweiss Financial Services Limited

Report on the Audit of the Standalone Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of Edelweiss Financial Services Limited ("the Company"), which comprise the Balance Sheet as at March 31 2020, 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 standalone Ind AS 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, 2020, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter

We draw attention to note 52 of the standalone Ind AS financial statements, which describes the economic and social disruption as a result of COVID-19 pandemic of the Company's business and financial metrics including the Company's estimates of impairment of investments and other assets, which are highly dependent on uncertain future developments. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Key Audit Matters *(Continued)*

<table>
<tr><th>Key audit matters</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2"><u>Impairment of Investments in subsidiary companies</u> (as described in Note 1.4.1.3 and note 7 of the standalone Ind AS financial statements)</td></tr>
<tr><td>The Company has investments in various subsidiaries aggregating Rs. 34,648.92 million which are not listed or quoted. These investments are valued at cost and are required to be assessed for impairment in accordance with Ind AS 36, when any indicators of impairment are observed.

In carrying out such impairment assessment, a significant judgement of the management is involved in estimating the investee company's "value in use", with in accordance with Ind AS 36. Estimation of the value in use requires the management to apply appropriate assumptions with respect to the growth rates for future cash flow projections of the investee company and discount rates for determining present value of such cash flows.

In view of the high degree of management's judgement involved in estimation of the recoverable amount of investments in unlisted subsidiaries and the inherent uncertainty relating to the assumptions supporting such estimates, we considered this area as a key audit matter.</td><td>Our audit procedures included considering the appropriateness of the processes laid down by the management for assessment of impairment in the value of investments in subsidiaries combined with procedures performed as follows:
• We considered management's assessment of impairment from the management experts wherever considered necessary and assessed whether any impairment indicators existed for investment in individual subsidiaries.
• We traced the net-worth of the individual subsidiaries to their audited financial statements to assess whether any impairment indicators were present.
• We assessed information used to determine the key assumptions, including growth rates and discount rates
• We assessed the disclosures relating to investments in subsidiaries included in the standalone Ind AS financial statements in accordance with the requirements of Ind AS.</td></tr>
</table>

<table>
<tr><th colspan="2">IT systems and controls</th></tr>
<tr><td>Financial accounting and reporting processes, especially in the financial services sector, are fundamentally reliant on IT systems and IT controls to process significant transaction, hence we identified IT systems and controls over financial reporting as a key audit matter for the Company.

Automated accounting procedures and IT environment controls, which include IT governance, general IT controls over program development and changes, access to programs and data and IT operations, are required to be designed and to operate effectively to ensure reliable financial reporting.</td><td>Our audit procedures focused on the IT infrastructure and applications relevant to financial reporting of the Company:
• We tested the design and operating effectiveness of the Company's IT access controls over the information systems that are important to financial reporting and various interfaces, configuration and other identified application controls.
• We tested IT general controls (logical access, changes management and aspects of IT operational controls). This included testing requests for access to systems were reviewed and authorized.
• We tested the Company's periodic review of access rights. We also tested requests of changes to systems for approval and authorization.
• In addition to the above, we tested the design and operating effectiveness of certain automated controls that were considered as key internal controls over financial reporting.
• Tested the design and operating effectiveness of compensating controls in case deficiencies were identified and, where necessary, extended the scope of our substantive audit procedures.</td></tr>
</table>

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 Board report, but does not include the standalone Ind AS financial statements and our auditor's report thereon, which we obtained prior to the date of this auditors report, and the Annual report, which is expected to me made available to us after that date.

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.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management 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 Board of Directors 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.

Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements ***(Continued)***

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 with reference to financial statements 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.

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;

Report on Other Legal and Regulatory Requirements *(Continued)*

(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 email confirmation received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

(g) In our opinion, the managerial remuneration for the year ended March 31, 2020 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

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

    i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – (Refer Note 40 (a) & (b) to the standalone Ind AS financial statements);

    ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – (Refer Note 54 to the standalone Ind AS financial statements);

    iii. There has been no delay in transferring amounts, 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
UDIN: 20102102AAAAHZ2099

Place of Signature : Mumbai
Date : July 04, 2020

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

Re: Edelweiss Financial Services Limited ('the Company')

(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 and based upon the audit procedures performed, the title deeds of immovable properties included in property, plant and equipment are held in the name of the company.

(ii) The Company's business does not involve inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company.

(iii) According to the information and explanations given to us and based upon the audit procedures performed, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given by the management, provisions of section 185 and 186 of the Companies Act 2013 in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the company.

(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 Company is not in the business of sale of any goods. Therefore, in our opinion, the provisions of clause 3(vi) of the Order are not applicable to the Company.

(vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases. The provisions relating to duty of custom, duty of excise, value added tax and sales tax are not applicable to the Company.

(b) According to the information and explanations given to us and based upon the audit procedures performed, no undisputed amounts payable in respect of provident fund, employees' state insurance, 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. The provisions relating to duty of custom, duty of excise, value added tax and sales tax are not applicable to the Company.

(c) According to the information and explanations given to us and based upon the audit procedures performed, the dues of income-tax, goods and service tax, and cess on account of any dispute, are given below. The provisions relating to duty of custom, duty of excise, value added tax and sales tax are not applicable to the Company.

Name of the statute	Nature of the dues	Amount (Rs. In million)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	3.23	AY 2001-02	High Court
Income Tax Act, 1961	Income Tax	17.95	AY 2008-09	High Court
Income Tax Act, 1961	Income Tax	122.73	AY 2009-10	High Court
Income Tax Act, 1961	Income Tax	219.45	AY 2010-11	High Court
Income Tax Act, 1961	Income Tax	83.53	AY 2011-12	High Court
Income Tax Act, 1961	Income Tax	12.97	AY 2015-16	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	39.46	AY 2017-18	Commissioner of Income Tax (Appeals)
Service Tax	Service Tax	414.60	2008-09 to 2011-12	CESTAT, Mumbai
Service Tax	Service Tax	119.75	2009-10 up to Jun 2012	CESTAT, Mumbai
Service Tax	Service Tax	979.56	October 2010 to March 2015	CESTAT, Mumbai

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

(viii) In our opinion and according to the information and explanations given by the management and based upon the audit procedures performed, the Company has not defaulted in repayment of loans or borrowing to a financial institution and banks, government or dues to debenture holders.

(ix) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not raised any money by way of initial public offer or further public offer, hence not commented upon.

(x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us by the Management, we have neither come across any instances of material fraud by the Company or on the Company by the officers and employees, noticed or reported during the year, nor have we been informed of any such case by the management.

(xi) According to the information and explanations given by the management and based upon the audit procedures performed, the Company has paid or provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V of the Act.

(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 and based upon the audit procedures performed, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 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 and based upon the audit procedures performed, the Company has not made any preferential allotment or private placement of shares 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 and based upon the audit procedures performed, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.

(xvi) According to the information and explanations given to us and based upon the audit procedures performed, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

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

per Shrawan Jalan
Partner
Membership Number:102102
UDIN: 20102102AAAAHZ2099

Place of Signature : Mumbai
Date : July 04, 2020

Annexure 2 to the Independent Auditor's Report of even date on the Financial Statements of Edelweiss Financial Services Limited

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

To the Members of Edelweiss Financial Services Limited

We have audited the internal financial controls over financial reporting of Edelweiss Financial Services Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting 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 Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these 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 Companies Act, 2013, 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 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 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 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 financial statements.

Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Financial Statements

A Company's internal financial control over financial reporting with reference to these financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of 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 authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Annexure 2 to the Independent Auditor's Report of even date on the Financial Statements of Edelweiss Financial Services Limited (Continued)

Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these 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 financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these 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 financial statements and such internal financial controls over financial reporting with reference to these financial statements were operating effectively as at March 31, 2020, 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
UDIN: 20102102AAAAHZ2099

Place of Signature : Mumbai
Date : July 04, 2020

Balance Sheet as at March 31, 2020

(Currency:Indian rupees in million)		Note	As at March 31, 2020	As at March 31, 2019
ASSETS				
Financial assets				
(a)	Cash and cash equivalents	2	**13.66**	109.98
(b)	Bank balances other than cash and cash equivalents	2A	**9.55**	59.97
(c)	Trade receivables	5	**618.94**	527.62
(d)	Loans	6	**6.73**	2,538.68
(e)	Investments	7	**34,672.87**	33,392.51
(f)	Other financial assets	8	**393.28**	464.96
			35,715.03	37,093.72
Non-financial assets				
(a)	Current tax assets (net)	9	**618.59**	425.77
(b)	Deferred tax assets (net)	10 & 32	**291.13**	258.65
(c)	Property, Plant and Equipment	11	**8.36**	13.75
(d)	Intangible assets under development		**9.16**	9.96
(e)	Other Intangible assets	11	**16.83**	32.23
(f)	Other non- financial assets	12	**161.63**	132.69
			1,105.70	873.05
TOTAL ASSETS			**36,820.73**	37,966.77
LIABILITIES AND EQUITY				
LIABILITIES				
Financial liabilities				
(a)	Derivative financial instruments	3&4	**-**	2.48
(b)	Trade payables			
	(i) total outstanding dues of micro enterprises and small enterprises	13&41	**0.90**	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	13	**80.30**	106.90
(c)	Debt securities	14	**734.12**	-
(d)	Borrowings other than debt securities	15	**732.51**	3,660.63
(e)	Other financial liabilities	16	**577.09**	602.98
			2,124.92	4,372.99
Non-financial liabilities				
(a)	Current tax liabilities (net)	17	**69.84**	45.86
(b)	Provisions	18	**9.08**	10.27
(c)	Other non-financial liabilities	19	**71.19**	21.64
			150.11	77.77
EQUITY				
(a)	Equity share capital	20	**889.51**	887.77
(b)	Other equity	21	**33,656.19**	32,628.24
			34,545.70	33,516.01
TOTAL LIABILITIES AND EQUITY			**36,820.73**	37,966.77
The accompanying notes are an integral part of financial statements		1 to 57		

As per our report of even date attached.
For S. R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firms Registration Number: 301003E/E300005

For and on behalf of the Board of Directors

per Shrawan Jalan
Partner
Membership No: 102102

Rashesh Shah
Chairman, Managing Director & CEO
DIN: 00008322

Himanshu Kaji
Executive Director
DIN : 00009438

S Ranganathan
Chief Financial Officer

B Renganathan
EVP & Company Secretary

Mumbai July 04, 2020

Mumbai July 04, 2020

Statement of Profit and Loss for year ended March 31, 2020

(Currency:Indian rupees in million)	Note	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue from operations			
Interest income	22	**121.16**	263.49
Dividend income	23	**694.72**	1,184.02
Fee and commission income	24	**959.81**	1,562.24
Net gain on fair value changes	25	**134.66**	17.92
Other operating income	26	**456.46**	2.65
Total revenue from operations		**2,366.81**	3,030.32
Other income	27	**223.25**	173.43
Total Revenue		**2,590.06**	3,203.75
Expenses			
Finance costs	28	**323.11**	164.34
Impairment / (reversal) on financial instruments	29	**18.73**	(43.55)
Employee benefits expense	30	**797.67**	1,084.60
Depreciation, amortisation and impairment	11	**32.16**	38.60
Other expenses	31	**622.92**	900.49
Total expenses		**1,794.59**	2,144.48
Profit before tax		**795.47**	1,059.27
Tax expenses	32		
Current tax		**1.90**	73.02
Deferred tax (net)		**(32.22)**	(42.53)
Profit for the year		**825.79**	1,028.78
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Remeasurement gain / (loss) on defined benefit plans		**(0.73)**	1.26
Income Tax effects of above		**0.26**	(0.44)
Total		**(0.47)**	0.82
Total Comprehensive Income		**825.32**	1,029.60
Earnings Per Share (₹) (Face Value of ₹ 1/- each)	35		
(1) Basic		**0.93**	**1.17**
(2) Diluted		**0.92**	**1.15**
The accompanying notes are an integral part of financial statements	1 to 57		

As per our report of even date attached.
For S. R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firms Registration Number: 301003E/E300005

per Shrawan Jalan
Partner
Membership No: 102102

Mumbai July 04, 2020

For and on behalf of the Board of Directors

Rashesh Shah
Chairman, Managing Director & CEO
DIN: 00008322

Himanshu Kaji
Executive Director
DIN : 00009438

S Ranganathan
Chief Financial Officer

B Renganathan
EVP & Company Secretary

Mumbai July 04, 2020

Cash flows Statement for the year ended March 31, 2020

(Currency:Indian rupees in million)		For the year ended March 31, 2020	For the year ended March 31 2019
A.	**Cash flow from operating activities**		
	Profit before tax	**795.47**	1,059.27
	Adjustments for		
	Depreciation and amortisation expenses	**32.16**	38.60
	Fair value change in investments	**3.03**	(18.01)
	Profit on sale of investments	**(156.58)**	(2.65)
	Impairment / (reversal) on financial instruments	**18.73**	(43.55)
	Dividend on investments	**(694.72)**	(1,184.02)
	Profit on sale of property, plant and equipment	**(1.44)**	(1.24)
	Interest income	**(116.93)**	(254.32)
	ESOP and SAR cost	**99.65**	65.32
	Finance costs	**323.11**	164.34
	Operating cash flow before working capital changes	**302.48**	(176.26)
	Add / (Less): Adjustments for working capital changes		
	Decrease in trade receivables	**192.14**	254.75
	(Increase)/decrease in derivative financial instruments	**(2.48)**	45.15
	Decrease in trade payables	**(37.31)**	(157.31)
	Decrease in other financial assets	**71.68**	7.73
	(Increase)/decrease in other non- financial assets	**(28.97)**	187.01
	Decrease /(increase) in other bank balances	**50.42**	(5.21)
	Decrease in provisions and other financial liabilities	**(27.08)**	(302.09)
	(Increase)/decrease in other non financial liabilities	**49.55**	(21.94)
	Cash generated from / (used in) operations	**570.43**	(168.17)
	Income taxes paid	**(170.71)**	(9.45)
	Net cash generated from / (used in) operating activities -A	**399.72**	(177.62)
B.	**Cash flow from investing activities**		
	Purchase of property, plant and equipment	**(11.70)**	(17.76)
	Sale of property, plant and equipment	**2.56**	2.89
	Purchase of investments	**(1,558.22)**	(6,854.12)
	Sale of investments	**431.42**	835.13
	Dividend on investments	**694.72**	1,184.02
	Repayment of loans	**2,390.67**	2,167.83
	Interest received	**258.21**	243.60
	Net cash generated from / (used in) investing activities - B	**2,207.66**	(2,438.41)
C.	**Cash flow from financing activities**		
	Proceeds from issuance of Share capital (including securities premium)	**79.92**	675.32
	Repayment of non convertible debentures	**-**	(276.52)
	Proceeds from debt securities	**734.12**	-
	Proceeds from/(repayment of) borrowing (Refer note 1 below)	**(2,928.12)**	3,660.63
	Dividend paid	**(266.51)**	(1,241.16)
	Dividend distribution tax paid	**-**	(24.72)
	Finance costs	**(323.11)**	(164.34)
	Net cash (used in) /generated from financing activities - C	**(2,703.70)**	2,629.21

Cash flows Statement for the year ended March 31, 2020 *(Continued)*

(Currency:Indian rupees in million)	For the year ended March 31, 2020	For the year ended March 31 2019
Net (decrease) / increase in cash and cash equivalents (A+B+C)	**(96.32)**	13.18
Cash and cash equivalent as at the beginning of the year	**109.98**	96.80
Cash and cash equivalent as at the end of the year	**13.66**	109.98

Notes:

1 Cash receipts and payments for transaction with group companies in which the turnover is quick, the amounts are large, and the maturities are short are presented on net basis in accordance with Ind AS-7 Statement of Cash Flows.

2 Cash Flow Statement has been prepared under the indirect method as set out in Ind AS 7 prescribed under the Companies Act (Indian Accounting Standard) Rules, 2015 under the Companies Act, 2013.

As per our report of even date attached.
For S. R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firms Registration Number: 301003E/E300005

per Shrawan Jalan
Partner
Membership No: 102102

Mumbai July 04, 2020

For and on behalf of the Board of Directors

Rashesh Shah
Chairman, Managing Director & CEO
DIN: 00008322

Himanshu Kaji
Executive Director
DIN : 00009438

S Ranganathan
Chief Financial Officer

B Renganathan
EVP & Company Secretary

Mumbai July 04, 2020

Cash Flow Disclosure

Change in Liabilities arising from financing acitivies

Particulars	As at April 01, 2019	Cash Flows	Changes in Fair value	Others*	As at March 31, 2020
Debt Securities	-	733.92	-	0.20	**734.12**
Borrowings other than Debt Securities	3,660.63	(3,251.03)	-	322.91	**732.51**
	3,660.63	**(2,517.11)**	**-**	**323.11**	**1,466.63**

Particulars	As at April 01, 2018	Cash Flows	Changes in Fair value	Others*	As at March 31, 2019
Debt Securities	276.52	(315.43)	-	38.91	-
Borrowings other than Debt Securities	-	3,535.20	-	125.43	3,660.63
	276.52	**3,219.77**	**-**	**164.34**	**3,660.63**

*Other column includes the effect of interest accrued during the period.

Statement of Changes in Equity for the year ended March 31, 2020

(Currency:Indian rupees in million)

A. Equity Share Capital

Particulars	Amount
As at April 01, 2018	870.60
Changes in equity share capital during FY 2018-19	17.17
As at March 31, 2019	**887.77**
Changes in equity share capital during FY 2019-20	1.74
As at March 31, 2020	**889.51**

Note :

1. Edelweiss Employees' Welfare Trust and Edelweiss Employees' Incentive and Welfare Trust are extension of Company's financial statements, these trusts are holding 44,896,780 number of equity shares as on March 31, 2020 amounting to ₹ 44.90 million (as at March 31, 2019: ₹ 44.90 million). These are deducted from total outstanding equity shares.
2. Refer note 20 for detailed quantitative information including investors holding more than 5% of equity share capital.
3. The above two Welfare Trust(s) hold an aggregate 44,896,780 equity shares of the Company for incentive and welfare benefits for group employees as per extant applicable SEBI regulations. Pursuant to the exercise of right available under Regulation 29 of SEBI (Share Based Employee Benefits) Regulations, 2014, the Company has applied before the expiry date of 27 October 2019 for extension of the time limit for disposing of aforesaid equity shares. The said application is under consideration and approval for extension from SEBI is awaited as at date.

B. Other Equity

Particulars	Securities Premium	Retained Earnings	General Reserve	Capital Redemption Reserve	Employee Stock Option Plan (ESOP) & (SAR) reserve	Share application money pending allotment	Total Attributable to equity holders
Balance as at April 01, 2018	29,143.52	2,518.78	508.64	2.03	472.07	25.08	32,670.12
Profit for the year	-	1,028.78	-	-	-	-	1,028.78
Other Comprehensive Income	-	0.82	-	-	-	-	0.82
Total comprehensive income	-	**1,029.60**	-	-	-	-	**1,029.60**

Statement of Changes in Equity for the year ended March 31, 2020

(Currency:Indian rupees in million)

B. Other Equity (Contd.)

Particulars	Securities Premium	Retained Earnings	General Reserve	Capital Redemption Reserve	Employee Stock Option Plan (ESOP) & (SAR) reserve	Share application money pending allotment	Total Attributable to equity holders
Interim and final dividends to equity shareholders	-	(1,241.16)	-	-	-	-	(1,241.16)
Dividend distribution tax	-	(24.72)	-	-	-	-	(24.72)
Issue of equity instruments on ESOP	677.08	-	-	-	-	(694.25)	(17.17)
ESOP charge	-	-	-	-	225.48	-	225.48
Transfers to securities premium on exercise of ESOP	236.96	-	-	-	(236.96)	-	-
Share application money received during the year	-	-	-	-	-	675.32	675.32
Income tax effect of ESOP	-	(689.23)	-	-	-	-	(689.23)
Balance as at March 31, 2019	**30,057.56**	**1,593.27**	**508.64**	**2.03**	**460.59**	**6.15**	**32,628.24**
Profit for the year	-	825.79	-	-	-	-	825.79
Other Comprehensive Income	-	(0.47)	-	-	-	-	(0.47)
Total comprehensive income	-	**825.32**	-	-	-	-	**825.32**
Final dividends to equity shareholders	-	(266.51)	-	-	-	-	(266.51)
Issue of equity instruments on ESOP	84.14	-	-	-	-	(85.88)	(1.74)
ESOP charge	-	-	-	-	242.03	-	242.03
Transfers to securities premium on exercise of ESOP	33.37	-	-	-	(33.37)	-	-
Share application money received during the year	-	-	-	-	-	79.92	79.92
Stock appreciation rights (SAR)	-	-	-	-	148.93	-	148.93
Balance as at March 31, 2020	**30,175.07**	**2,152.08**	**508.64**	**2.03**	**818.18**	**0.19**	**33,656.19**

The accompanying notes are an integral part of financial statements 1 to 57

As per our report of even date attached.
For S. R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firms Registration Number: 301003E/E300005

per Shrawan Jalan
Partner
Membership No: 102102

Mumbai July 04, 2020

For and on behalf of the Board of Directors

Rashesh Shah
Chairman, Managing Director & CEO
DIN: 00008322

Himanshu Kaji
Executive Director
DIN : 00009438

S Ranganathan
Chief Financial Officer

B Renganathan
EVP & Company Secretary

Mumbai July 04, 2020

Notes to the financial statements

1. Background

Edelweiss Financial Services Limited ('the Company') is registered with Securities and Exchange Board of India (SEBI) as Category I – Merchant Banker. The Company was incorporated on November 21, 1995 and is the ultimate holding company of Edelweiss group of companies.

The Company is principally engaged in providing investment banking services and holding company activities comprising of development, managerial and financial support to the business of Edelweiss group entities.

Significant Accounting Policies

1.1 Basis of preparation of financial statements

The standalone financial statements of the Company has 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).

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

1.2 Presentation of financial statements

The Company presents its balance sheet in order of liquidity in compliance with the Division III of the Schedule III to the Companies Act, 2013. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non–current) is presented in Note no.46.

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

1.3 Financial Instruments

1.3.1 Date of recognition

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

1.3.2 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.

Significant Accounting Policies *(Continued)*

1.4 Classification of financial instruments

1.4.1 Financial assets:

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

Financial assets carried at amortised cost (AC)

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

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

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

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

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

1.4.1.1 Amortized cost and Effective interest method

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

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

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

1.4.1.2 Financial assets held for trading

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

Significant Accounting Policies *(Continued)*

1.4 Classification of financial instruments *(Continued)*

1.4.1.3 Investment in equity instruments

The Company measures all equity investments at fair value through profit or loss. However, for Investment in subsidiaries is recognised at cost, subject to impairment if any at the end of each reporting period. Cost of investment represents amount paid for acquisition of the investment.

1.4.2 Financial liabilities

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

1.4.2.1 Debt securities and other borrowed funds

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost. 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.

1.4.2.2 Financial assets and Financial liabilities at fair value through profit or loss

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

- The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis; or
- The liabilities are part of a group of financial liabilities, which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- The liabilities containing one or more embedded derivatives, unless they do not significantly modify the cash flows that would otherwise be required by the contract, or it is clear with little or no analysis when a similar instrument is first considered that separation of the embedded derivative(s) is prohibited.

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

1.4.2.3 Financial guarantee:

Financial guarantees are contract that requires the Company to make specified payments to reimburse to holder for loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of a debt instrument.

Financial guarantee issued or commitments to provide a loan at below market interest rate are initially measured at fair value and the initial fair value is amortised over the life of the guarantee or the commitment. Subsequently they are measured at higher of this amortised amount and the amount of loss allowance.

Significant Accounting Policies *(Continued)*

1.4 Classification of financial instruments *(Continued)*

1.4.3 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 entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

1.4.4 Derivative contracts (Derivative assets / Derivative liability)

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts and interest rate swaps.

Derivatives are initially recognised at fair value and are subsequently re-measured at fair value through profit or loss. The resulting gain or loss is recognised in profit or loss immediately

1.5 Reclassification of financial assets and financial 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. Financial liabilities are never reclassified.

1.6 Employee welfare trust

The Company is a sponsor to two trusts namely: (i) Edelweiss Employees' Welfare Trust; and (ii) Edelweiss Employees' Incentives and Welfare Trust. These trusts have been formed exclusively to provide benefits to employees of the Company and its subsidiaries and associates. These trusts have been treated as an extension of the Company for the purpose of these financial statements. Accordingly, the equity shares of the Company held by these trusts have been treated as treasury shares. The excess of the cost of such shares over the face value of shares has been reduced from the securities premium account of the Company.

1.7 Derecognition of financial assets and financial liabilities

1.7.1 Derecognition of financial assets due to substantial modification of terms and conditions

The Company derecognises a financial asset when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded.

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

Significant Accounting Policies *(Continued)*

1.7 Derecognition of financial assets and financial liabilities *(Continued)*

1.7.2 Derecognition of financial assets (other than due to substantial modification)

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

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

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

A transfer only qualifies for derecognition if either:

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

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

1.7.3 Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

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

1.8 Impairment of financial assets

The Company records allowance for expected credit losses for all amortised cost financial assets and financial guarantee contracts, in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under Ind AS 109.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables and lease receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. The Company uses a provision matrix to determine impairment loss allowance on portfolio of its receivables. The provision matrix is based on its historically observed default rates over the expected life of the receivables.

Significant Accounting Policies *(Continued)*

1.8 Impairment of financial assets *(Continued)*

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

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate. The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

1.9 Write off

Financial assets are written off either partially or in their entirety only when the Company has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to impairment on financial instruments in statement of profit and loss.

1.10 Determination of fair value

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

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

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

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

- Level 1 financial instruments −Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.

Significant Accounting Policies *(Continued)*

1.10 Determination of fair value *(Continued)*

- Level 2 financial instruments−Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life.
- Level 3 financial instruments −Those that include one or more unobservable input that is significant to the measurement as whole. For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. The Company periodically reviews its valuation techniques including the adopted methodologies and model calibrations.

1.11 Revenue from contract with customer

Revenue is measured at fair value of the consideration received or receivable. Revenue is recognized when (or as) the Company satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset. When (or as) a performance obligation is satisfied, the Company recognizes as revenue the amount of the transaction price (excluding estimates of variable consideration) that is allocated to that performance obligation. The Company applies the five-step approach for recognition of revenue:

i. Identification of contract(s) with customers;

ii. Identification of the separate performance obligations in the contract;

iii. Determination of transaction price;

iv. Allocation of transaction price to the separate performance obligations; and

v. Recognition of revenue when (or as) each performance obligation is satisfied

Revenue Recognition for different heads of Income are as under:

(i) Investment banking advisory fees, Syndication fees (net of tax)

Advisory/Syndication fees are recognised on an accrual basis in accordance with agreement entered into with respective investment managers / advisors.

(ii) Interest income

Interest income is recognized using the effective interest rate.

(iii) Dividend income

Dividend income is recognized in the statement of profit or loss on the date that the Company's right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of dividend can be reliably measured. This is generally when the Shareholders approve the dividend.

Significant Accounting Policies *(Continued)*

1.12 Earnings per share

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

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.

1.13 Foreign currency transactions

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

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

1.14 Retirement and other employee benefit

Provident fund and national pension scheme

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

Gratuity

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

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

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

Notes to the financial statements *(Continued)*

Significant Accounting Policies *(Continued)*

1.14 Retirement and other employee benefit *(Continued)*

Compensated Absences

The eligible employees of the Company are permitted to carry forward certain number of their annual leave entitlement to subsequent years, subject to a ceiling. The Company recognises the charge 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.

The liability is provided based on the number of days of unutilised leave at each balance sheet date based on a valuation by an independent actuary.

1.15 Share-based payment arrangements

Equity-settled share-based payments to employees of the Group and others providing similar services that are granted by the Company are measured by reference to the fair value of the equity instruments at the grant date. These includes Stock Appreciation Rights (SARs) which are equity settled share-based payments.

a. with respect to Company's employees:

   The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the Employee Stock Option Plan Reserve and Stock Appreciation Rights Reserve. In cases where the share options granted vest in installments over the vesting period, the Company treats each installment as a separate grant, because each installment has a different vesting period, and hence the fair value of each installment differs.

b. with respect to employees of the Group:

   The fair value determined at the grant date of the equity-settled share-based payments is accounted as a capital contribution (deemed investment) to the respective subsidiaries over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised such that the cumulative capital contribution (deemed investment) is increased so that it reflects the revised estimate, with a corresponding adjustment to the Employee Stock Option Plan Reserve. In cases where the share options granted vest in installments over the vesting period, the Company treats each installment as a separate grant, because each installment has a different vesting period, and hence the fair value of each installment differs. Whenever, these estimates are expected to get settle between the subsidiaries and the Company, they are accounted as receivable/payable.

Significant Accounting Policies *(Continued)*

1.16 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 incurred on an item of property, plant and equipment is recognised in the carrying amount thereof when those costs meet the recognition criteria as mentioned above. Repairs and maintenance are recognised in profit or loss as incurred.

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

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

Estimated useful lives of the assets are as follows:

Nature of assets	Estimated useful life
Building (other than Factory Building)	60 years
Furniture and fixtures	10 years
Vehicles	8 years
Office equipment	5 years
Computers - servers and networks	6 years
Computers - end user devices, such as desktops, laptops, etc.	3 years

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

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

1.17 Intangible assets

Intangible assets are recorded at the consideration paid for the acquisition of such assets and are carried at cost less accumulated amortization and impairment, if any. Intangibles such as software are amortised over a period of 3 years based on its estimated useful life.

Significant Accounting Policies *(Continued)*

1.18 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 asset is reflected at the recoverable amount subject to a maximum of the depreciable historical cost.

1.19 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.

1.20 Provisions and other contingent liabilities

Provisions are recognized 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. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. 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.

1.21 Income tax expenses

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

1.21.1 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.

1.21.2 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.

Deferred tax assets are also recognised with respect to carry forward of unused tax losses and unused tax credits (including Minimum Alternative Tax credit) to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

Significant Accounting Policies *(Continued)*

1.21 Income tax expenses *(Continued)*

1.21.2 Deferred tax *(Continued)*

It is probable that taxable profit will be available against which a deductible temporary difference, unused tax loss or unused tax credit can be utilised when there are sufficient taxable temporary differences which are expected to reverse in the period of reversal of deductible temporary difference or in periods in which a tax loss can be carried forward or back. When this is not the case, deferred tax asset is recognised to the extent it is probable that:

- the entity will have sufficient taxable profit in the same period as reversal of deductible temporary difference or periods in which a tax loss can be carried forward or back; or
- tax planning opportunities are available that will create taxable profit in appropriate periods.

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.

Minimum Alternative Tax (MAT) credit

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

1.21.3 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.

1.21.4 Business Combination :

The acquisition method of accounting is used to account for business combinations by the Group. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values with certain limited exceptions. Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Notes to the financial statements *(Continued)*

Significant Accounting Policies *(Continued)*

1.22 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described above, 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.

1.23 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 standalone financial statements.

1.23.1 Business model assessment

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

1.24 Key sources of estimation uncertainty

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

1.24.1 Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible,

Significant Accounting Policies *(Continued)*

1.24 Key sources of estimation uncertainty *(Continued)*

1.24.1 Fair value of financial instruments *(Continued)*

estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility.

1.24.2 Impairment of financial assets

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

The Company's ECL calculations are outputs of models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies.

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

1.25 Standards issued but not yet effective

There are no new standard or amendment issued but not effective.

Notes to the financial statements *(Continued)*

(Currency: Indian rupees in million)

		As at March 31, 2020	As at March 31, 2019
2.	**Cash and cash equivalents**		
	Cash in hand	**0.10**	0.04
	Balances with banks		
	- in current accounts	**13.56**	109.94
	Total	**13.66**	109.98
2.A	**Bank balances other than cash and cash equivalents**		
	Unpaid dividend accounts	**9.55**	9.42
	Fixed deposits with banks	**-**	50.55
	Total	**9.55**	59.97
2.B	**Encumbrances on fixed deposits held by the Company**		
	Fixed Deposits pledged for:		
	Bank overdraft facility	**-**	50.00

3. Derivative financial instruments

The Company enters into derivative transactions to hedge its interest rate risks and currency risks.

These derivatives are held for risk management purposes i.e. economic hedges but the Company has elected not to apply hedge accounting requirements.

Particulars	**March 31, 2020**							
	Unit	**Currency**	**Notional amount***	**Fair value Asset**	**Unit**	**Currency**	**Notional amount***	**Fair value liability**
(i) Currency derivatives								
Currency Futures	**Number of currency units**	**USD/INR**	-	-	**Number of currency units**	**USD/INR**	**5,895,000**	**0.77**
						GBP/INR	**300,000**	**1.12**
Less: Amounts Offset (refer note.4 offsetting disclosure)				-				**(1.89)**
Forwards					**Number of currency units**	**USD/INR**	-	-
Total Derivative Financial Instruments			**Total**	-			**Total**	-

(Currency: Indian rupees in million)

3. Derivative financial instruments *(Continued)*

Particulars	March 31, 2019							
	Unit	Currency	Notional amount*	Fair value Asset	Unit	Currency	Notional amount*	Fair value liability
(i) Currency derivatives								
Currency Futures	Number of currency units	USD/INR	498,000.00	0.16	Number of currency units	USD/INR	13,679,000	4.42
Less: Amounts Offset (refer note.4 offsetting disclosure)				(0.16)				(4.42)
Forwards	Number of currency units	USD/INR	-	-			35,624,205	2.48
Total Derivative Financial Instruments			**Total**	**-**			**Total**	**2.48**

*** Notional amount represents quantity in case of currency linked derivatives**

4. Offsetting

Certain derivative financial assets and financial liabilities are subject to master netting arrangements, whereby in the case of insolvency, derivative financial assets and financial liabilities will be settled on a net basis. The tables below summarise the financial assets and liabilities subject to offsetting, enforceable master netting and similar agreements, as well as financial collateral received to mitigate credit exposures for these financial assets, and whether offset is achieved in the balance sheet:

Financial assets subject to offsetting 31-March 2020

Particulars	Offsetting recognised in the balance sheet			Netting potential not recognised in balance sheet		Assets not subject to netting arrangements	Total assets
	Gross asset before offset	Amount offset*	Net asset recognised in balance sheet	Financial liabilities	Assets after consideration of netting potential	Assets recognised on the balance sheet	Recognised in the balance sheet
Derivative financial assets	-	-	-	-	-	-	-

Financial liabilities subject to offsetting 31- March 2020

Particulars	Offsetting recognised in the balance sheet			Netting potential not recognised in balance sheet		Liabilities not subject to netting arrangements	Total liabilities
	Gross liability before offset	Amount offset*	Net liability recognised in balance sheet	Financial assets	Liabilities after consideration of netting potential	Liabilities recognised on the balance sheet	Recognised in the balance sheet
Derivative financial liabilities	1.89	1.89	-	-	-	-	-

* As at the reporting date, the amount of cash margin received that has been offset against the gross derivative assets is ₹ Nil. Also, at the reporting date, the amount of cash margin paid that has been offset against the gross derivative liabilities is ₹ 1.89 million.

Notes to the financial statements *(Continued)*

(Currency: Indian rupees in million)

4. Offsetting *(Continued)*

Financial assets subject to offsetting 31-March 2019

Particulars	Offsetting recognised in the balance sheet			Netting potential not recognised in balance sheet		Assets not subject to netting arrangements	Total assets
	Gross asset before offset	**Amount offset***	**Net asset recognised in balance sheet**	**Financial liabilities**	**Assets after consideration of netting potential**	**Assets recognised on the balance sheet**	**Recognised in the balance sheet**
Derivative financial assets	0.16	0.16	-	-	-	-	-

Financial liabilities subject to offsetting 31- March 2019

Particulars	Offsetting recognised in the balance sheet			Netting potential not recognised in balance sheet		Liabilities not subject to netting arrangements	Total liabilities
	Gross liability before offset	**Amount offset***	**Net liability recognised in balance sheet**	**Financial assets**	**Liabilities after consideration of netting potential**	**Liabilities recognised on the balance sheet**	**Recognised in the balance sheet**
Derivative financial liabilities	6.90	4.42	2.48	-	2.48	-	2.48

* As at the reporting date, the amount of cash margin received that has been offset against the gross derivative assets is Rs.0.16 million. Also, at the reporting date, the amount of cash margin paid that has been offset against the gross derivative liabilities is Rs.4.42 million.

5. Trade receivables

		As at March 31, 2020	As at March 31, 2019
a)	**Trade receivables**		
	Receivables considered good - Unsecured	**657.32**	624.67
	Less : Allowance for expected credit losses	**(38.38)**	(97.05)
		618.94	527.62
b)	**Reconciliation of impairment allowance on trade receivables:**		
		For the year ended March 31, 2020	For the year ended March 31, 2019
	Impairment allowance measured as per simplified approach		
	Impairment allowance - Opening Balance	**(97.05)**	(254.25)
	Add/ (less): asset originated or acquired (net)	**58.67**	157.20
	Impairment allowance - Closing Balance	**(38.38)**	(97.05)

Notes:

1) No trade or other receivables are due from directors or other officers of the Company either severally or jointly with any other person.
2) No trade or other receivables are due from firms or private companies in which directors is partner, a director or a member.
3) Trade receivables are non-interest earning and are generally on terms of 1 to 30 days.

(Currency: Indian rupees in million)

5. **Trade receivables *(Continued)***

c) **Trade receivables days past due**

As at March 31, 2020	0-90 days	91-180 days	181-270 days	270-360 days	> 360 days	Total
ECL Rates	**0.55%**	**17.37%**	**56.10%**	**88.16%**	**100.00%**	
Estimated total gross carrying amount at default	**602.37**	**21.70**	**-**	**16.30**	**16.95**	**657.32**
ECL - Simplified approach	**3.29**	**3.77**	**-**	**14.37**	**16.95**	**38.38**
Net carrying amount	**599.08**	**17.93**	**-**	**1.93**	**-**	**618.94**

As at March 31, 2019	0-90 days	91-180 days	181-270 days	270-360 days	> 360 days	Total
ECL Rates	0.87%	37.11%	64.30%	89.00%	100.00%	
Estimated total gross carrying amount at default	519.47	19.13	0.05	5.94	80.08	624.67
ECL - Simplified approach	4.55	7.10	0.03	5.29	80.08	97.05
Net carrying amount	**514.92**	**12.03**	**0.02**	**0.65**	**-**	**527.62**

6. **Loans**

	As at March 31, 2020	As at March 31, 2019
(at Amortised cost)		
Loans to related parties	-	2,494.70
Loans to employees	**6.73**	43.98
Total Gross	**6.73**	2,538.68
Less: Impairment loss allowance	-	-
Total (Net)	**6.73**	2,538.68
Unsecured	**6.73**	2,538.68
Total Gross	**6.73**	2,538.68
Less: Impairment loss allowance	-	-
Total (Net)	**6.73**	2,538.68
Loans outside India		
Others	-	2,353.30
Loans in India		
Public sector	-	-
Others	**6.73**	185.38
Total Gross	**6.73**	2,538.68
Less: Impairment loss allowance	-	-
Total (Net)	**6.73**	2,538.68

Note :

These loans are considered to have low credit risk based on credit evaluation undertaken by the Company. There is no history of any defaults on these loans. Since the counter-parties are subsidiaries and employees of the Company, the Company regularly monitors to ensure that these entities have enough liquidity which safeguards the interest of investors and lenders. Accordingly, there is no Expected credit loss allowance on the aforesaid loans.

(Currency: Indian rupees in million)

7. Investments

As at March 31, 2020	At Amortised cost (1)	At fair value			Subtotal 5 = (2+3+4)	At cost (subsidiaries) (unquoted) (6)	Total (7)= (1+5+6)
		Through OCI (2)	Through P&L (quoted) (3)	Designated at fair value through Profit or loss (4)			
Equity instruments	-	-	**23.95**	-	**23.95**	**34,648.92**	**34,672.87**
Total - Gross (A)	-	-	**23.95**	-	**23.95**	**34,648.92**	**34,672.87**
(i) Investments outside India	-	-	-	-	-	**534.37**	**534.37**
(ii) Investment in India	-		**23.95**		**23.95**	**34,114.55**	**34,138.50**
Total (B)	-	-	**23.95**	-	**23.95**	**34,648.92**	**34,672.87**
Less: Allowance for impairment (C)	-	-	-	-	-	-	-
Total Net (A-C)	-	-	**23.95**	-	**23.95**	**34,648.92**	**34,672.87**
Aggregate amount of quoted investments							23.95
Aggregate market value of quoted investments							23.95
Aggregate amount of unquoted investments							34,648.92

As at March 31, 2019	At Amortised cost (1)	At fair value			Subtotal 5 = (2+3+4)	At cost (subsidiaries) (unquoted) (6)	Total (7)= (1+5+6)
		Through OCI (2)	Through P&L (quoted) (3)	Designated at fair value through Profit or loss (4)			
Equity instruments	-	-	131.07	-	131.07	33,261.44	33,392.51
Total - Gross (A)	-	-	131.07	-	131.07	33,261.44	33,392.51
(i) Investments outside India	-	-	-	-	-	534.37	534.37
(ii) Investment in India	-		131.07	-	131.07	32,727.07	32,858.14
Total (B)	-	-	131.07	-	131.07	33,261.44	33,392.51
Less: Allowance for impairment (C)	-	-	-	-	-	-	-
Total Net (A-C)	-	-	131.07	-	131.07	33,261.44	33,392.51
Aggregate amount of quoted investments							131.07
Aggregate market value of quoted investments							131.07
Aggregate amount of unquoted investments							33,261.44

Note :

1) The Company has Employee Stock Option Plans (ESOP) in force. Based on such ESOP schemes, the Company has granted options to acquire equity shares of the Company that would vest in a graded manner to certain employees of subsidiaries. To the extent that the Company has not charged and recovered the fair value of such stock options from its subsidiaries, it has been included in the above carrying value of investment in the those subsidiaries.

2) Impairment on investment has been assessed based on business projection approved by Board of directors of respective subsidiaries. Impairment recognised, based on management assessment, if the recoverable value is less than carrying amount.

Notes to the financial statements *(Continued)*

(Currency: Indian rupees in million)

		As at March 31, 2020	As at March 31, 2019
8.	**Other financial assets**		
	Deposits- others	**21.41**	50.34
	Margin placed with broker	**15.28**	82.91
	Corporate guarantee fees receivable	**356.59**	331.71
	Total	**393.28**	464.96
9.	**Current tax assets (net)**		
	Advance income taxes	**618.59**	425.77
	(net of provision for tax)		
	Total	**618.59**	425.77
10.	**Deferred tax assets (net)**		
	Deferred tax assets		
	Trade receivables		
	Provision for expected credit loss	**13.41**	40.10
	Property, plant and equipment and intangibles		
	Difference between book and tax depreciation	**16.40**	13.66
	Investments and other financial instruments		
	Unrealised loss on derivatives	**0.66**	17.27
	Fair valuation of investments - loss in valuation	**1.06**	-
	Employee benefit obligations		
	Disallowances under section 43B of the Income Tax Act, 1961	**3.20**	3.60
	Unused tax losses		
	Accumulated Losses	**256.40**	219.54
	Total	**291.13**	294.17
	Deferred tax liabilities		
	Investments and other financial instruments		
	Fair valuation of investments - gain in valuation	**-**	35.52
	Total	**-**	35.52
	Total	**291.13**	258.65

11. Property, plant and equipment and intangible assets

	Gross Block				Depreciation / Amortization / Impairment				Net Block
Description of assets	As at April 01, 2019	Additions during the year	Deductions during the year	**As at March 31, 2020**	As at April 01, 2019	Charge for the year	Deductions during the year	**As at March 31, 2020**	**As at March 31, 2020**
Property, Plant and Equipment									
Freehold Building	1.75	-	-	**1.75**	0.17	0.08	-	**0.25**	**1.50**
Leasehold Improvements	0.63	-	-	**0.63**	0.62	0.01	-	**0.63**	**-**
Furniture and Fixtures	0.17	0.04	0.06	**0.15**	0.06	0.03	0.06	**0.03**	**0.12**
Vehicles	6.81	-	2.02	**4.79**	3.66	0.97	1.38	**3.25**	**1.54**
Office Equipment	2.28	0.76	1.34	**1.70**	1.40	0.65	1.33	**0.72**	**0.98**
Computers	20.77	1.07	3.39	**18.45**	12.75	4.40	2.92	**14.23**	**4.22**
Total: A	**32.41**	**1.87**	**6.81**	**27.47**	**18.66**	**6.14**	**5.69**	**19.11**	**8.36**
Intangible assets									
Computer software	91.23	10.62	-	**101.85**	59.00	26.02	-	**85.02**	**16.83**
Total: B	**91.23**	**10.62**	**-**	**101.85**	**59.00**	**26.02**	**-**	**85.02**	**16.83**
Grand total [A+B]	**123.64**	**12.49**	**6.81**	**129.32**	**77.66**	**32.16**	**5.69**	**104.13**	**25.19**

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

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

11. Property, plant and equipment and intangible assets (previous year)

Description of assets	Gross Block				Depreciation / Amortization / Impairment				Net Block
	As at April 01, 2018	Additions during the year	Deductions during the year	**As at March 31, 2019**	As at April 01, 2018	Charge for the year	Deductions during the year	**As at March 31, 2019**	**As at March 31, 2019**
Property, Plant and Equipment									
Freehold Building	1.75	-	-	1.75	0.09	0.08	-	0.17	1.58
Leasehold Improvements	0.63	-	-	0.63	0.31	0.31	-	0.62	0.01
Furniture and Fixtures	0.17	-	-	0.17	0.02	0.04	-	0.06	0.11
Vehicles	9.21	-	(2.40)	6.81	2.93	1.80	(1.07)	3.66	3.15
Office Equipment	1.93	0.35	-	2.28	0.78	0.62	-	1.40	0.88
Computers	14.95	6.32	(0.50)	20.77	6.45	6.46	(0.16)	12.75	8.02
Total: A	**28.64**	**6.67**	**(2.90)**	**32.41**	**10.58**	**9.31**	**(1.23)**	**18.66**	**13.75**
Intangible assets									
Computer software	78.19	13.04	-	91.23	29.71	29.29	-	59.00	32.23
Total: B	**78.19**	**13.04**	**-**	**91.23**	**29.71**	**29.29**	**-**	**59.00**	**32.23**
Grand total [A+B]	**106.83**	**19.71**	**(2.90)**	**123.64**	**40.29**	**38.60**	**(1.23)**	**77.66**	**45.98**

Notes to the financial statements *(Continued)*

(Currency: Indian rupees in million)

		As at March 31, 2020	As at March 31, 2019
12.	**Other non-financial assets**		
	Prepaid expenses	**154.21**	70.09
	Vendor advances	**7.42**	62.60
	Total	**161.63**	132.69
13.	**Trade Payables**		
	Total outstanding dues of micro enterprises and small enterprises (Refer note.41)	**0.90**	-
	Total outstanding dues of creditors other than micro enterprises and small enterprises	**80.30**	106.90
	(includes sundry creditors, provision for expenses,customer payables)		
	Total	**81.20**	106.90
14.	**Debt securities**		
	(at Amortised Cost)		
	Unsecured		
	Commercial paper	**734.12**	-
	(Interest rate payable @ 10.00% for March 31, 2020)		
	Total	**734.12**	-
	Debt Securities in India	**734.12**	-
	Debt Securities outside India	**-**	-
	Total	**734.12**	-
15.	**Borrowings other than Debt Securities**		
	(at Amortised Cost)		
	Unsecured		
	Loan from related parties (repayable on demand)	**719.09**	3,636.36
	Interest accrued and due on borrowings	**13.42**	24.27
	(Repayable on demand, Interest rate payable @ 11.75% for March 31, 2020 and 9.50% for March 31, 2019)		
	Total	**732.51**	3,660.63
	Borrowings in India	**732.51**	3,660.63
	Borrowings outside India	**-**	-
	Total	**732.51**	3,660.63

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

		As at March 31, 2020	As at March 31, 2019
16.	**Other financial liabilities**		
	Other payables	**0.02**	0.02
	Book overdraft	**-**	4.99
	Unpaid dividends	**9.55**	9.42
	Accrued salaries and benefits	**210.93**	256.84
	Financial guarantee obligation	**356.59**	331.71
	Total	**577.09**	602.98
17.	**Current tax liabilities (net)**		
	Provision for taxation	**69.84**	45.86
	(net of advance tax)		
	Total	**69.84**	45.86
18.	**Provisions**		
	Provision for employee benefits		
	Gratuity	**2.13**	0.93
	Compensated leave absences	**6.95**	9.34
	Total	**9.08**	10.27
19.	**Other non-financial liabilities**		
	Statutory liabilities*	**69.28**	19.15
	Others	**1.91**	2.49
	Total	**71.19**	21.64

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

20. Equity share capital

	As at March 31, 2020		As at March 31, 2019	
	No of shares	**Amount**	No of shares	Amount
Authorised :				
Equity Shares of ₹ 1 each	**1,230,000,000**	**1,230.00**	1,230,000,000	1,230.00
Preference shares of ₹ 5 each	**4,000,000**	**20.00**	4,000,000	20.00
Total	**1,234,000,000**	**1,250.00**	1,234,000,000	1,250.00
Issued, Subscribed and Paid up:				
Equity Shares of ₹ 1 each	**934,409,002**	**934.41**	932,669,564	932.67
Less: Shares held by Edelweiss Employees Incentives and Welfare Trust	**(7,301,510)**	**(7.30)**	(7,301,510)	(7.30)
Less: Shares held by Edelweiss Employees Welfare Trust	**(37,595,270)**	**(37.60)**	(37,595,270)	(37.60)
(Refer Note.1.6)				
Total	**889,512,222**	**889.51**	887,772,784	887.77

(Currency: Indian rupees in million)

20. Equity share capital *(Continued)*

A. Reconciliation of number of shares

(Before deducting treasury shares)	As at March 31, 2020		As at March 31, 2019	
	No of shares	Amount	No of shares	Amount
Outstanding at the beginning of the year	**932,669,564**	**932.67**	915,498,927	915.50
Shares issued during the year:				
-Under Employee Stock Options Plans (ESOPs)	**1,739,438**	**1.74**	17,170,637	17.17
Outstanding at the end of the year	**934,409,002**	**934.41**	932,669,564	932.67

Note :

1. The Company had bought back 2,030,048 equity shares of ₹ 1 each pursuant to the buy back programme in the financial year 2014-15.
2. Edelweiss Employees' Welfare Trust and Edelweiss Employees' Incentive and Welfare Trust are extension of Company's financial statements, these trusts are holding 44,896,780 number of equity shares as on March 31, 2020 amounting to ₹ 44.90 million (as at March 31, 2019: ₹ 44.90 million). These are deducted from total outstanding equity shares.
3. The above two Employee Welfare Trust(s) hold an aggregate 44,896,780 equity shares of the Company for incentive and welfare benefits for group employees as per extant applicable SEBI regulations. Pursuant to the exercise of right available under Regulation 29 of SEBI (Share Based Employee Benefits) Regulations, 2014, the Company has applied before the expiry date of 27 October 2019 for extension of the time limit for disposing of aforesaid equity shares. The said application is under consideration and approval for extension from SEBI is awaited as at date.

B. Terms/rights attached to equity shares :

The Company has only one class of equity shares having a par value of ₹ 1 per share. Each holder of equity shares is entitled to one vote per share.

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

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

	As at March 31, 2020		As at March 31, 2019	
	No of shares	% holding	No of shares	% holding
Rashesh Shah	**145,301,730**	**15.55%**	145,301,730	15.58%
Venkatchalam Ramaswamy	**58,026,560**	**6.21%**	58,026,560	6.22%
Bih Sa	**47,007,748**	**5.03%**	37,495,800	4.02%
Total	**250,336,038**	**26.79%**	240,824,090	25.82%

Note :

The Shareholding of Mr. Rashesh Chandrakant Shah and Mr. Venkatchalam A Ramaswamy in the Promoter and Promoter Group category does not include 300,000 equity shares and 100,000 equity shares purchased by them respectively on March 31, 2020, as the shares were credited to the respective demat accounts post March 31, 2020, as per the settlement cycle.

Notes to the financial statements *(Continued)*

(Currency: Indian rupees in million)

21. Other Equity

		As at March 31, 2020	As at March 31, 2019
Securities premium account		**30,175.07**	30,057.56
General reserve		**508.64**	508.64
Capital redemption reserve		**2.03**	2.03
Retained earnings		**2,152.08**	1,593.27
Stock options outstanding		**669.25**	460.59
Stock appreciation rights outstanding		**148.93**	-
Share application money pending allotment		**0.19**	6.15
Total		**33,656.19**	**32,628.24**
Movement in Other Equity			
I.	**Securities premium account**		
	Opening Balance	**30,057.56**	29,143.52
	Add : On issue of shares on excercise of Employee Stock Options Plans (ESOPs)	**84.14**	677.08
	Add : On transfer from ESOP reserve on excercise of Employee Stock Options Plans (ESOPs)	**33.37**	236.96
	Total	**30,175.07**	30,057.56
II.	**General Reserve**		
	Opening Balance	**508.64**	508.64
	Add : Additions during the year	-	-
	Total	**508.64**	508.64
III.	**Capital Redemption Reserve**		
	Opening Balance	**2.03**	2.03
	Add : Additions during the year	-	-
	Total	**2.03**	2.03
IV.	**Retained earnings**		
	Opening Balance	**1,593.27**	2,518.78
	Add: Profit for the year	**825.79**	1,028.78
	Add: Other Comprehensive Income	**(0.47)**	0.82
	Add/(less): DTA on ESOP	-	(689.23)
	Amount available for appropriation	**2,418.59**	2,859.15
	Appropriations:		
	Interim dividend	-	(975.88)
	Final dividend	**(266.51)**	(265.28)
	Dividend distribution tax	-	(24.72)
	Total	**(266.51)**	(1,265.88)
	Total	**2,152.08**	1,593.27
V.	**Stock options outstanding (Refer Note. 38)**		
	Opening Balance	**460.59**	472.07
	Add : Additions during the year	**242.03**	225.48
	Less : Transfer to securities premium account on exercise of ESOPs	**(33.37)**	(236.96)
	Total	**669.25**	460.59
VI.	**Stock appreciation rights (SAR) outstanding (Refer Note. 38)**		
	Opening Balance	-	-
	Add : Additions during the year	**148.93**	-
	Total	**148.93**	-
VII.	**Share application money pending allotment**	**0.19**	6.15
	(Received against ESOP excercised by employees. For details of ESOP plan refer note.38)		
	Total	**0.19**	6.15
	Total	**33,656.19**	32,628.24

(Currency: Indian rupees in million)

		For the year ended March 31, 2020	for the year ended March 31, 2019
22.	**Interest Income**		
	On Financial assets measured at Amortised Cost		
	Interest on loans	**116.93**	254.32
	Interest on deposits with bank	**2.39**	3.70
	Other interest income	**1.84**	5.47
	Total	**121.16**	263.49
23.	**Dividend Income**		
	Dividend on investment	**694.72**	1,184.02
	Total	**694.72**	1,184.02
24.	**Fee and commission income (Refer note no.48)**		
	Advisory and other fees	**959.81**	1,562.24
	Total	**959.81**	1,562.24
25.	**Net gain on fair value changes**		
	Net gain/ (loss) on financial instruments at FVTPL		
	Investments		
	Fair value (loss) / gain - P&L - equity (unrealised)	**(3.03)**	18.01
	Derivatives		
	Profit / (loss) on equity derivative instruments (net) (realised)	**-**	(0.09)
	Others		
	Profit on sale of investments (realised)	**137.69**	-
	Total	**134.66**	17.92
26.	**Other operating income**		
	Fee income from group (Refer note.36)	**437.57**	-
	Profit on sale of group investments	**18.89**	2.65
	Total	**456.46**	2.65
27.	**Other income**		
	Foreign exchange gain	**131.12**	105.92
	Miscellaneous income	**92.13**	67.51
	Total	**223.25**	173.43

Notes to the financial statements *(Continued)*

(Currency: Indian rupees in million)

		For the year ended March 31, 2020	for the year ended 31 March 2019
28.	**Finance costs**		
	On Financial Liabilities measured at Amortised Cost		
	Interest on borrowings		
	Interest on bank overdraft	-	0.73
	Interest on loan from subsidiaries	**315.99**	112.70
	Interest on debt securities		
	Discount on commercial paper	**0.20**	32.90
	Interest on debentures	-	6.01
	Other interest expense		
	Financial and bank charges	**6.89**	0.72
	Interest - others	**0.03**	11.28
	Total	**323.11**	164.34
29.	**Impairment on financial instruments**		
	Bad- debts written off	**77.40**	113.65
	Reversal of ECL provision on trade receivables	**(58.67)**	(157.20)
	Total	**18.73**	(43.55)
30.	**Employee benefit expenses**		
	Salaries and wages	**653.66**	940.42
	Contribution to provident and other funds	**20.86**	31.58
	Expense on Employee Stock Option Scheme (ESOP) & Stock Appreciation Rights (Refer note.38)	**99.65**	65.32
	Staff welfare expenses	**23.50**	47.28
	Total	**797.67**	1,084.60

Notes to the financial statements *(Continued)*

(Currency: Indian rupees in million)

		For the year ended March 31, 2020	for the year ended 31 March 2019
31.	**Other expenses**		
	Advertisement and business promotion	**42.54**	209.65
	Auditors' remuneration (Refer Note 31.A)	**8.97**	9.59
	Commission and brokerage	**28.28**	32.77
	Communication	**6.53**	7.33
	Directors' sitting fees	**1.82**	2.00
	Commission to non-executive directors	**3.50**	5.00
	Insurance	**36.76**	22.87
	Legal and professional fees	**168.03**	183.96
	Printing and stationery	**5.68**	10.17
	Rates and taxes	**2.39**	2.09
	Rent (Refer Note 31.C)	**83.32**	90.11
	Repairs and maintenance	**0.51**	1.86
	Electricity charges	**0.10**	7.95
	Computer software	**46.48**	104.68
	Corporate social responsibility -Donation (Refer Note 31.B)	**28.70**	35.40
	Donation	**0.30**	0.26
	Clearing & custodian charges	**4.85**	1.10
	Membership and subscription	**15.41**	18.69
	Office expenses	**61.71**	56.44
	Postage and courier	**2.62**	2.87
	Seminar & Conference	**0.65**	4.64
	Goods & Service tax expenses	**14.70**	12.20
	Travelling and conveyance	**54.00**	75.33
	Miscellaneous expenses	**4.38**	-
	Housekeeping and security charges	**0.69**	3.53
	Total	**622.92**	900.49
31.A	**Auditors' remuneration:**		
	As a Auditor		
	Statutory Audit of the Company	**4.40**	5.50
	Limited Review	**3.60**	3.00
	Certification and Consultation	**0.51**	0.50
	Towards reimbursement of expenses	**0.46**	0.59
	Total	**8.97**	9.59
31.B	**Details of CSR Expenditure:**		
	As per the provisions of Section 135 of Companies Act 2013,		
	Gross Amount required to be spent by the Company	**28.01**	34.73
	Amount Spent (Paid in Cash)		
	Construction/ Acquisition of any assets	**-**	-
	on purpose other than (i) above	**28.70**	35.40
	Amount Spent (Yet to be paid in Cash)		
	Construction/ Acquisition of any assets	**-**	-
	on purpose other than (i) above	**-**	-
	Total	**28.70**	35.40

31.C Operating leases

Rental expenses for the year ended 31 March 2020 aggregated to ₹ 83.32 million (Previous year: ₹ 90.11 million) which has been included under the head other expenses – Rent in the Statement of profit and loss. The Company does not have any non-cancellable operating lease.

(Currency: Indian rupees in million)

32. Income Tax

32.A Component of Income Tax Expenses

	For the year ended March 31, 2020	for the year ended 31 March 2019
Current Tax	**45.59**	7.24
Adjustment in respect of income tax of prior years	**(43.69)**	65.78
Deferred tax relating to temporary differences	**(32.22)**	(42.53)
Total Tax Charge for the year	**(30.32)**	30.49
Current Tax	**1.90**	73.02
Deferred Tax (Refer Note 32.C)	**(32.22)**	(42.53)

32.B The income tax expenses for the year can be reconciled to the accounting profit as follows:

Profit before Taxes	**795.47**	1,059.27
Statutory Income Tax rate	**34.94%**	34.94%
Tax Charge at Statutory Rate	**277.94**	370.11
Tax effect of :		
Adjustment in respect of current income tax of prior year	**(43.69)**	65.78
Income not subject to tax or chargeable to lower tax rate		
Dividend income	**(242.74)**	(413.70)
Long term capital gain on sale of shares	**(29.24)**	(0.92)
Non Deductible Expenses		
Others	**7.41**	9.22
Income Tax Expenses Reported in Statement of Profit and Loss	**(30.32)**	30.49
Effective Income Tax Rate	**(3.81%)**	2.88%

Notes to the financial statements *(Continued)*

(Currency: Indian rupees in million)

32. Income Tax *(Continued)*

32.C Table below shows deferred tax recorded in the balance sheet and changes recorded in Income tax expenses:

For the Year Ended March 2020	**As at March 31, 2019**	**Recognised in profit or loss**	**Recognised in OCI**	**Recognised directly in equity**	**As at March 31, 2020**
Deferred Tax Assets					
Difference between book and tax depreciation (including intangibles)	**13.66**	**2.74**	**-**	**-**	**16.40**
Trade receivables - Expected credit loss	**40.10**	**(26.69)**	**-**	**-**	**13.41**
Fair valuation of investments - loss in valuation	**-**	**1.06**	**-**	**-**	**1.06**
Disallowances under section 43B of the Income Tax Act, 1961	**3.60**	**(0.66)**	**0.26**	**-**	**3.20**
Accumulated Losses	**219.54**	**36.86**	**-**	**-**	**256.40**
Deferred Tax Liabilities					
Fair valuation of investments- gain in valuation	**(35.52)**	**35.52**	**-**	**-**	**-**
Unrealised gain on derivatives	**17.27**	**(16.61)**	**-**	**-**	**0.66**
Deferred Tax Asset (net)	**258.65**	**32.22**	**0.26**	**-**	**291.13**

For the Year Ended March 2019	**As at April 01, 2018**	**Recognised in profit or loss**	**Recognised in OCI**	**Recognised directly in equity**	**As at March 31, 2019**
Deferred Tax Assets					
Difference between book and tax depreciation (including intangibles)	9.29	4.37	-	-	13.66
Trade receivables - Expected credit loss	91.44	(51.34)	-	-	40.10
Fair value of investments	120.17	(120.17)	-	-	-
Employee stock options	659.98	-	-	(659.98)	-
Disallowances under section 43B of the Income Tax Act, 1961	37.59	(33.55)	(0.44)	-	3.60
Accumulated Losses	-	219.54	-	-	219.54
Deferred Tax Liabilities					
Fair valuation of investments- gain in valuation	(29.20)	(6.32)	-	-	(35.52)
Unrealised gain on derivatives	(12.73)	30.00	-	-	17.27
Deferred Tax Asset (net)	**876.54**	**42.53**	**(0.44)**	**(659.98)**	**258.65**

(Currency: Indian rupees in million)

33. Segment reporting

Primary Segment (Business Segment)

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

Segment	Activities Covered
Agency business	Advisory and transactional services
Holding company activities	Development, managerial and financial support to the businesses of Edelweiss group entities

Income for each segment has been specifically identified. Expenditure, assets and liabilities are either specifically identified with individual segments or have been allocated to segments on a systematic basis.

Based on such allocations, segment disclosures relating to revenue, results, assets and liabilities have been prepared.

Secondary Segment

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

The following table gives information as required under the Indian Accounting Standard -108 on "Segment Reporting":

	Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
I	**Segment Revenue**		
	a) Agency business	808.18	1,262.24
	b) Holding company activities	1,773.51	1,874.00
	c) Unallocated	8.37	67.51
	Total	2,590.06	3,203.75
II	**Segment Results**		
	a) Agency business	(33.78)	260.65
	b) Holding company activities	820.88	731.11
	c) Unallocated	8.37	67.51
	Profit before taxation	795.47	1,059.27
	Less : Provision for taxation	(30.32)	30.49
	Profit after taxation	825.79	1,028.78

	Particulars	As at March 31, 2020	As at March 31, 2019
III	**Segment Assets**		
	a) Agency business	140.47	311.21
	b) Holding company activities	35,761.02	37,017.02
	c) Unallocated	919.24	638.54
	Total	36,820.73	37,966.77

(Currency: Indian rupees in million)

33. Segment reporting *(Continued)*

Particulars	March 31, 2020	March 31, 2019
IV Segment Liabilities		
a) Agency business	283.21	161.43
b) Holding company activities	1,843.15	4,279.91
c) Unallocated	148.67	9.42
Total	2,275.03	4,450.76
V Capital Expenditure		
(Including intangible assets under development)		
a) Agency business	2.78	16.11
b) Holding company activities	9.71	3.60
c) Unallocated	-	-
Total	12.49	19.71
VI Depreciation and Amortization		
a) Agency business	8.54	31.56
b) Holding company activities	23.62	7.04
c) Unallocated	-	-
Total	32.16	38.60
VII Significant Non-Cash Expenses Other than Depreciation and Amortization		
a) Agency business	39.69	(4.87)
b) Holding company activities	81.72	8.63
c) Unallocated	-	-
Total	121.41	3.76

34. Disclosure as required by Indian Accounting Standard 24 - "Related Party Disclosure":

(A) Subsidiaries which are controlled by the Company:

Edelweiss Securities Limited
Edelweiss Finance & Investments Limited
ECL Finance Limited
Edelweiss Global Wealth Management Limited
EC Global Limited, Mauritius (through EC International Limited, Mauritius)
Edelweiss Gallagher Insurance Brokers Limited (formerly known as Edelweiss Insurance Brokers Limited)
Edelweiss Trustee Services Limited (Merged with ECap Equities Limited) (w.e.f November 30, 2019)
Edelcap Securities Limited (through ECap Equities Limited)
Edelweiss Asset Management Limited
ECap Equities Limited
Edelweiss Broking Limited
Edelweiss Trusteeship Company Limited
Edelweiss Alternative Asset Advisors Limited
Edelweiss Housing Finance Limited
Edelweiss Investment Adviser Limited (through Edelweiss Rural & Corporate Services Limited)
EC Commodity Limited (through Edelweiss Rural & Corporate Services Limited)

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

(A) Subsidiaries which are controlled by the Company: *(Continued)*

Edel Land Limited
Edelweiss Custodial Services Limited (through Edelweiss Securities Limited)
EC International Limited, Mauritius
Edelweiss Capital (Singapore) Pte. Limited
Edelweiss Alternative Asset Advisors Pte. Limited (through Edelweiss Capital (Singapore) Pte. Limited)
Edelweiss International (Singapore) Pte. Limited (through Edelweiss Capital (Singapore) Pte. Limited)
Aster Commodities DMCC, United Arab Emirates (through EC International Limited, Mauritius)
EAAA LLC, Mauritius (through EC International Limited)
EW Special Opportunities Advisors LLC, Mauritius (through EAAA LLC)
EW India Special Assets Advisors LLC, Mauritius (through EAAA LLC) (upto June 30, 2019)
Edel Investments Limited
Edelweiss Tokio Life Insurance Company Limited
Edelweiss Investment Advisors Private Limited, Singapore (through Edelweiss Capital (Singapore) Pte. Limited)
Edelweiss Rural & Corporate Services Limited
Edelweiss Comtrade Limited (through Edelweiss Rural & Corporate Services Limited)
Edel Finance Company Limited
Edelweiss Retail Finance Limited (through Edelcap Securities Limited)
Edelweiss Securities (Hong Kong) Private Limited (through Edelweiss Securities Limited)
Edelweiss Financial Services Inc, United States of America (through Edelweiss Securities Limited)
EdelGive Foundation
Edelweiss Resolution Advisors LLP (through Edelweiss Rural and Corporate Services Limited)
Edelweiss Multi Strategy Fund Adivsors LLP (through Edelweiss Rural and Corporate Services Limited)
EFSL International Limited, Mauritius (through EC International Limited)
Edelweiss Financial Services (UK) Limited, United Kingdom (through Edelweiss Securities Limited)
Edelweiss Holdings Limited (Merged with ECap Equities Limited) (w.e.f November 30, 2019)
Edelweiss AIF Fund I - EW Clover Scheme -1 (through Edelcap Securities Limited)
Edelweiss General Insurance Company Limited
Edelweiss Finvest Private Limited (through Ecap Equities Limited)
Edelweiss Asset Reconstruction Company Limited (through Edelweiss Custodial Services Limited)
Edelweiss Private Equity Tech Fund (through Ecap Equities Limited)
Edelweiss Securities (IFSC) Limited
Edelweiss Value and Growth Fund (through Ecap Equities Limited)
Retra Ventures Private Limited (through Ecap Equities Limited) (ceased to become subsidiary w.e.f. March 19, 2020)
Allium Finance Private Limited (through Edelweiss Rural and Corporate Services Limited)
Edelweiss Securities Trading and Management Private Limited (Merged with Edelweiss Securities and Investments Private Limited) (w.e.f November 30, 2019)
Edelweiss Securities and Investments Private Limited (through Edelweiss Securities Limited)
Lichen Metals Private Limited (through Ecap Equities Limited)
Edelvalue Partners (through Edelweiss Securities and Investments Private Limited)
ESL Securities Limited (through Edelweiss Securities Limited)
Edelweiss Employees Welfare Trust
Edelweiss Employees Incentive and Welfare Trust
Alternative Investment Market Advisors Private Limited (Merged with Ecap Equities Limited) (w.e.f November 30, 2019)

Notes to the financial statements *(Continued)*

(Currency: Indian rupees in million)

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

(B) Enterprises over which control is exercised by the Company:

Trust name :
EARC SAF - 2 Trust
EARC Trust - SC 6
EARC Trust - SC 7
EARC Trust - SC 9
EARC Trust - SC 102
EARC Trust - SC 109
EARC Trust - SC 112
EARC Trust - SC 130
EARC SAF - 3 Trust
EARC Trust - SC 223
EARC Trust - SC 229
EARC Trust - SC 238
EARC Trust - SC 245
EARC Trust - SC 251
EARC Trust - SC 266
EARC Trust - SC 262
EARC Trust - SC 263
EARC Trust - SC 293
EARC Trust - SC 297
EARC Trust - SC 308
EARC Trust - SC 314
EARC Trust - SC 325
EARC Trust - SC 329
EARC Trust - SC 331
EARC Trust - SC 306
EARC Trust - SC 321
EARC Trust - SC 334
EARC Trust - SC 318
EARC Trust - SC 332
EARC Trust - SC 349
EARC Trust - SC 352
EARC Trust - SC 357
EARC SAF - 1 Trust Investor Account
EARC Trust - SC 298
EARC Trust - SC 347
EARC Trust - SC 351
EARC Trust - SC 360
EARC Trust - SC 361
EARC Trust - SC 363
EARC Trust - SC 344
EARC Trust - SC 370
EARC Trust SC 381

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

(B) Enterprises over which control is exercised by the Company: *(Continued)*

EARC Trust SC 383
EARC Trust SC 386
EARC Trust SC 384
EARC Trust SC 391
EARC Trust SC 395
EARC Trust SC 392
EARC Trust SC 372
EARC Trust SC 373
EARC Trust SC 374
EARC Trust SC 393
EARC Trust SC 380
EARC Trust SC 387
EARC Trust SC 388
EARC Trust SC 375
EARC Trust SC 399
EARC Trust SC 394
EARC Trust SC 385
EARC Trust SC 401
EARC Trust SC 402
EARC Trust SC 376
EARC Trust SC 348
EARC Trust SC 342

(C) Individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them control or significant influence over the Company:

Mr. Rashesh Shah
Mr. Venkatchalam Ramaswamy
Ms. Vidya Shah
Ms. Aparna T. C.

(D) Key managerial personnel :

Mr. Rashesh Shah - Chairman, Managing Director & CEO
Mr. Venkatchalam Ramaswamy - Vice Chairman and Executive Director
Mr. Himanshu Kaji - Executive Director
Mr. Rujan Panjwani - Executive Director
Mr. S. Ranganathan - Chief Financial Officer

(E) Relatives of individuals exercising significant influence and relatives of KMP, with whom transaction have taken place:

Ms. Kaavya Venkat
Ms. Shilpa Mody
Ms. Sejal Premal Parekh
Mr. A V Ramaswamy
Ms. Sneha Sripad Desai
Ms. Shabnam Panjwani

Notes to the financial statements *(Continued)*

(Currency: Indian rupees in million)

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

(F)	**Enterprises over which KMPs / Relatives exercise significant influence, with whom transactions have taken place:**
	Spire Investment Advisors LLP
	Shah Family Discretionary Trust
(G)	**Independent Directors**
	Mr. Berjis Desai
	Mr. Biswamohan Mahapatra
	Mr. Kunnasagaran Chinniah
	Mr. Navtej S. Nandra
	Mr. P. N. Venkatachalam
	Mr. Sanjiv Misra (upto January 24, 2019)
	Mr. Ashok Kini (from 01 April 2019)
	Dr. Ashima Goyal (from 01 April 2019)
(H)	**Others Directors**
	Ms. Anita M George (from 01 April 2019)

(I) Transactions and balances with related parties

Sr. No.	Nature of Transaction	Related Party Name	March 31, 2020	March 31, 2019
	Capital Account Transactions during the year			
1	Investments in Equity shares of	Edelweiss Broking Limited	-	1,050.99
		Edelweiss General Insurance Company Limited	**1,000.00**	380.00
		Edelweiss Securities (IFSC) Limited	**15.00**	-
		Edelweiss Global Wealth Management Limited	**70.00**	-
		Edelweiss Finvest Private Limited	**473.21**	-
		Edel Finance Company Limited	-	442.20
		ECL Finance Limited	-	3,456.10
		Edelweiss Asset Management Limited	-	141.30
		Edelweiss Rural & Corporate Services Limited	-	500.00
		Edelweiss Capital (Singapore) Pte. Limited	-	203.48
		Edelweiss Housing Finance Limited	-	500.00
2	Sale of Investments in Equity shares of	EC Commodity Limited	-	501.43
		Edelweiss Fund Advisors Private Limited	-	0.50
		Edelweiss Holdings Limited	-	150.00
		Edelweiss Trustee Services Limited	-	0.50
		Edelweiss Securities Limited	**189.63**	-
3	Transfer Investments in Equity shares to	Edelweiss Asset Management Limited	-	180.05
4	Transfer Investments in Equity shares from	Edelweiss Multi Strategy Funds Management Private Limited	-	180.05

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

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

(I) Transactions and balances with related parties *(Continued)*

Sr. No.	Nature of Transaction	Related Party Name	March 31, 2020	March 31, 2019
	Current Account Transactions during the year			
5	Short term loans given to	Edelweiss Rural & Corporate Services Limited (Refer note 1)	**0.19**	6,020.00
		Edelweiss Capital (Singapore) Pte. Limited	**-**	1,122.44
		EC International Limited	**-**	955.81
		Mr. S. Ranganathan	**5.00**	-
6	Short term loans repaid by	Edelweiss Rural & Corporate Services Limited (Refer note 1)	**6.20**	6,020.00
		EC International Limited	**380.96**	1,286.67
		Edelweiss Capital (Singapore) Pte. Limited	**1,972.34**	2,108.97
		Edelweiss Securities (IFSC) Limited	**-**	6.53
7	Short term loans taken from (Refer note 1)	Edelweiss Rural & Corporate Services Limited	**8,080.00**	11,490.00
8	Short term loans repaid to (Refer note 1)	Edelweiss Rural & Corporate Services Limited	**8,007.49**	11,573.23
9	Margin placed with Broker	Edelweiss Securities Limited	**0.20**	1.55
		Edelweiss Custodial Services Limited	**263.64**	379.32
		Edel Investments Limited	**0.35**	-
10	Margin withdrawn from Broker	Edelweiss Securities Limited	**0.20**	2.04
		Edelweiss Custodial Services Limited	**314.52**	323.41
		Edel Investments Limited	**0.29**	-
11	Reimbursement paid to	Edelweiss Securities Limited	**4.67**	429.88
		ECap Equities Limited	**4.75**	27.58
		ECL Finance Limited	**16.07**	268.43
		Edelweiss Rural & Corporate Services Limited	**0.93**	108.18
		Edel Investments Limited	**-**	2.24
		Edelcap Securities Limited	**0.21**	6.77
		Edelweiss Alternative Asset Advisors Limited	**2.52**	55.82
		Edelweiss Asset Management Limited	**4.01**	16.47
		Edelweiss Asset Reconstruction Company Limited	**2.85**	28.67
		Edelweiss Broking Limited	**4.94**	53.89
		Edelweiss Comtrade Limited	**-**	0.03
		Edelweiss Custodial Services Limited	**0.91**	15.27
		Edelweiss Finance and Investments Limited	**0.10**	11.91
		Edelweiss Finvest Private Limited	**0.09**	6.71
		Edelweiss General Insurance Company Limited	**-**	9.25

Notes to the financial statements *(Continued)*

(Currency: Indian rupees in million)

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

(I) Transactions and balances with related parties *(Continued)*

Sr. No.	Nature of Transaction	Related Party Name	March 31, 2020	March 31, 2019
	Current Account Transactions during the year *(Continued)*			
		Edelweiss Global Wealth Management Limited	**2.18**	24.85
		Edelweiss Housing Finance Limited	**1.59**	64.56
		Edelweiss Gallagher Insurance Brokers Limited	**0.29**	16.98
		Edelweiss Investment Advisors Limited	**0.01**	0.53
		Edelweiss Retail Finance Limited	**0.10**	10.26
		Edelweiss Tokio Life Insurance Company Limited	**-**	18.66
		Edel Finance Company Limited	**0.01**	1.22
12	Sale of Fixed Assets to	Edelweiss Securities Limited	**0.07**	0.01
		Edelweiss Rural & Corporate Services Limited	**0.15**	0.11
		ECL Finance Limited	**0.07**	0.00
		Edelweiss Finvest Private Limited*	**0.00**	0.00
		Edelweiss Broking Limited	**0.13**	0.10
		Edelweiss Asset Management Limited	**-**	0.01
		Edelweiss Alternative Asset Advisors Limited	**0.02**	0.04
		Edelweiss Custodial Services Limited	**0.04**	0.08
		Edelcap Securities Limited	**0.04**	-
		Edelweiss Housing Finance Limited	**0.02**	-
		Edelweiss Asset Reconstruction Company Limited	**0.06**	-
		Edelweiss Investment Advisors Limited	**0.01**	-
		Edelweiss Gallagher Insurance Brokers Limited	**0.01**	-
		Edelweiss Finance and Investments Limited	**0.01**	-
13	Purchase of Fixed Assets from	Edelweiss Housing Finance Limited*	**0.00**	0.04
		Edelweiss Rural & Corporate Services Limited	**0.03**	0.36
		Edelweiss Investment Advisors Limited	**0.02**	0.03
		Edelweiss Global Wealth Management Limited	**-**	0.02
		Edelweiss Retail Finance Limited	**-**	0.01
		ECap Equities Limited	**-**	0.01
		Edelweiss Securities Limited	**0.01**	0.03
		Edelweiss Broking Limited	**0.05**	0.23
		ECL Finance Limited	**0.05**	0.05
		Edelweiss Alternative Asset Advisors Limited	**0.01**	-
		Edelweiss Asset Reconstruction Company Limited	**0.01**	-

(Currency: Indian rupees in million)

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

(I) Transactions and balances with related parties *(Continued)*

Sr. No.	Nature of Transaction	Related Party Name	March 31, 2020	March 31, 2019
	Current Account Transactions during the year *(Continued)*			
14	Dividend paid to	Mr. Rashesh Shah	**43.59**	203.42
		Mr. Venkat Ramaswamy	**17.41**	81.24
		Ms. Vidya Shah	**9.91**	49.04
		Shah Family Discretionary Trust	**11.63**	54.25
		Spire Investment Advisors LLP	**0.96**	4.48
		Ms. Aparna T. C.	**3.66**	17.09
		Mr. Rujan Panjwani	**3.89**	18.15
		Mr. Himanshu Kaji	**1.20**	5.58
		Ms. Kaavya Venkat	**3.54**	16.51
		Ms. Sneha Sripad Desai	**0.31**	1.44
		Ms. Shilpa Mody	**0.29**	1.33
		Ms. Sejal Premal Parekh	**0.29**	1.33
		Ms. Shabnam Panjwani	**0.17**	0.80
		Mr. A V Ramaswamy	**0.02**	0.07
		Mr. Navtej S. Nandra	**2.39**	11.16
		Mr. P. N. Venkatachalam	**0.08**	0.38
		Mr. S. Ranganathan	**0.33**	1.53
		Mr. Berjis Desai	**-**	0.19
		Mr. Sanjiv Misra	**-**	0.14
15	Remuneration paid to	Mr. Rashesh Shah	**12.69**	72.66
		Mr. Venkat Ramaswamy	**11.20**	53.70
		Mr. Himanshu Kaji	**11.91**	24.93
		Mr. Rujan Panjwani	**27.97**	19.06
		Mr. S. Ranganathan	**25.18**	39.69
16	Dividend Income received from	Edelweiss Securities Limited	**498.06**	1,006.61
		EC International Limited	**196.67**	-
		ECap Equities Limited	**-**	1.26
		Edel Investments Limited	**-**	151.65
		Edelweiss Holdings Limited	**-**	12.75
		Edelweiss Trustee Services Limited	**-**	11.50
17	Rating support fee earned from	ECL Finance Limited	**1.66**	2.10
		Edelweiss Rural & Corporate Services Limited	**0.91**	1.31
		Edelweiss Securities Limited	**0.05**	0.07
		Edelweiss Retail Finance Limited	**0.14**	0.16
		Edelweiss Housing Finance Limited	**0.25**	0.29
		Edelweiss Custodial Services Limited	**0.08**	0.08
		ECap Equities Limited	**0.13**	0.16
		Edelweiss Finance and Investments Limited	**0.22**	0.12
		Edel Finance Company Limited	**0.05**	0.06
		Edelweiss Finvest Private Limited	**0.19**	0.18
		Edelweiss Asset Reconstruction Company Limited	**0.23**	0.28
		Edelweiss Broking Limited	**0.02**	-

Notes to the financial statements *(Continued)*

(Currency: Indian rupees in million)

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

(I) Transactions and balances with related parties *(Continued)*

Sr. No.	Nature of Transaction	Related Party Name	March 31, 2020	March 31, 2019
	Current Account Transactions during the year *(Continued)*			
18	Fee / commission paid to	Edelweiss Broking Limited	**1.82**	-
		Edelweiss Securities Limited	**41.97**	-
19	Fee / commission received from	Edelweiss Securities Limited	**0.32**	-
		Edelweiss Gallagher Insurance Brokers Limited	**10.00**	-
		ECL Finance Limited	**30.00**	-
		Edelweiss Finance and Investments Limited	**5.05**	-
20	Fee / Guarantee commission earned from	Edelweiss Tokio Life Insurance Company Limited	**25.10**	20.00
		Edelweiss International (Singapore) Pte. Limited	**0.24**	1.66
		Edelweiss Rural & Corporate Services Limited	**-**	57.08
		Edelweiss Finvest Private Limited	**5.75**	121.52
		Edelweiss Finance and Investments Limited	**4.67**	4.38
		ECap Equities Limited	**29.08**	49.29
		Edelweiss Custodial Services Limited	**-**	12.44
		Edelweiss Housing Finance Limited	**-**	11.53
		ECL Finance Limited	**0.29**	3.21
		Edelweiss Asset Reconstruction Company Limited	**79.71**	13.66
		Edelweiss Securities Limited	**-**	0.40
		Edelweiss General Insurance Company Limited	**2.85**	-
21	Interest Income on short term loan given	Edelweiss Rural & Corporate Services Limited	**0.29**	-
		EC International Limited	**10.64**	71.24
		Edelweiss Capital (Singapore) Pte. Ltd.	**106.30**	183.01
		Edelweiss Securities (IFSC) Limited	**-**	0.07
22	Business Service Charges income earned from	Edelweiss General Insurance Company Limited	**1.44**	-
		Edelweiss Asset Reconstruction Company Limited	**2.87**	-
		Edel Investments Limited	**0.68**	-
		Edelweiss Tokio Life Insurance Company Limited	**1.32**	-
		Edelweiss Custodial Services Limited	**1.34**	-
		Edelweiss Alternative Asset Advisors Limited	**1.52**	-
		Edelweiss Broking Limited	**2.07**	-
		Edelweiss Global Wealth Management Limited	**1.59**	-
		ECL Finance Limited	**20.77**	-
		Edelweiss Gallagher Insurance Brokers Limited	**0.71**	-
		Edelweiss Asset Management Limited	**1.41**	-
		ECap Equities Limited	**1.63**	-
		Edelweiss Housing Finance Limited	**2.80**	-
		Edelweiss Finance and Investments Limited	**0.92**	-

(Currency: Indian rupees in million)

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

(I) Transactions and balances with related parties *(Continued)*

Sr. No.	Nature of Transaction	Related Party Name	March 31, 2020	March 31, 2019
	Current Account Transactions during the year *(Continued)*			
		Edelweiss Securities Limited	**3.48**	-
		Edelweiss Rural & Corporate Services Limited	**2.04**	-
		Allium Finance Private Limited*	**0.00**	-
		Alternative Investment Market Advisors Private Limited*	**0.00**	-
		EC Commodity Limited*	**0.00**	-
		Edelcap Securities Limited	**0.29**	-
		Edelweiss Finvest Private Limited*	**0.00**	-
		Edelweiss Retail Finance Limited*	**0.00**	-
		Edelweiss Investment Advisors Limited*	**0.00**	-
		Edelweiss Comtrade Limited*	**0.00**	-
		Lichen Metals Private Limited*	**0.00**	-
		Edelweiss Securities (IFSC) Limited*	**0.00**	-
		Edel Land Limited*	**0.00**	-
		Edelgive Foundation*	**0.00**	-
23	Enterprise / Corporate allocation income earned from	Edelweiss Securities Limited	**22.30**	-
		Edelweiss Finance and Investments Limited	**5.55**	-
		Edelweiss Housing Finance Limited	**11.62**	-
		ECap Equities Limited	**11.34**	-
		Edelcap Securities Limited	**2.40**	-
		Edelweiss Asset Management Limited	**8.72**	-
		Edelweiss Gallagher Insurance Brokers Limited	**5.43**	-
		Edelweiss Global Wealth Management Limited	**9.88**	-
		Edelweiss Broking Limited	**11.86**	-
		Edelweiss Alternative Asset Advisors Limited	**9.11**	-
		Edelweiss Custodial Services Limited	**8.99**	-
		Edelweiss Investment Advisors Limited	**0.01**	-
		EC Commodity Limited	**0.01**	-
		Edel Land Limited*	**0.00**	-
		Edelweiss Finvest Private Limited	**0.03**	-
		Allium Finance Private Limited	**0.01**	-
		Edelweiss Tokio Life Insurance Company Limited	**10.96**	-
		Edel Investments Limited	**3.41**	-
		Edelweiss Asset Reconstruction Company Limited	**16.90**	-
		Edelgive Foundation	**0.01**	-
		Lichen Metals Private Limited*	**0.00**	-
		Edelweiss Comtrade Limited	**0.02**	-
		Edelweiss Retail Finance Limited	**0.02**	-
		Edelweiss General Insurance Company Limited	**8.87**	-
		Edelweiss Securities (IFSC) Limited*	**0.00**	-

(Currency: Indian rupees in million)

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

(I) Transactions and balances with related parties *(Continued)*

Sr. No.	Nature of Transaction	Related Party Name	March 31, 2020	March 31, 2019
	Current Account Transactions during the year *(Continued)*			
		Alternative Investment Market Advisors Private Limited*	**0.00**	-
		ECL Finance Limited	**99.06**	-
		Edelweiss Rural & Corporate Services Limited	**11.89**	-
24	Enterprise Cost - In	Edelweiss Rural & Corporate Services Limited	**49.80**	-
25	Corporate Cost - In	Edelweiss Rural & Corporate Services Limited	**5.33**	-
26	Corporate Cost - Out	ECap Equities Limited	**1.40**	-
		Edelweiss Housing Finance Limited	**9.22**	-
		ECL Finance Limited	**51.79**	-
		Edelweiss Rural & Corporate Services Limited	**1.80**	-
		Edel Investments Limited	**1.40**	-
		Edelweiss General Insurance Company Limited	**1.34**	-
27	Enterprise Cost - Out	ECL Finance Limited	**22.15**	-
		Edelweiss Rural & Corporate Services Limited	**3.19**	-
		Edelweiss Securities Limited	**6.68**	-
		Edelweiss Gallagher Insurance Brokers Limited	**0.50**	-
		Edelweiss General Insurance Company Limited	**2.36**	-
		EdelGive Foundation*	**0.00**	-
		ECap Equities Limited	**0.82**	-
		Edelweiss Global Wealth Management Limited	**3.39**	-
		Edelweiss Broking Limited	**5.37**	-
		Edelweiss Asset Management Limited	**3.03**	-
		Edel Investments Limited	**0.82**	-
		Edelweiss Finance and Investments Limited	**2.08**	-
		Edelweiss Asset Reconstruction Company Limited	**1.59**	-
		Edelweiss Alternative Asset Advisors Limited	**3.52**	-
		Edelweiss Custodial Services Limited	**2.26**	-
		Edelweiss Housing Finance Limited	**2.49**	-
		Edelweiss Tokio Life Insurance Company Limited	**5.09**	-
28	Interest income on margin from	Edelweiss Securities Limited	**-**	0.01
		Edelweiss Custodial Services Limited	**0.81**	0.84
29	Interest expense on short term loan taken	Edelweiss Rural & Corporate Services Limited	**316.27**	112.70

(Currency: Indian rupees in million)

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

(I) Transactions and balances with related parties *(Continued)*

Sr. No.	Nature of Transaction	Related Party Name	March 31, 2020	March 31, 2019
	Current Account Transactions during the year *(Continued)*			
30	Commission & Brokerage paid to	Edelweiss Securities Limited	**0.78**	-
31	Brokerage income earned from	ECL Finance Limited	**5.00**	-
32	Rent expense paid to	Edelweiss Rural & Corporate Services Limited	**-**	61.69
		Edelweiss Securities Limited	**-**	2.84
		Edelweiss Housing Finance Limited	**-**	0.05
		ECap Equities Limited	**-**	5.27
		Edelweiss Retail Finance Limited	**-**	0.07
		Edelweiss Global Wealth Management Limited	**-**	0.01
		Edelweiss Broking Limited	**-**	3.91
		ECL Finance Limited	**-**	0.94
		Edelweiss Asset Management Limited	**-**	0.71
33	Legal & Prof. Fees paid to	Edelweiss Financial Services Inc.	**7.48**	31.95
34	Other expenses paid to	Edelweiss Custodial Services Limited	**2.85**	0.09
35	Cost reimbursements paid to	Edelweiss Rural & Corporate Services Limited	**62.60**	59.22
		Edelweiss Securities Limited	**4.31**	1.15
		Edelweiss Tokio Life Insurance Company Limited	**0.06**	-
		Edelweiss Asset Management Limited	**0.06**	0.17
		Edelweiss Global Wealth Management Limited	**0.13**	-
		ECap Equities Limited	**2.24**	0.43
		ECL Finance Limited	**1.55**	0.09
		Edelweiss Broking Limited	**3.27**	1.46
		Edelweiss Retail Finance Limited	**0.12**	0.05
		Edelweiss Housing Finance Limited	**-**	0.05
		Edel Finance Company Limited*	**0.00**	-
		Edel Investments Limited*	**0.00**	-
		Edel Land Limited	**1.05**	-
		Edelweiss Financial Services Inc.	**1.49**	-
36	Cost reimbursements recovered from	Edelweiss Securities Limited	**9.41**	14.61
		Edelweiss Rural & Corporate Services Limited	**22.12**	46.32
		ECL Finance Limited	**32.82**	35.69
		Edelweiss Tokio Life Insurance Company Limited	**62.96**	84.39
		Edelweiss Broking Limited	**35.08**	57.08
		Edelweiss Investment Advisors Limited	**0.64**	3.70
		Edelweiss Finvest Private Limited	**1.29**	0.92

Notes to the financial statements *(Continued)*

(Currency: Indian rupees in million)

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

(I) Transactions and balances with related parties *(Continued)*

Sr. No.	Nature of Transaction	Related Party Name	March 31, 2020	March 31, 2019
	Current Account Transactions during the year *(Continued)*			
		Edelweiss Custodial Services Limited	**3.14**	3.89
		Edelweiss Comtrade Limited	**0.26**	1.89
		ECap Equities Limited	**1.28**	1.78
		Edelweiss Asset Management Limited	**7.03**	5.73
		Edelweiss Asset Reconstruction Company Limited	**6.43**	4.31
		Edelweiss Global Wealth Management Limited	**2.29**	1.79
		Edelvalue Partners	**-**	0.01
		Edelweiss Housing Finance Limited	**15.67**	23.48
		Edelweiss Finance and Investments Limited	**0.70**	1.70
		Edelweiss Retail Finance Limited	**1.23**	8.06
		Edel Land Limited	**0.49**	0.21
		Edelweiss Multi Strategy Fund Advisors LLP	**-**	0.10
		Edelweiss Alternative Asset Advisors Limited	**3.85**	5.57
		Edelweiss Gallagher Insurance Brokers Limited	**2.54**	4.78
		Edelweiss General Insurance Company Limited	**8.23**	6.25
		Edel Investments Limited	**0.50**	0.49
		Edel Finance Company Limited	**0.14**	0.03
		EC Commodity Limited	**0.54**	0.60
		Edelcap Securities Limited	**3.06**	3.53
		Lichen Metals Private Limited	**0.02**	0.06
		EdelGive Foundation	**0.12**	0.00
		Allium Finance Private Limited	**0.61**	0.03
		Alternative Investment Market Advisors Private Limited	**0.04**	0.24
		Edelweiss Securities (IFSC) Limited*	**0.00**	-
		EC Global Limited*	**0.00**	-
		Aster Commodities DMCC*	**0.00**	-
		Edelweiss International (Singapore) Pte. Limited	**0.01**	-
		Edelweiss Investment Advisors Pte. Limited	**0.01**	-
		Edelweiss Financial Services Inc.*	**0.00**	-
		Edelweiss Securities (Hong Kong) Private Limited*	**0.00**	-
		Edelweiss Financial Services (UK) Limited*	**0.00**	-
37	ESOP Cost payable	Edelweiss Tokio Life Insurance Company Limited	**0.52**	-
		Edelweiss General Insurance Company Limited	**0.38**	-
38	Transfer of gratuity liability on account of employee transfer to	Edelweiss Alternative Asset Advisors Limited	**-**	0.04
		Edelweiss Custodial Services Limited	**-**	0.03
		Edelweiss Finvest Private Limited	**-**	0.13

(Currency: Indian rupees in million)

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

(I) Transactions and balances with related parties *(Continued)*

Sr. No.	Nature of Transaction	Related Party Name	March 31, 2020	March 31, 2019
	Current Account Transactions during the year *(Continued)*			
39	Transfer of gratuity liability on account of employee transfer from	ECL Finance Limited	**-**	0.03
		Edelweiss Securities Limited	**-**	1.91
40	Directors' sitting fees paid to	Mr. Berjis Desai	**0.26**	0.26
		Mr. Biswamohan Mahapatra	**0.34**	0.28
		Mr. Kunnasagaran Chinniah	**0.40**	0.40
		Mr. Navtej S. Nandra	**0.28**	0.30
		Mr. P N Venkatachalam	**0.34**	0.48
		Mr. Sanjiv Misra	**-**	0.28
		Dr. Ashima Goyal	**0.10**	-
		Mr. Ashok Kini	**0.10**	-
41	Commission paid to Non executive directors	Mr. Berjis Desai	**1.00**	1.30
		Mr. Biswamohan Mahapatra	**1.00**	1.30
		Mr. Kunnasagaran Chinniah	**1.00**	1.30
		Mr. Navtej S. Nandra	**1.00**	1.30
		Mr. P N Venkatachalam	**1.00**	1.30
		Mr. Sanjiv Misra	**-**	1.30
42	Contribution towards corporate social responsibility	Edelgive Foundation	**28.00**	34.70
	Balances with related parties			
43	Investments in Equity Shares in	ECL Finance Limited	**8,786.68**	8,646.66
		Edelweiss Tokio Life Insurance Company Limited	**6,025.58**	5,992.24
		Edelweiss Finance and Investments Limited	**1,536.67**	1,692.23
		Edelweiss Alternative Asset Advisors Limited	**141.70**	110.80
		Edelweiss Asset Management Limited	**1,558.60**	1,546.49
		Edelweiss Broking Limited	**3,197.95**	3,140.28
		Edelweiss Rural & Corporate Services Limited	**1,656.05**	1,608.00
		EC International Limited	**6.15**	6.20
		ECap Equities Limited	**1,289.95**	1,260.00
		Edelweiss Retail Finance Limited	**914.11**	908.18
		Edelweiss Capital (Singapore) Pte. Limited	**528.21**	523.22
		Edel Investments Limited	**46.67**	46.00
		Edel Land Limited	**147.61**	147.61
		EdelGive Foundation	**0.10**	0.10
		Edelweiss Housing Finance Limited	**1,188.96**	1,155.50
		Edelweiss Gallagher Insurance Brokers Limited	**32.27**	24.00
		Edelweiss Trusteeship Company Limited	**1.00**	1.00

Notes to the financial statements *(Continued)*

(Currency: Indian rupees in million)

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

(I) Transactions and balances with related parties *(Continued)*

Sr. No.	Nature of Transaction	Related Party Name	March 31, 2020	March 31, 2019
	Balances with related parties *(Continued)*			
		Edelweiss Global Wealth Management Limited	**290.01**	195.63
		Edelweiss Investment Advisors Limited	**7.19**	5.50
		Edelweiss General Insurance Company Limited	**3,086.16**	2,080.00
		Edel Finance Company Limited	**1,700.00**	1,700.00
		Edelweiss Finvest Private Limited	**1,655.42**	1,180.64
		Edelweiss Securities (IFSC) Limited	**162.54**	147.54
		Edelweiss Securities Limited	**241.78**	92.00
		Edelweiss Asset Reconstruction Company Limited	**448.64**	434.89
44	Accrued interest on loans given to	EC International Limited	**-**	29.38
		Edelweiss Capital (Singapore) Pte. Limited	**-**	111.90
45	Accrued interest on loans taken from	Edelweiss Rural & Corporate Services Limited	**13.42**	24.33
46	Short term loans given to	EC International Limited	**-**	380.96
		Edelweiss Capital (Singapore) Pte. Limited	**-**	1,972.34
		Mr. S. Ranganathan	**5.00**	-
47	Short term loans taken from	Edelweiss Rural & Corporate Services Limited	**719.09**	3,636.36
48	Trade payables to	EC International Limited*	**0.00**	-
		Edelweiss Capital (Singapore) Pte. Limited	**0.01**	-
		Edelweiss Finance and Investments Limited	**3.93**	-
		EC Commodity Limited	**0.26**	-
		Edelweiss Comtrade Limited	**0.04**	-
		Edelvalue Partners	**0.02**	0.02
		Edelweiss Investment Advisors Limited	**0.02**	0.49
		Edelweiss Financial Services Inc.	**8.97**	17.33
49	Trade receivables from	EC Global Limited*	**0.00**	-
		Edelweiss International (Singapore) Pte. Limited	**0.25**	1.66
		Edelweiss Rural & Corporate Services Limited	**13.22**	22.80
		Edelweiss Finvest Private Limited	**6.88**	142.26
		Edelweiss Tokio Life Insurance Company Limited	**97.80**	32.39
		ECap Equities Limited	**52.94**	64.84
		ECL Finance Limited	**69.69**	53.23
		Edelcap Securities Limited	**4.45**	1.04
		Edel Finance Company Limited	**0.10**	0.07
		Edelweiss Asset Management Limited	**14.64**	2.51

(Currency: Indian rupees in million)

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

(I) Transactions and balances with related parties *(Continued)*

Sr. No.	Nature of Transaction	Related Party Name	March 31, 2020	March 31, 2019
	Balances with related parties *(Continued)*			
		Edelweiss Asset Reconstruction Company Limited	**102.60**	17.66
		Edelweiss Securities (IFSC) Limited*	**0.00**	-
		Edelweiss Custodial Services Limited	**7.18**	17.38
		Edelweiss Finance and Investments Limited	**-**	10.57
		Edelweiss Alternative Asset Advisors Limited	**25.30**	9.37
		Edelweiss Alternative Asset Advisors Pte. Limited	**2.13**	-
		Edel Land Limited	**0.86**	0.07
		Edelweiss General Insurance Company Limited	**34.63**	13.57
		Edelweiss Housing Finance Limited	**23.19**	20.26
		Edelweiss Global Wealth Management Limited	**33.16**	17.71
		EC Commodity Limited	**0.34**	0.12
		Edelweiss Broking Limited	**48.26**	39.31
		Edelweiss Comtrade Limited	**-**	0.05
		EdelGive Foundation	**0.02**	-
		Edelweiss Gallagher Insurance Brokers Limited	**0.18**	0.43
		Edelweiss Retail Finance Limited	**2.65**	1.07
		Alternative Investment Market Advisors Private Limited	**-**	0.01
		Edelweiss Securities Limited	**48.01**	16.91
		Allium Finance Private Limited	**0.03**	0.00
		Edelweiss Capital (Singapore) Pte. Limited	**-**	1.93
		Edel Investments Limited	**0.01**	0.38
		Lichen Metals Private Limited*	**0.00**	-
		Aster Commodities DMCC*	**0.00**	-
		Edelweiss Securities (Hong Kong) Private Limited*	**0.00**	-
		Edelweiss Financial Services (UK) Limited*	**0.00**	-
		Edelweiss Investment Advisors Pte. Limited	**2.42**	-
50	Margin placed with broker	Edelweiss Custodial Services Limited	**15.29**	66.18
		Edel Investments Limited*	**0.00**	-
51	Directors nomination deposits placed with	Edelweiss Securities Limited	**0.20**	0.20
		Edelweiss Finance and Investments Limited	**0.50**	0.50
		ECap Equities Limited	**0.10**	0.10
		Edelweiss Alternative Asset Advisors Limited	**0.10**	0.10
		Edel Land Limited	**0.10**	0.10
		Edelweiss Asset Management Limited	**0.10**	0.10
		ECL Finance Limited	**0.10**	0.10
		Edelweiss Rural & Corporate Services Limited	**0.10**	0.10

Notes to the financial statements *(Continued)*

(Currency: Indian rupees in million)

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

(I) Transactions and balances with related parties *(Continued)*

Sr. No.	Nature of Transaction	Related Party Name	March 31, 2020	March 31, 2019
	Balances with related parties *(Continued)*			
52	Corporate / other guarantee given on behalf of	Edelweiss Rural & Corporate Services Limited	**35,570.00**	1,387.17
		Edelweiss Custodial Services Limited	**14,405.00**	17,850.00
		ECap Equities Limited	**4,751.10**	6,866.80
		Edelweiss Asset Reconstruction Company Limited	**26,509.30**	16,067.30
		Edelweiss Finvest Private Limited	**2,749.30**	5,030.10
		Edelweiss Finance and Investments Limited	**310.40**	916.77
		Edelweiss Housing Finance Limited	**2,384.83**	3,106.17
		Edelweiss Securities Limited	**1,170.00**	2.50
		ECL Finance Limited	**3,174.17**	54.00

* ₹ 0.00 refers to amount less than ₹ 0.01 million

Note:

1 As part of fund based activities, intergroup company loans and advances activities undertaken are generally in the nature of revolving demand loans. Such loans and advances, voluminous in nature, are carried on at arm's length and in the ordinary course of business. Pursuant to Ind AS 24 – Related Party Disclosures, maximum amount of loans given and repaid are disclosed above as in the view of the management it provides meaningful reflection of such related party transactions on the financial statements. Interest income and expenses on such loans and advances are disclosed on the basis of full amounts of such loans and advances given and repaid.

2 Information relating to remuneration paid to key managerial person mentioned above excludes provision made for gratuity and provision made for bonus which are provided for group of employees on an overall basis.

35. Earnings per share

In accordance with Indian Accounting Standard 33 – "Earnings Per Share" prescribed by Companies (Accounts) Rules, 2014, the computation of earnings per share is set out below:

Particulars		2020	2019
a.	**Shareholders earnings** (as per statement of profit and loss)	**825.79**	**1,028.78**
b.	**Calculation of weighted average number of equity shares of ₹ 1 each:**		
	- Number of shares outstanding at the beginning of the year	**887,772,784**	**870,602,147**
	- Number of shares issued during the year	**1,739,438**	**17,170,637**
	Total number of equity shares outstanding at the end of the year	**889,512,222**	**887,772,784**
	Weighted average number of equity shares outstanding during the year (based on the date of issue of shares)	**888,713,129**	**882,564,701**
c.	Number of dilutive potential equity shares	**5,575,693**	**14,761,041**
d.	Basic earnings per share (in ₹) {a/b}	**0.93**	**1.17**
e.	Diluted earnings per share (in ₹) {a/(b+c)}	**0.92**	**1.15**

36. Cost sharing

Edelweiss Financial Services and it's group companies provide necessary business and management oversights to its various subsidiaries inter-alia in the form of business and strategy planning, stake holder relation, marketing & publication, technology support, HR Policies including leadership & development of employees, governance and regulatory policies, policy advocacy, legal & litigation handling framework etc. (here in after collectively referred to as "Business and Management oversight"). Subsidiaries of Edelweiss group thus get benefitted from the oversight of expenses incurred by group companies. It is therefore imperative that expenses if incurred on providing such oversight, to be shared by its subsidiaries.

36. Cost sharing *(Continued)*

The group companies provide business and support services to each other basis of the signed agreed terms. The services provided are with the intent to create synergies at group level for e.g. sharing of empty spaces with the group companies, having common HR and admin teams, using one's available resource for the benefit of the group.

In consideration of the business and management oversight by Edelweiss group, the beneficiaries shall share and pay towards the costs, as agreed. It is expressly agreed between the parties that sharing of these cost shall be on the total cost over the financial year (April to march) adequate to compensate the function performed , assets employed and risks assumed by group companies and will be determined by the beneficiaries and edelweiss group companies. The amount payable by the beneficiaries will be reviewed intermittently and any amendment to the same will be mutually agreed upon in writing by the parties. For the purpose of total cost means all operating expense including but not limited to, normal recurring cost such as office rent, communication charges, salaries, employee benefits, cost of approved third party vendor, deprecation on assets used and amortization.

37 Employee Benefits

a) Defined contribution plan - Provident funds

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

The Company recognised ₹ 20.92 million (Previous year: ₹ 25.04 million) for provident fund and other contributions in the statement of profit and loss.

b) Defined benefit plan - Gratuity

In accordance with the Payment of Gratuity Act, 1972, the Company provides for gratuity, a defined benefit plan 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 gratuity benefit is partially provided through funded plan and annual expense is charged to the statement of profit and loss on the basis of actuarial valuation.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at 31 March 2020.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.

(Currency: Indian rupees in million)

37 Employee Benefits *(Continued)*

b) Defined benefit plan - Gratuity *(Continued)*

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:

Reconciliation of Defined Benefit Obligation (DBO)

	March 31 ,2020	March 31 ,2019
Present Value of DBO at Start of the year	**48.30**	**40.52**
Service Cost		
Current Service Cost	**4.71**	6.39
Effect of Curtailment	**(5.03)**	-
Interest Cost	**3.33**	3.09
Benefits Paid	**(6.84)**	(2.27)
Re-measurements		
a. Actuarial Loss/(Gain) from changes in demographic assumptions	**-**	-
b. Actuarial Loss/(Gain) from changed in financials assumptions	**2.24**	0.68
c. Actuarial Loss/(Gain) from experience over last past year	**(3.08)**	(1.84)
Transfer In / (Out)	**(0.70)**	1.73
Present Value of DBO at end of the year	**42.93**	**48.30**

Reconciliation of Fair Value of Plan Assets

	March 31 ,2020	March 31 ,2019
Fair Value of Plan Assets at start of the year	**47.37**	**41.60**
Contributions by Employer	**0.03**	5.00
Benefits Paid	**(6.84)**	(2.27)
Interest Income Plan Assets	**3.07**	2.94
Re-measurements		
Return on plan assets excluding amount including in net interest on the net defind benefit liability / (asset)	**(2.83)**	0.10
Fair Value of Plan Assets at end of the year	**40.80**	**47.37**
Actual Return on Plan Assets	**0.23**	3.04
Expected Employer Contributions for the coming year	**2.00**	1.00

Expenses recongnised in the Profit or Loss

	March 31 ,2020	March 31 ,2019
Service Cost		
Current Service Cost	**4.71**	6.39
Effect of Curtailment	**(5.03)**	-
Net Interest on net defind benefit liability / (asset)	**0.25**	0.14
Employer Expenses	**(0.07)**	**6.53**

(Currency: Indian rupees in million)

37 Employee Benefits *(Continued)*

Net Liability / (Asset) recognised in the Balance sheet

	March 31 ,2020	March 31 ,2019
Present Value of DOB	**42.93**	48.30
Fair Value of Plan Assets	**40.80**	47.37
Liability / (Asset) recongised in the Balance Sheet	**2.13**	0.93
Funded Status [Surplus/ (Deficit)]	**(2.13)**	(0.93)
Experience Adjustment on Plan Liabilities:(Gain)/Loss	**(3.08)**	(1.84)

Percentage Break-down of Total Plan Assets

	March 31 ,2020	March 31 ,2019
Equity instruments	**0.0%**	0.0%
Debt instruments	**0.0%**	0.0%
Real estate	**0.0%**	0.0%
Derivatives	**0.0%**	0.0%
Investment Funds with Insurance Company	**99.9%**	100%
Of which, Unit Linked	**99.9%**	100%
Of which, Traditional/ Non-Unit Linked	**0.0%**	0.0%
Asset-backed securities	**0.0%**	0.0%
Structured debt	**0.0%**	0.0%
Cash and cash equivalents	**0.1%**	0.0%
Total	**100%**	**100%**

Actuarial assumptions:

	March 31 ,2020	March 31 ,2019
Salary Growth Rate (% p.a)	**7% p.a**	7% p.a
Discount Rate (% p.a)	**5.90% p.a**	7% p.a
Withdrawal Rate (% p.a)		
Senior	**13% p.a**	13% p.a
Middle	**18% p.a**	18% p.a
Junior	**25% p.a**	25% p.a
Mortality Rate	**IALM 2012-14 (Ultimate)**	IALM 2012-14 (Ultimate)
Interest Rate on Net DBO / (Asset) (%)	**7.3% p.a**	7.3% p.a
Expected weighted average remaining working life (years)	**3 Years**	4 Years

Movement in Other Comprehensive Income

	March 31 ,2020	March 31 ,2019
Balance at start of year (Loss)/ Gain	**1.26**	**NIL**
Re-measurements on DBO		
a. Actuarial Loss/(Gain) from changes in demographic assumptions	**-**	-
b. Actuarial Loss/(Gain) from changed in financials assumptions	**(2.24)**	(0.68)
c. Actuarial Loss/(Gain) from experience over last past year	**3.08**	1.84
Re-measurements on Plan Assets		
Return on plan assets excluding amount including in net interest on the net defind benefit liability / (asset)	**(2.83)**	0.10
Balance at end of year (Loss)/ Gain	**(0.73)**	**1.26**

(Currency: Indian rupees in million)

37 Employee Benefits *(Continued)*

b) Defined benefit plan - Gratuity *(Continued)*

Senitivity Analysis

DOB increases / (decreases) by	March 31 ,2020	March 31 ,2019
1 % Increase in Salary Growth Rate	**1.56**	1.88
1 % Decrease in Salary Growth Rate	**(1.42)**	(1.75)
1 % Increase in Discount Rate	**(1.43)**	(1.74)
1 % Decrease in Discount Rate	**1.59**	1.89
1 % Increase in Withdrawal Rate	**(0.09)**	(0.24)
1 % Decrease in Withdrawal Rate	**0.09**	0.24
Mortality (Increase in expected lifetime by 1 year)	**2**	Negligible Change
Mortality (Increase in expected lifetime by 3 year)	**5**	Negligible Change

Note: The sensitivity is performed on the DBO at the respective valuation date by modifying one parameter whilst retaining other parameters constant there are no changes from the previous period to the methods and assumptions underlying the sensitivity analyses.

Movement in Surplus / (Deficit)

	March 31 ,2020	March 31 ,2019
Surplus / (Deficit) at start of year	**(0.93)**	1.08
Net (Acquisition) / Divestiture	**-**	-
Net Tranfer (In)/ Out	**0.70**	(1.73)
Movement during the year		
Current Service Cost	**(4.71)**	(6.39)
Effect of Curtialment	**5.03**	-
Net Interest on net DBO	**(0.25)**	(0.15)
Re-measurements	**(1.99)**	1.26
Contributions / Benefits	**0.03**	5.00
Surplus / (Deficit) at end of year	**(2.12)**	**(0.93)**

c) Compensated absences :

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

Other Disclosures

Description of Asset Liability Matching (ALM) Policy

The Company has an insurance plans invested in market linked bonds. The investment returns of the market-linked plan are sensitive to the changes in interest rates. The liabilities' duration is not matched with the assets' duration.

Description of funding arrangements and funding policy that affect future contributions

The liabilities of the fund are funded by assets. The Company aims to maintain a close to full-funding position at each Balance Sheet date. Future expected contributions are disclosed based on this principle.

Maturity profile

The average expected remaining lifetime of the plan members is 5 years (March 31,2019: 4 years) as at the date of valuation. This represents the weighted average of the expected remaining lifetime of all plan participants.

(Currency: Indian rupees in million)

38. Employee stock option plans and Stock Appreciation Right Plan

Edelweiss Financial Services Limited ("EFSL" hereafter), has recognised share based payment expenses for the years ended 31 March 2020 and 31 March 2019 based on fair value as on the grant date calculated as per option pricing model. The grants represent equity-settled options under the Employee Stock Option Plans and Stock Appreciation Rights Plans (hereafter referred to as "ESOP 2010", "ESOP 2011" and "SAR 2019" or "ESOPs" "SARs").

The Edelweiss Group has granted ESOPs under the three plans viz., ESOP 2010, ESOP 2011 SAR 2019 to its employees on an equity-settled basis as tabulated below. The ESOPs/SARs provide a right to its holders (i.e., Edelweiss group employees) to purchase one EFSL share for each option at a pre-determined strike price on the expiry of the vesting period. The ESOP/SAR hence represents an European call option that provides a right but not an obligation to the employees of the Edelweiss group to exercise the option by paying the strike price at any time on completion of the vesting period, subject to an outer boundary on the exercise period.

EFSL has granted stock options to employees of the Edelweiss group on an equity-settled basis as tabulated below.

	SAR 2019	**ESOP 2010**	**ESOP 2011**
Dates of grant	Varying	Varying	Varying
Option Type	Equity settled	Equity settled	Equity settled
No. of outstanding options at March 31, 2020	11,230,000	-	21,126,689
No. of outstanding options at March 31, 2019	-	-	20,588,627
No. of Equity shares represented by an option	1 share for 1 option	1 share for 1 option	1 share for 1 option
Fair Value per option	Varies as per the grant date	Varies as per the grant date	Varies as per the grant date
Exercise Price	Varies as per the grant date	Varies as per the grant date	Varies as per the grant date
Vesting Period	2-6 years	1-4 years	1-4 years
Vesting Conditions	Service	Service	Service

The vesting of options is subject to the employee's continued employment with the Edelweiss group. The ESOPs shall vest as follows:

	SAR 2019	ESOP 2010	ESOP 2011
Duration from grant date	% options vesting	% options vesting	% options vesting
12 months from the grant date	0%	25%	25%
24 months from the grant date	33.33%	25%	25%
36 months from the grant date	0%	25%	25%
48 months from the grant date	33.33%	25%	25%
60 months from the grant date	0%	0%	0%
72 months from the grant date	33.34%	0%	0%
Total	100.00%	100%	100%

(Currency: Indian rupees in million)

38. Employee stock option plans *(Continued)*

Plan description

Plan Name	Grant Date	Vesting Conditions	Term of Options	Payout
ESOP Plan 2010	Various	As specified in tables above	1-4 years	Equity settled
ESOP Plan 2011			1-4 years	Equity settled
SAR Plan 2019			2-6 years	Equity settled

Movement of number of Options for FY 2019-20 and 2018-19

Number of options	FY 2019-20			FY 2018-19		
	SAR 2019	**ESOP 2011**	**Total**	ESOP 2010	ESOP 2011	Total
Outstanding at the start of the year	**-**	**20,588,627**	**20,588,627**	1,473,000	33,451,874	34,924,874
Granted during the year*	**11,625,000**	**4,085,000**	**157,100,00**	-	4,153,750	4,153,750
Exercised during the year	**-**	**(1,746,783)**	**(1,746,783)**	(1,462,850)	(15,207,822)	(16,670,672)
Lapsed/ cancelled during the year	**(395,000)**	**(1,800,175)**	**(2,195,175)**	(10,150)	(1,809,175)	(1,819,325)
Outstanding at the end of the year*	**11,230,000**	**21,126,689**	**32,356,689**	-	20,588,627	20,588,627
Exercisable at the end of the year	**-**	**11,241,676**	**11,241,676**	-	10,555,675	10,555,675

*Includes, SAR 2109 515,000, ESOP 2011 1,670,825 (Previous year ESOP 2011 2,090,800) approved but not granted.

Weighted Average Exercise Price for FY 2019-20 and 2018-19

Weighted Average Exercise Price (₹)	Year ended March 31, 2020		Year ended March 31, 2019	
	SAR 2019	**ESOP 2011**	**ESOP 2010**	**ESOP 2011**
Outstanding at the start of the year	**NA**	**117.34**	49.41	57.84
Granted during the year	**180.26**	**168.04**	-	294.67
Exercised during the year	**-**	**47.27**	49.41	39.65
Lapsed/ cancelled during the year	**180.65**	**127.91**	48.56	122.76
Outstanding at the end of the year	**178.75**	**131.80**	-	117.34
Exercisable at the end of the year	**NA**	**78.84**	-	51.27
Weighted Average Share price at the exercise date	**NA**	**47.61**	49.91	39.61

Outstanding Options as at March 31, 2020 and 2019

	Year ended March 31, 2020		Year ended March 31, 2019	
	SAR 2019	**ESOP 2011**	**ESOP 2010**	**ESOP 2011**
Number of options outstanding	**11,230,000**	**21,126,689**	-	20,588,627
Weighted average strike price (₹)	**178.75**	**131.80**	-	117.34
Weighted average remaining lifetime of options (in years)	**3.18**	**0.54**	-	0.55
Number of employees covered under the scheme	**132**	**372**	-	446

(Currency: Indian rupees in million)

38. Employee stock option plans *(Continued)*

Options granted during FY 2019-20 and 2018-19

	Year ended March 31, 2020		Year ended March 31, 2019	
	SAR 2019	**ESOP 2011**	**ESOP 2010**	**ESOP 2011**
Number of options granted	**11,625,000**	**4,085,000**	NA	4,153,750
Weighted average strike price (in ₹)	**180.26**	**168.04**	NA	294.67
Weighted average remaining lifetime of options (in years)	**4.00**	**3.50**	NA	3.50
Number of employees covered under the scheme	**132.00**	**216.00**	NA	179.00
Weighted Average Fair value per option (in ₹)	**85.08**	**81.21**	NA	112.57
Weighted Average Intrinsic value per option (in ₹)	**1.44**	**9.03**	NA	2.59

Assumptions for Fair Value for FY 2019-20 and 2018-19

	Year ended March 31, 2020		Year ended March 31, 2019	
	SAR 2019	**ESOP 2011**	**ESOP 2010**	**ESOP 2011**
Weighted average share price (in ₹)	**180.24**	**176.39**	NA	116.93
Weighted average strike price (in ₹)	**178.75**	**131.80**	NA	117.34
Weighted average remaining lifetime of options (in years)	**3.18**	**0.54**	NA	0.55
Expected volatility (% p.a.)	**56% - 62% p.a.**	**56% - 62% p.a.**	NA	33% - 54% p.a.
Risk-free discount rate (% p.a.)	**5.4% - 6.9% p.a.**	**5.4% - 6.8% p.a.**	NA	6.0% - 8.5% p.a.
Expected dividend yield (% p.a.)	**0.66% - 0.67% p.a.**	**0.66% - 0.67% p.a.**	NA	0.4% - 3.1% p.a.

Other Disclosures

	Year ended March 31, 2020			Year ended March 31, 2019		
	SAR 2019	**ESOP 2011**	**Total**	**ESOP 2010**	**ESOP 2011**	**Total**
Charges during the year due to share based payments	**148.93**	**242.03**	**390.96**	(2.57)	228.04	**225.47**
Changes in fair value of share based payments due to any modifications made during the year	**-**	**-**	**-**	-	-	**-**
Liability due for share based payments	**148.93**	**669.25**	**818.18**	-	460.59	**460.59**
Intrinsic value of the liability above	**-**	**-**	**-**	-	-	-

39. Capital commitment

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) ₹ 0.92 million (Previous year: ₹ 2.94 million).

Notes to the financial statements *(Continued)*

(Currency: Indian rupees in million)

40. Contingent liabilities

a) Claims against the Company not acknowledged as debt:

i. Income tax matters in respect of which appeal is pending is ₹ 11.30 million for the year (Previous year: ₹ Nil).

ii. Service tax matters in respect of which appeal is pending is ₹ 534.36 million for the year (Previous year: ₹ 534.36 million).

b) Other claim not acknowledged as debt:

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

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

c) Corporate/other guarantee not acknowledged as debt:

Corporate/other guarantee given by the Company on behalf of its subsidiary companies and to third party and Company which is outstanding as at March 31, 2020 and March 31, 2019 is given below:

Sr. No	Nature of Guarantee	2020	2019
1	Guarantee to trustees of non convertible debentures and subsidiary for preference shares	**34,124.10**	28,488.90
2	Guarantee to Banks for loan taken by subsidiary company	**21,330.00**	22,791.90
3	Guarantee given for loan sold by subsidiary Company to Asset Re-construction Company	**35,570.00**	-
	Total	**91,024.10**	51,280.80

During the year ended March 31, 2020 and March 31, 2019, ECL Finance, Edelweiss Finvest Private Limited, Edelweiss Retail Finance Limited and Edelweiss Housing Finance Limited (together 'subsidiaries') of the Company have sold certain financial assets aggregating to ₹ 53,140 million (net of provisions and losses) and ₹ 5,830 million (net of provisions of losses) respectively to various asset reconstructions company trusts ('ARC Trusts') and acquired security receipts (SR) amounting to ₹ 47,650 million. Ind AS 109 - Financial Instruments, prescribed under section 133 of the Companies Act, 2013, requires substantial risks and rewards to be transferred for the purpose of de-recognition of such financial assets from these subsidiaries' financial statements. EFSL, the holding company, and Edelweiss Rural and Corporate Services Limited (ERCSL), a subsidiary, have guaranteed significant risks and assumed rewards in respect of financial assets aggregating to ₹ 35,570 million. As a result, these financial assets are de-recognized in subsidiaries' financial statements. Further, as the risks and rewards continues in the Group, these are accounted as financial assets in the consolidated financial statements of the Group and the consequent expected credit loss, if any, will be recorded in the financial statements of ERCSL or the Company.

(Currency: Indian rupees in million)

41. Details of dues to micro, small and medium enterprises

Trade Payables includes ₹ 0.90 million (Previous year: ₹ 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.

42. Disclosure of loans and advances given pursuant to requirements of Regulation 34(3) of Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015.

Sr. no.	Entity	2020		2019	
		Loan outstanding	Maximum amount outstanding during the year	Loan outstanding	Maximum amount outstanding during the year
1	Edelweiss Capital (Singapore) Pte. Limited	-	2,019.05	1,972.34	3,037.88
2	EC International Limited	-	384.62	380.96	1,634.38
3	Edelweiss Rural and Corporate Services Limited	-	6.20	-	6,504.63

All the above loans are repayable on demand as per contracted terms.

43. Capital Management

The Company manages the capital structure by a balanced mix of debt and equity. The Company's capital management strategy is to effectively determine, raise and deploy capital so as to create value for its shareholders. The Company maintains sound capitalisation both from an economic and regulatory perspective. The Company continuously monitors and adjusts overall capital demand and supply in an effort to achieve an appropriate balance of the economic and regulatory considerations at all times and from all perspectives. These perspectives include specific capital requirements from rating agencies.

Capital structure includes infusion in the form of equity and structured debt from strategic business partners in certain of Company's subsidiaries to fund expansion and assist in achieving expected growth in the competitive market.

No changes were made in the objectives, policies or processes during the financial years ended March 31, 2020 and March 31, 2019.

This framework is adjusted based on underlying macro-economic factors affecting business environment, financial market conditions and interest rates environment. Company monitors capital using debt-equity ratio, which is total debt divided by total equity.

Particulars	As at March 31, 2020	As at March 31, 2019
Total Debt	1,466.63	3,660.63
Equity	34,545.70	33,516.01
Debt to Equity	0.04	0.11

44. 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 exposed to credit risk, liquidity risk and market risk. It is also subject to various operating and business risks.

44. Risk management *(Continued)*

Risk management structure

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

The Board has appointed the Risk Committee which is responsible for monitoring the overall risk process within the Company and reports to the Audit Committee.

The Risk Committee has the overall responsibility for the development of the risk strategy and implementing principles, frameworks, policies and limits.

The Company is responsible for implementing and maintaining risk related procedures to ensure an independent control process is maintained. The Company works closely with and reports to the Risk Committee, to ensure that procedures are compliant with the overall framework.

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 has adopted a policy of dealing with creditworthy counterparties and obtains sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

Credit risk is measured as the amount that could be lost if a customer or counterparty fails to make repayments. Credit risk is monitored using various internal risk management measures and within limits approved by the board within a framework of delegated authorities. It is managed through a robust risk control framework, which outlines clear and consistent policies, principles and guidance for risk managers. Presently Company has credit exposure only to it's subsidiaries where adequate control and monitoring is ensured.

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 cash reserves in the form of Fixed Deposits, Cash, Loans which are callable any time at the Company's discretion, etc. These assets carry minimal credit risk and can be liquidated in a very short period of time. These would be to take care of immediate obligations while continuing to honour commitments as a going concern.

Analysis of financial assets and liabilities by remaining contractual maturities

The table below at note number 47 summarises the maturity profile of the undiscounted cash flows of the Company's financial assets and liabilities as at March 31. All OTC derivatives used for hedging are shown by maturity, based on their contractual undiscounted payment obligations. All exchange traded derivatives held for trading are analyzed based on expected maturity.

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. The objective of the Company's market risk management is to manage and control market risk exposures within acceptable parameters.

(Currency: Indian rupees in million)

44. Risk management *(Continued)*

Market Risk: *(Continued)*

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's foreign exposure is limited to investments and loans to Group entities outside India. The Company aggregates the foreign exchange exposure emerging out of these loans and the same is hedged using OTC and exchange traded derivatives. Positions are regularly monitored by the Company and rebalanced/ rolled over based on the inflow and outflow of funds.

Currency	2019-20			
	Increase in currency rate (%)	**Effect on profit before tax**	**Decrease in currency rate (%)**	**Effect on profit before tax**
USD	**5**	**(20.95)**	**5**	**20.95**

Currency	2018-19			
	Increase in currency rate (%)	**Effect on profit before tax**	**Decrease in currency rate (%)**	**Effect on profit before tax**
USD	5	(53.56)	5	53.56

45. Fair Value measurement:

A. Valuation goverance framework

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

B. Fair value hierarchy

Fair values of financial assets and liabilities are determined according to the following hierarchy

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

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

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

C. Financial instruments not measured at fair value:

Carrying amounts of cash and cash equivalents, trade receivables, loans and trade and other payables as on March 31, 2020 approximate the fair value because of their short-term nature. Difference between carrying amounts and fair values of bank deposits, other financials assets, other financial liabilities and borrowings subsequently measured at amortised cost is not significant in each of the years presented.

(Currency: Indian rupees in million)

45. Fair Value measurement: *(Continued)*

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

As at March 31, 2020	Level 1	Level 2	Level 3	Total
Assets measured at fair value on a recurring basis				
Derivative financial instruments				
Exchange-traded derivatives	-	-	-	-
Total derivative financial instruments - A	-	-	-	-
Investments				
Equity instruments	0.80	23.15	-	23.95
Total investments measured at fair value - B	0.80	23.15	-	23.95
Total (A+B)	**0.80**	**23.15**	**-**	**23.95**
Liabilities measured at fair value on a recurring basis				
Derivative financial instruments				
Exchange-traded derivatives	1.89	-	-	1.89
OTC derivatives	-	-	-	-
Total derivative financial instruments	1.89	-	-	1.89
Total	**1.89**	**-**	**-**	**1.89**

As at March 31, 2019	Level 1	Level 2	Level 3	Total
Assets measured at fair value on a recurring basis				
Derivative financial instruments				
Exchange-traded derivatives	0.16	-	-	0.16
OTC derivatives	-	-	-	-
Total derivative financial instruments - A	0.16	-	-	0.16
Investments				
Equity instruments	2.31	128.76	-	131.07
Total investments measured at fair value - B	2.31	128.76	-	131.07
Total (A+B)	**2.47**	**128.76**	**-**	**131.23**
Liabilities measured at fair value on a recurring basis				
Derivative financial instruments				
Exchange-traded derivatives	4.42	-	-	4.42
OTC derivatives	-	2.48	-	2.48
Total derivative financial instruments	4.42	2.48	-	6.90
Total	**4.42**	**2.48**	**-**	**6.90**

E. There have been no transfers between levels during the year ended March 31, 2020 and March 31, 2019.

(Currency: Indian rupees in million)

45. Fair Value measurement: *(Continued)*

Note :

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The Company's fair value methodology and the governance over its models includes a number of controls and other procedures to ensure appropriate safeguards are in place to ensure its quality and adequacy. Where fair values are determined by reference to externally quoted prices or observable pricing inputs to models, independent price determination or validation is used. For inactive markets, Company sources alternative market information, with greater weight given to information that is considered to be more relevant and reliable.

Unquoted equity instruments:

Equity instruments in non-listed entities are re-measured at each reporting date at valuation provided by external valuer at instrument level.

Derivatives:

The Company enters into certain derivative financial instruments primarily with banks with investment grade credit ratings. Derivatives valued using valuation techniques with market observable inputs are mainly forward exchange contracts.

Exchange traded derivatives:

Company has entered into certain exchange-traded currency futures. The Company uses latest traded prices at the reporting date to value these derivatives and classifies these instruments as Level 1 in the hierarchy.

46. 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	As at March 31, 2020			As at March 31, 2019		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial Assets						
Cash and cash equivalents	**13.66**	**-**	**13.66**	109.98	-	109.98
Bank balances other than cash and cash equivalents	**9.55**	**-**	**9.55**	59.97	-	59.97
Trade receivables	**618.94**	**-**	**618.94**	527.62	-	527.62
Loans	**6.73**	**-**	**6.73**	2,538.68	-	2,538.68
Investments	**8,314.63**	**26,358.24**	**34,672.87**	-	33,392.51	33,392.51
Other financial assets	**15.28**	**378.00**	**393.28**	133.25	331.71	464.96
Non-financial assets						
Current tax assets (net)	**-**	**618.59**	**618.59**	-	425.77	425.77
Deferred tax assets (net)	**-**	**291.13**	**291.13**	-	258.65	258.65
Property, Plant and Equipment	**-**	**8.36**	**8.36**	-	13.75	13.75
Intangible assets under development	**-**	**9.16**	**9.16**	-	9.96	9.96
Other Intangible assets	**-**	**16.83**	**16.83**	-	32.23	32.23
Other non- financial assets	**-**	**161.63**	**161.63**	-	132.69	132.69
Total Assets	**8,978.79**	**27,841.94**	**36,820.73**	**3,369.50**	**34,597.27**	**37,966.77**

(Currency: Indian rupees in million)

46. Maturity Analysis of assets and liabilities *(Continued)*

Particulars	As at March 31, 2020 Within 12 months	As at March 31, 2020 After 12 months	As at March 31, 2020 Total	As at March 31, 2019 Within 12 months	As at March 31, 2019 After 12 months	As at March 31, 2019 Total
Financial Liabilities						
Derivative financial instruments	-	-	-	2.48	-	2.48
Trade payables	**81.20**	-	**81.20**	106.90	-	106.90
Debt securities	**734.12**	-	**734.12**	-	-	-
Borrowings (other than debt securities)	**732.51**	-	**732.51**	3,660.63	-	3,660.63
Other financial liabilities	**220.50**	**356.59**	**577.09**	271.27	331.71	602.98
Non-financial liabilities						
Current tax liabilities (net)	-	**69.84**	**69.84**	-	45.86	45.86
Provisions	**1.36**	**7.72**	**9.08**	-	10.27	10.27
Other non-financial liabilities	**71.19**	-	**71.19**	21.64	-	21.64
Total Liabilities	**1,840.88**	**434.15**	**2,275.03**	**4,062.92**	**387.84**	**4,450.76**
Net	**7,137.91**	**27,407.79**	**34,545.70**	**(693.42)**	**34,209.43**	**33,516.01**

Note :

The Company in addition to generating operating income from merchant banking activities, is also a holding Company of profitable subsidiaries involved in diviersified businesses and receives dividend distribution at regular interval and will be comfortably able to meet it's obligations at all points of time.

47 Remaining contractual maturities

The table below summarises the maturity profile of the undiscounted cash flows of the Company's financial assets and liabilities as at 31 March. All OTC derivatives used for hedging are shown by maturity, based on their contractual undiscounted payment obligations. All exchange traded derivatives held for trading are analyzed based on expected maturity.

A. Analysis of non-derivative financial liabilities and assets by remaining contractual maturities

As at March 31, 2020	Up to 3 months	Equal to or more than 6 months but less than 12 months	Equal to or more than 12 months but less than 3 years	Total
Trade payables	**81.20**	-	-	**81.20**
Debt securities	**750.00**	-	-	**750.00**
Borrowings other than debt securities	**732.51**	-	-	**732.51**
Other financial liabilities	**220.50**	-	-	**220.50**
Total undiscounted non-derivative financial liabilities	**1,784.21**	-	-	**1,784.21**

As at March 31, 2020	Up to 3 months	Equal to or more than 6 months but less than 12 months	Equal to or more than 12 months but less than 3 years	Total
Cash and cash equivalent and other bank balances	**23.21**	-	-	**23.21**
Trade receivables	**618.94**	-	-	**618.94**
Loans	**6.73**	-	-	**6.73**
Investments at fair value through profit or loss	**23.95**	-	-	**23.95**
Other financial assets	**15.28**	-	**21.41**	**36.69**
Total undiscounted non-derivative financial assets	**688.11**	-	**21.41**	**709.52**

(Currency: Indian rupees in million)

47 Remaining contractual maturities *(Continued)*

A. Analysis of non-derivative financial liabilities and assets by remaining contractual maturities *(Continued)*

As at March 31, 2019	Up to 3 months	Equal to or more than 6 months but less than 12 months	Equal to or more than 12 months but less than 3 years	Total
Trade payables	106.90	-	-	106.90
Borrowings other than debt securities	3,660.63	-	-	3,660.63
Other financial liabilities	271.27	-	-	271.27
Total undiscounted non-derivative financial liabilities	**4,038.80**	**-**	**-**	**4,038.80**

As at March 31, 2019	Up to 3 months	Equal to or more than 6 months but less than 12 months	Equal to or more than 12 months but less than 3 years	Total
Cash and cash equivalent and other bank balances	169.95	-	-	169.95
Trade receivables	527.62	-	-	527.62
Loans	2,538.68	-	-	2,538.68
Investments at fair value through profit or loss	131.07	-	-	131.07
Other financial assets	82.91	-	50.34	133.25
Total undiscounted non-derivative financial assets	**3,450.23**	**-**	**50.34**	**3,500.57**

Note :

The Company in addition to generating operating income from merchant banking activities, is also a holding Compnay of profitable subsidiaries involved in diviersified businesses and receives dividend distribution at regular interval and will be comfortably able to meet it's obligations at all points of time.

B. Maturity analysis for derivatives:

All derivatives which are entered into for trading purposes are shown in the earliest time band. With respect to other derivatives, the remaining contractual maturity information has been given based on undiscounted cash flows.

As at March 31, 2020	Up to 3 months	Equal to or more than 6 months but less than 12 months	Equal to or more than 12 months but less than 3 years	Total
Net settled derivatives entered into for trading purposes	(1.89)	-	-	(1.89)
Other net settled derivatives (other than those entered into for trading purposes)	-	-	-	-
Total	**(1.89)**	**-**	**-**	**(1.89)**

As at March 31, 2019	Up to 3 months	Equal to or more than 6 months but less than 12 months	Equal to or more than 12 months but less than 3 years	Total
Net settled derivatives entered into for trading purposes	(4.26)	-	-	(4.26)
Other net settled derivatives (other than those entered into for trading purposes)	(2.48)	-	-	(2.48)
Total	**(6.74)**	**-**	**-**	**(6.74)**

(Currency: Indian rupees in million)

47 Remaining contractual maturities *(Continued)*

C. The table below shows the contractual expiry by maturity of the Company's contingent liabilities and commitments.

As at March 31, 2020	Up to 3 months	Equal to or more than 6 months but less than 12 months	Equal to or more than 12 months but less than 3 years	Total
Financial guarantee contracts issued	-	91,024.10	-	91,024.10
Total	**-**	**91,024.10**	**-**	**91,024.10**

As at March 31, 2019	Up to 3 months	Equal to or more than 6 months but less than 12 months	Equal to or more than 12 months but less than 3 years	Total
Financial guarantee contracts issued	-	51,280.80	-	51,280.80
Total	**-**	**51,280.80**	**-**	**51,280.80**

Note :

1) The Company has undrawn line of credit amounting to ₹ Nil as at March 31, 2020 (previous year ₹ 2,000 Million).

2) Outstanding Guarantees issued by the Company are reflected in the respective time bucket as these could be invoked any time on the Company. However, considering the credit-worthiness and soundness of the subsidiary companies on whose behalf these gurantees are given, they will be able to meets it's obligations and hense the Company does not expect any devolvement of these guarantees on it.

3) ECL Finance Limited, Edelweiss Finvest Private Limited, Edelweiss Retail Finance Limited (together 'subsidiaries') of the Company had initiated sale of certain financial assets before March 31, 2020 and for which definitive contracts were executed post the balance sheet date. These financial assets sold subsequent to March 31, 2020, amounted to ₹ 16,570 million to alternative assets fund and asset reconstruction companies trusts. As per Ind AS 109, Financial Instruments, prescribed under section 133 of the Companies Act, 2013 significant judgement is involved in classification of assets which has been accentuated on account of factors caused by COVID 19. Accordingly, management of these subsidiary companies assessed that such loans sold by these subsidiaries subsequent to March 31, 2020 had an increased risk but were not credit impaired. Of the above, on ₹ 8,450 million sold to alternative asset funds, the Company, has, vide a put agreement dated July 1, 2020, undertaken to purchase part of these financial assets amounting to ₹ 4,500 million under certain contingencies as per the agreement. Further, on financial assets amounting to ₹ 8,120 million sold to asset reconstruction trusts, the Company, and ERCSL, a subsidiary, have, guaranteed significant risks and assumed rewards in respect of an aggregate value of financial assets of ₹ 6,120 million. As at March 31, 2020, there are no impact on the financial statements of the Company and on the Group's consolidated financial statements other than expected credit loss already provided amounting to ₹ 5,560 million in the consolidated financial statements.

4) Pursuant to shareholders agreement between CDPQ Private Equity Asia Pte. Ltd. (CDPQ), Edelweiss Financial Services Limited (EFSL) the Company, has undertaken to make equity investment in ECL Finance (ECLF), a subsidiary company of an amount equivalent to losses, if any, incurred by ECLF on certain identified financial assets. CDPQ and the Company currently are in discussions on various matters in connection with such undertaking by the Company. Pending finalisation of these matters, the Company has determined that there is no commitment as at March 31, 2020.

(Currency: Indian rupees in million)

48 Other Ind AS 115 disclosures -Revenue from contract with customers

Set out below is the disaggregation of the revenue from contracts with customers.

Type of Services or service	March 31, 2020	March 31, 2019
Advisory fees	**959.81**	1,562.24
Total revenue from contracts with customers		
Geographical markets		
India	**954.76**	1,443.55
Outside India	**5.05**	118.69
Total revenue from contracts with customers	**959.81**	**1,562.24**
Timing of revenue recognition		
Services transferred at point in time	**959.81**	1,562.24
Services transferred over time	**-**	-
Total revenue from contract with customers	**959.81**	**1,562.24**

Note :

The Company satisfies its performance obligations on completion of service with regards to investment banking, advisory and other fees. The payments on these contracts is due on completion of service, the contracts do not contain a significant financing component and the consideration is not variable.

Further, at the end of the reporting period, there are no unsatisfied performance obligations with respect to existing contracts.

49. Total market risk exposure

Fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The Company classifies exposures to market risk into either trading or non–trading portfolios and manages each of those portfolios separately. Such risks the market risk for the trading portfolio is managed and monitored based on a VaR methodology that reflects the interdependency between risk variables. Non–trading positions are managed and monitored using other sensitivity analyses.

Particulars	As at March 31, 2020			As at March 31, 2019		
	Carrying amount	Traded risk	Non-traded risk	Carrying amount	Traded risk	Non-traded risk
Assets						
Cash and cash equivalent and other bank balances	**23.21**	-	**23.21**	169.95	-	169.95
Trade receivables	**618.94**		**618.94**	527.62		527.62
Loans at amortised cost	**6.73**	-	**6.73**	2,538.68	-	2,538.68
Financial investments– FVTPL	**23.95**	**23.95**	-	131.07	131.07	-
Financial investments– at cost	**34,648.92**	-	**34,648.92**	33,261.44	-	33,261.44
Other Financial assets	**393.28**	**15.28**	**378.00**	464.96	82.91	382.05
Total	**35,715.03**	**39.23**	**35,675.80**	**37,093.72**	**213.98**	**36,879.74**
Liability						
Borrowings (other than debt securities)	**732.51**	-	**732.51**	3,660.63	-	3,660.63
Derivative financial instruments	-	-	-	2.48	2.48	-
Debt securities	**734.12**	-	**734.12**	-		-
Trade payables	**81.20**	-	**81.20**	106.90	-	106.90
Other financial liabilities	**577.09**	-	**577.09**	602.98	-	602.98
Total	**2,124.92**	-	**2,124.92**	**4,372.99**	**2.48**	**4,370.51**

(Currency: Indian rupees in million)

50 Disclosure related to collateral

Following table sets out availability of Company's assets to support funding

As at March 31, 2020	Pledge as collateral	Available as collateral	Total carrying amount
Cash and cash equivalent including bank balance	-	23.21	23.21
Trade receivables	-	618.94	618.94
Loans	-	6.73	6.73
Investments	-	34,672.87	34,672.87
Deposits- others	-	21.41	21.41
Margin placed with broker	-	15.28	15.28
Corporate guarantee fees receivable	-	356.59	356.59
Property, plant and equipment	-	8.36	8.36
Other non financial assets	-	161.63	161.63
Total assets	**-**	**35,885.02**	**35,885.02**

As at March 31, 2019	Pledge as collateral	Available as collateral	Total carrying amount
Cash and cash equivalent including bank balance	50.00	119.95	169.95
Trade receivables	-	527.62	527.62
Loans	-	2,538.68	2,538.68
Investments	-	33,392.51	33,392.51
Deposits- others	-	50.34	50.34
Margin placed with broker	-	82.91	82.91
Corporate guarantee fees receivable	-	331.71	331.71
Property, plant and equipment	-	13.75	13.75
Other non financial assets	-	132.69	132.69
Total assets	**50.00**	**37,190.16**	**37,240.16**

51. Industry analysis - risk concentration for March 31, 2020

Particulars	Financial services	Other	Total
Financial assets			
Cash and cash equivalent and other bank balances	**23.21**	-	**23.21**
Trade receivables	**618.94**	-	**618.94**
Loans	**6.73**	-	**6.73**
Investments	**34,672.87**	-	**34,672.87**
Other financial assets	**393.28**	-	**393.28**
Total	**35,715.03**	-	**35,715.03**

Industry analysis - risk concentration for March 31, 2019

Particulars	Financial services	Others	Total
Financial assets			
Cash and cash equivalent and other bank balances	169.95	-	169.95
Trade receivables	527.62	-	527.62
Loans	2,538.68	-	2,538.68
Investments	33,392.51	-	33,392.51
Other financial assets	464.96	-	464.96
Total	37,093.72	-	37,093.72

52. COVID-19

The COVID-19 pandemic outbreak across the world including India has resulted in most countries announcing lockdowns and quarantine measures that have sharply stalled economic activities across the world. The Indian Government too has imposed lockdowns starting from March 24, 2020. The Indian economy is impacted and would continue to be impacted by this pandemic and the resultant lockdown, due to the contraction in industrial and services output across small and large businesses. The impact of the COVID -19 pandemic on the Company's results, including credit quality and provisions, gain/ loss on fair value changes, investment impairments, remains uncertain and dependent on the current and further spread of COVID -19, steps taken by the government and other regulators to mitigate the economic impact and also the time it takes for economic activities to resume and reach the normal levels.

As at 31 March 2020, the Company has sufficient capital and liquidity position. Asset quality is being reviewed as part of the risk management and provisioning assessment. With sufficient capital, liquidity and ability to raise funds, provides adequate support that Company would continue to fulfil all required contractual obligations. The management believes that the Company will be able to pay its obligations as and when these become due in the foreseeable future. The Company would continue to focus on maintaining adequate capital and ensuring liquidity at all points in time.

In assessing the recoverability of loans, receivables, intangible assets, deferred tax assets and investments, the Company has considered internal and external sources of information, including credit reports, economic forecasts and industry reports up to the date of approval of these financial results. Since the situation is rapidly evolving, its effect on the operations of the Company may be different from that estimated as at the date of approval of these financial results. The Company will continue to closely monitor material changes in markets and future economic conditions.

53. Subsequent event

ECL Finance Limited, Edelweiss Finvest Private Limited, Edelweiss Retail Finance Limited (together 'subsidiaries') of the Company had initiated sale of certain financial assets before March 31, 2020 and for which definitive contracts were executed post the balance sheet date. These financial assets sold subsequent to March 31, 2020, amounted to ₹ 16,570 million to alternative assets fund and asset reconstruction companies trusts. As per Ind AS 109, Financial Instruments, prescribed under section 133 of the Companies Act, 2013 significant judgement is involved in classification of assets which has been accentuated on account of factors caused by COVID 19. Accordingly, management of these subsidiary companies assessed that such loans sold by these subsidiaries subsequent to March 31, 2020 had an increased risk but were not credit impaired. Of the above, on ₹ 8,450 million sold to alternative asset funds, the Company, has, vide a put agreement dated July 1, 2020, undertaken to purchase part of these financial assets amounting to ₹ 4,500 million under certain contingencies as per the agreement. Further, on financial assets amounting to ₹ 8,120 million sold to asset reconstruction trusts, the Company, and ERCSL, a subsidiary, have, guaranteed significant risks and assumed rewards in respect of an aggregate value of financial assets of ₹ 6,120 million. As at March 31, 2020, there are no impact on the financial statements of the Company and on the Group's consolidated financial statements other than expected credit loss already provided amounting to ₹ 5,560 million in the consolidated financial statements.

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

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

Notes to the financial statements *(Continued)*

(Currency: Indian rupees in million)

56. All amounts disclosed in the financial statements and notes have been rounded off to the nearest million as per the requirements of Schedule III, unless otherwise stated.

57. These financial statements have been approved for issue by the Board of Directors of the Company on July 04, 2020.

The accompanying notes are an integral part of financial statements.

As per our report of even date attached.
For S. R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firms Registration Number: 301003E/E300005

per Shrawan Jalan
Partner
Membership No: 102102

Mumbai July 04, 2020

For and on behalf of the Board of Directors

Rashesh Shah
Chairman, Managing Director & CEO
DIN: 00008322

Himanshu Kaji
Executive Director
DIN : 00009438

S Ranganathan
Chief Financial Officer

B Renganathan
EVP & Company Secretary

Mumbai July 04, 2020

Form AOC-I

Statement containing salient features of the financial statements of subsidiaries/ associate companies/ joint ventures

Part "A": Subsidiaries

(Currency : Indian rupees in millions)

Name of the Subsidiary Company	Edelweiss Securities Limited	Edelweiss Finance & Investments Limited	ECL Finance Limited	Edelweiss Global Wealth Management Limited	EC Global Limited	Edelweiss Gallagher Insurance Brokers Limited	Edelcap Securities Limited	Edelweiss Asset Management Limited	ECap Equities Limited	Edelweiss Broking Limited
Reporting currency	INR	INR	INR	INR	USD	INR	INR	INR	INR	INR
Exchange rate					75.39					
Paid-up Equity Share Capital	262.14	83.35	2,138.27	230.00	160.85	50.00	3.00	733.43	7.40	1,771.90
Reserves of the Subsidiary	3,890.98	4,535.31	22,645.33	(210.39)	76.20	776.89	1,099.06	828.61	1,138.74	(136.56)
Total Assets of the Subsidiary	12,394.68	8,415.77	2,33,627.91	1,788.77	381.78	1,664.89	5,052.46	1,848.39	37,383.76	13,130.27
Total Liabilities of the Subsidiary	8,241.56	3,797.11	2,08,844.30	1,769.16	144.73	838.00	3,950.40	286.35	36,237.62	11,494.93
Investments	5,469.85	-	49,747.70	389.37	13.10	-	2,734.62	429.99	14,579.49	-
Total Turnover	3,485.05	1,485.34	36,176.54	520.33	247.73	496.19	(271.97)	1,264.25	13,178.72	4,336.33
Profit/(Loss) before taxation	801.63	263.62	(17,675.24)	(218.63)	192.10	129.37	(1,171.31)	12.65	(1,126.27)	(217.06)
Provision for taxation	181.99	79.37	(3,530.65)	(70.56)	5.77	34.89	(324.35)	0.58	(510.55)	84.70
Profit/(Loss) after taxation	619.64	184.25	(14,144.58)	(148.07)	186.32	94.48	(846.97)	12.07	(615.72)	(301.76)
Proposed dividend	-	-	-	-	-	-	-	-	-	-
% of shareholding	100.00%	100.00%	100.00%	100.00%	100.00%	74.00%	100.00%	100.00%	100.00%	100.00%

Form AOC-I

Statement containing salient features of the financial statements of subsidiaries/ associate companies/ joint ventures

Part "A": Subsidiaries

(Currency : Indian rupees in millions)

Name of the Subsidiary Company	Edelweiss Trusteeship Company Limited	Edelweiss Alternative Asset Advisors Limited	Edelweiss Housing Finance Limited	Edelweiss Investment Adviser Limited	EC Commodity Limited	Edel Land Limited	Edelweiss Custodial Services Limited	EC International Limited	Edelweiss Capital (Singapore) Pte. Limited	Edelweiss Alternative Asset Advisors Pte. Limited
Reporting currency	INR	INR	INR	INR	INR	INR	INR	USD	SGD	SGD
Exchange rate								75.39	53.03	53.03
Paid-up Equity Share Capital	1.00	23.75	693.50	1,005.50	300.00	183.89	62.68	6.20	466.36	446.64
Reserves of the Subsidiary	3.78	(371.17)	6,997.24	(3,657.82)	(367.30)	(410.38)	2,206.08	134.48	(449.58)	5.45
Total Assets of the Subsidiary	5.23	965.07	50,508.26	8,762.86	308.74	3,819.11	28,743.30	530.57	593.20	761.56
Total Liabilities of the Subsidiary	0.45	1,312.50	42,817.52	11,415.17	376.04	4,045.61	26,474.55	389.89	576.42	309.46
Investments	4.35	23.52	1,044.73	-	18.59	829.02	628.94	529.22	584.87	-
Total Turnover	1.48	1,374.52	6,073.90	(855.36)	314.75	876.16	3,859.11	3,062.81	133.39	519.96
Profit/(Loss) before taxation	0.40	177.44	(16.37)	(3,059.87)	(42.09)	(10.67)	1,940.33	2,848.14	(59.14)	48.42
Provision for taxation	0.10	(0.54)	(31.92)	24.94	11.09	3.41	488.49	-	-	-
Profit/(Loss) after taxation	0.31	177.99	15.55	(3,084.81)	(53.18)	(14.08)	1,451.85	2,848.14	(59.14)	48.42
Proposed dividend	-	-	-	-	-	-	-	-	-	-
% of shareholding	100.00%	95.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Form AOC-I

Statement containing salient features of the financial statements of subsidiaries/ associate companies/ joint ventures

Part "A": Subsidiaries

(Currency : Indian rupees in millions)

Name of the Subsidiary Company	Edelweiss International (Singapore) Pte. Limited	Aster Commodities DMCC	EAAA LLC	EW Special Opportunities Advisors LLC	Edel Investments Limited	Edelweiss Tokio Life Insurance Company Limited	Edelweiss Investment Advisors Private Limited	Edelweiss Rural & Corporate Services Limited	Edelweiss Comtrade Limited	Edel Finance Company Limited
Reporting currency	USD	AED	USD	USD	INR	INR	SGD	INR	INR	INR
Exchange rate	75.39	20.53	75.39	75.39			53.03			
Paid-up Equity Share Capital	2,063.31	133.73	62.47	21.27	350.22	3,126.21	84.45	397.75	290.00	1,000.00
Reserves of the Subsidiary	(484.30)	478.40	(10.54)	(17.90)	2,243.14	4,362.20	27.20	3,803.86	(256.21)	277.07
Total Assets of the Subsidiary	2,750.61	616.31	56.19	4.22	2,896.01	40,445.44	119.10	50,689.34	84.10	4,009.68
Total Liabilities of the Subsidiary	1,171.60	4.18	4.25	0.85	302.65	32,957.03	7.44	46,487.73	50.31	2,732.61
Investments	246.20	-	0.32	0.01	2,348.12	29,332.17	-	13,128.61	-	4,000.00
Total Turnover	388.26	5.02	5.22	-	(312.09)	11,881.84	74.21	16,135.34	84.41	0.82
Profit/(Loss) before taxation	83.77	(12.67)	(15.38)	(1.87)	(432.70)	(2,730.12)	6.53	(4,006.64)	5.15	(334.83)
Provision for taxation	(0.55)	-	-	-	(120.13)	-	0.49	(1,434.02)	3.81	4.34
Profit/(Loss) after taxation	84.32	(12.67)	(15.38)	(1.87)	(312.57)	(2,730.12)	6.04	(2,572.62)	1.34	(339.17)
Proposed dividend	-	-	-	-	-	-	-	-	-	-
% of shareholding	100.00%	100.00%	100.00%	67.00%	100.00%	51.00%	100.00%	100.00%	100.00%	100.00%

Form AOC-I

Statement containing salient features of the financial statements of subsidiaries/ associate companies/ joint ventures

Part "A": Subsidiaries

(Currency : Indian rupees in millions)

Name of the Subsidiary Company	Edelweiss Retail Finance Limited	Edelweiss Securities (Hong Kong) Private Limited	Edelweiss Financial Services Inc.	Edelweiss Wealth Advisors LLP	EFSL International Limited	Edelweiss Financial Services (UK) Limited	EW Clover Scheme-1	Edelweiss General Insurance Company Limited	Edelweiss Finvest Private Limited	Edelweiss Asset Reconstruction Company Limited
Reporting currency	INR	USD	USD	INR	USD	GBP	INR	INR	INR	INR
Exchange rate		75.39	75.39		75.39	90.48				
Paid-up Equity Share Capital	429.50	119.51	80.26	0.10	0.00	26.23	-	3,080.00	333.26	2,437.26
Reserves of the Subsidiary	4,200.89	(76.98)	39.14	3.96	-	0.16	(0.00)	(1,827.35)	10,041.37	17,926.81
Total Assets of the Subsidiary	19,891.21	45.19	134.48	4.15	-	27.50	-	3,508.23	24,725.05	65,464.65
Total Liabilities of the Subsidiary	15,260.82	2.67	15.09	0.10	-	1.11	-	2,255.58	14,350.42	45,100.58
Investments	471.23	-	-	-	-	-	-	3,032.95	6,327.44	51,491.25
Total Turnover	2,893.63	0.28	213.33	2.42	-	15.65	37.15	1,149.76	3,229.79	11,660.45
Profit/(Loss) before taxation	33.42	(36.33)	38.76	2.39	(0.36)	1.16	20.73	(939.97)	317.71	3,486.07
Provision for taxation	22.76	-	12.72	-	-	0.23	-	0.14	69.33	470.60
Profit/(Loss) after taxation	10.66	(36.33)	26.03	2.39	(0.36)	0.93	20.73	(940.11)	248.38	3,015.46
Proposed dividend	-	-	-	-	-	-	-	-	-	-
% of shareholding	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	74.80%

Form AOC-I

Statement containing salient features of the financial statements of subsidiaries/ associate companies/ joint ventures

Part "A": Subsidiaries

(Currency : Indian rupees in millions)

Name of the Subsidiary Company	Edelweiss Private Equity Tech Fund	Edelweiss Securities (IFSC) Limited	Edelweiss Value and Growth Fund	Edelweiss Multi Strategy Fund Advisors LLP	Lichen Metals Private Limited	ESL Securities Limited	Edelweiss Securities and Investments Private Limited	Retra Ventures Private Limited	Allium Finance Private Limited	Edelgive Foundation
Reporting currency	INR	USD	INR	INR	INR	INR	INR	INR	INR	INR
Exchange rate		75.39								
Paid-up Equity Share Capital	263.40	162.34	904.02	3,005.10	14.09	0.10	1.57	-	68.26	104.20
Reserves of the Subsidiary	369.61	(30.41)	602.91	(3004.75)	252.85	(0.16)	758.76	-	883.46	129.16
Total Assets of the Subsidiary	633.72	169.00	1,509.60	33.18	535.15	0.10	2,764.81	-	962.26	235.93
Total Liabilities of the Subsidiary	0.71	37.07	2.67	32.83	268.21	0.16	2,004.48	-	10.54	2.57
Investments	626.86	-	1,508.52	-	-	-	-	-	99.44	15.88
Total Turnover	263.98	1.51	537.45	5.92	24.48	-	915.85	2.18	107.67	516.18
Profit/(Loss) before taxation	262.28	(18.90)	533.37	(2.31)	14.78	(0.16)	236.44	(42.10)	101.06	7.35
Provision for taxation	-	-	-	(0.02)	7.01	-	66.28	-	29.14	-
Profit/(Loss) after taxation	262.28	(18.90)	533.37	(2.29)	7.77	(0.16)	170.16	(42.10)	71.92	7.35
Proposed dividend		-	-	-	-	-	-	-	-	-
% of shareholding	88.90%	100.00%	88.90%	100.00%	100.00%	100.00%	100.00%	-*	70.00%	100.00%

*With effect from 19 March 2020, Retra Ventures Private Limited is ceased to be became a subsidiary of the company.

Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries or associate companies or joint ventures

Part "B": Associates and Joint Ventures

There are no Associates and Joint Venture of the Company as on March 31, 2020.

For and on behalf of the Board of Directors

Rashesh Shah	*Chairman, Managing Director & CEO*	DIN: 00008322
Himanshu Kaji	*Executive Director*	DIN: 00009438
S Ranganathan	*Chief Financial Officer*	
B Renganathan	*EVP & Company Secretary*	

Mumbai
July 04, 2020

Form AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto:

(Currency : Indian rupees in million)

I. Details of contracts or arrangements or transactions not at arm's length basis: Not Applicable

Sr. No.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transactions	Date of approval by the Board	Amount paid as advances, if any	Date on which the special resolution was passed in general meeting as required under first proviso to section 188

II. Details of material contracts or arrangement or transactions at arm's length basis:

(₹ in millon)

Sl. No.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advances, if any
			NIL			

For and on behalf of the Board of Directors

Rashesh Shah *Chairman, Managing Director & CEO* DIN: 00008322
Himanshu Kaji *Executive Director* DIN: 00009438

S Ranganathan *Chief Financial Officer*
B Renganathan *EVP & Company Secretary*

Mumbai
July 04, 2020

Notice

NOTICE IS HEREBY GIVEN THAT THE 25th ANNUAL GENERAL MEETING OF THE MEMBERS OF EDELWEISS FINANCIAL SERVICES LIMITED ("THE COMPANY") WILL BE HELD ON MONDAY, SEPTEMBER 28, 2020 AT 4:00 P.M. (IST) THROUGH VIDEO CONFERENCING OR OTHER AUDIO VISUAL MEANS("OAVM") TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS:

1. To consider and adopt:-

a. the audited Financial Statement of the Company for the financial year ended March 31, 2020, together with the Report of the Board and the Auditors thereon; and

b. the audited Consolidated Financial Statement of the Company for the financial year ended March 31, 2020, together with the Report of the Auditors thereon.

2. To appoint Mr. Rujan Panjwani (DIN 00237366) as a Director who retires by rotation and being eligible, offers himself for re-appointment.

3. To appoint Ms. Vidya Shah (DIN 00274831) as a Director who retires by rotation and being eligible, offers herself for re-appointment.

SPECIAL BUSINESS:

4. Re-appointment of Mr. Rujan Panjwani as an Executive Director

To consider and, if thought fit, to pass the following resolution as a Special Resolution:

"RESOLVED that pursuant to the provisions of Sections 196, 197, 203, Schedule V and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") as amended from time to time, the Rules, Regulations, Guidelines and Circulars issued in this regard and subject to necessary approvals, if any, consent of the Members be and is hereby accorded for the re-appointment of Mr. Rujan Panjwani (DIN 00237366) as an Executive Director of the Company for a period of 5 years with effect from June 24, 2021, on the terms and conditions set out below:-

i) Salary Limit: Not exceeding ₹ 2 crores per annum.

ii) Bonus: Not exceeding ₹ 4 crores per annum.

iii) Perquisites: Not exceeding ₹ 2 crores per annum.

RESOLVED FURTHER that subject to the applicable provisions of Act read with Schedule V and other prevalent laws, where in any financial year during the tenure of appointment of Mr. Rujan Panjwani, the Company has no profits or its profits are inadequate, the Company may pay the aforesaid remuneration to Mr. Rujan Panjwani and within the overall limits prescribed under the Act;

RESOLVED FURTHER that subject to the applicable provisions of the Act, the Board be and is hereby authorized to vary the terms of re-appointment and to do all such acts, deeds, matters and things, as it may, in its absolute discretion, deem necessary and with the power on behalf of the Company to settle questions, difficulties or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the Members of the Company."

5. Issue of Securities

To consider and, if thought fit, to pass the following resolution as a Special Resolution:

"**RESOLVED** that pursuant to the provisions of Sections 42 and 62 of the Companies Act, 2013, read with the Companies (Prospectus and Allotment of Securities) Rules, 2014 and the Companies (Share Capital and Debentures) Rules, 2014 and other applicable provisions, if any including any statutory modifications(s) or re-enactment thereof, for the time being in force ("the Companies

Act”), the relevant provisions of the Memorandum and Articles of Association of the Company and in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (“ICDR Regulations”), Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended (“SEBI Listing Regulations”), the applicable provisions of the Foreign Exchange Management Act, 1999, (including any amendments, statutory modification(s) and / or re-enactment thereof for the time being in force) (‘the FEMA’), to the extent applicable, the Consolidated Foreign Direct Investment Policy issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India (“GOI”) and the Foreign Exchange Management (Transfer or Issue of Securities by a Person Resident outside India) Regulations, 2000, (including any amendments, statutory modification(s) and / or re-enactment thereof for the time being in force) and all other statutes, rules, regulations, guidelines, notifications, circulars and clarifications as may be applicable, as amended from time to time, issued by the GOI, the Ministry of Corporate Affairs (‘MCA’), the Reserve Bank of India (‘RBI’), SEBI, BSE Limited and National Stock Exchange of India Limited (‘the Stock Exchanges’) where the equity shares of the Company are listed and subject to requisite approvals, consents, permissions and/ or sanctions of regulatory and other appropriate authorities, as may be required and subject to such conditions as may be prescribed by any of them while granting any such approvals, consents, permissions, and/ or sanctions and which may be agreed to, by the Board of Directors of the Company (“Board”, which term shall be deemed to include any Committee constituted by the Board to exercise its powers including the powers conferred hereunder or any person authorised by the Board or its Committee for such purpose), the consent of the Members of the Company be and is hereby accorded to the Board to create, offer, issue and allot (including with provisions for reservations on firm and/or competitive basis, or such part of issue and for such categories of persons as may be permitted, including the employees of the Company), such number of Equity Shares and/or other Eligible Securities as defined in Chapter VI of SEBI ICDR Regulations and/or American Depository Receipts (‘ADRs’) and / or Global Depository Receipts (‘GDRs’) and/or Non-Convertible Debentures with warrants and / or Foreign Currency Convertible Bonds and /or securities convertible or exchangeable into equity including but not limited to Convertible Debentures or Convertible Preference Shares (compulsorily and/or optionally, fully and/or partly) and/or a combination thereof (hereinafter referred to as “Equity Shares” or other “Securities”, respectively) at a discount or premium to market price or prices permitted under applicable law, in such manner and on such terms and conditions including, security, rate of interest etc., as may be deemed appropriate by the Board, in one or more tranches, for cash, for an aggregate amount upto ₹ 1,500 crores or equivalent thereof, by way of Qualified Institutional Placement (“QIP”)/ Further Public Offer(“FPO”) of securities in accordance with the SEBI ICDR Regulations, or any combination thereof or by way of any other mode, through issue of placement document and/or prospectus and/or letter of offer and/or any other permissible/requisite offer document (‘Offering Document/Disclosure Document / Information Memorandum’), on such terms and conditions, including the terms, type of Securities to be issued, etc., as decided by the Board, in consultation with the book running lead managers appointed for the proposed Issue, to Qualified Institutional Buyers (“QIBs”) as defined under SEBI ICDR Regulations and/or by way of FPO or through any other permissible mode, whether they are holders of Equity shares or not, and on such terms and conditions as may be deemed appropriate by the Board at its absolute discretion including the discretion to determine the categories of investors to whom the offer, issue and allotment of the Securities shall be made, considering the prevailing market conditions and other relevant factors and wherever necessary in consultation with book running lead managers and/or underwriters and/ or other advisors appointed or to be appointed by the Company and as may be permitted under applicable law from time to time, and without requiring any further approval or consent from the Members of the Company (the “Issue”);

RESOLVED FURTHER that if the Issue or any part thereof is made by way of a QIP pursuant to Chapter VI of the ICDR Regulations:

a) the allotment of the Equity Shares or other Eligible Securities, shall be completed within 365 days from the date of the special resolution of the Members of the Company;

b) the Equity Shares that may be issued by the Company in the proposed Issue shall rank pari passu with the then existing Equity Shares of the Company in all respects;

c) no partly paid-up Equity Shares or other Eligible Securities shall be issued/allotted;

d) the Relevant Date shall mean the 'Relevant Date' as defined under Regulation 171 of ICDR Regulations, on the basis of which the price of the Securities shall be determined;

e) it shall be at such price which is not less than the price determined in accordance with Regulation 176(1) provided under Chapter VI of the SEBI ICDR Regulations (the "QIP Floor Price") and that the Board may, however, at its absolute discretion in consultation with the book running lead managers, issue Equity Shares at a discount of not more than 5 per cent or such other discount as may be permitted under applicable regulations to the QIP Floor Price;

f) no single allottee shall be allotted more than fifty per cent of the issue size and the minimum number of allottees shall be as per the SEBI ICDR Regulations;

g) the Equity shares/Eligible Securities shall not be sold for a period of 1 year from the date of allotment, except on a recognized Stock Exchange or except as may be permitted from time to time by the SEBI ICDR Regulations; and

h) any subsequent QIP shall not be issued until the expiry of two weeks from the date of the prior QIP made pursuant to this special resolution;

RESOLVED FURTHER that in the event the Securities are proposed to be issued, as ADRs or GDRs or FCCBs, the same shall be issued and/or listed, in accordance with Foreign Exchange Management Act, 1999 and any other applicable laws, rules and regulations in force and as amended from time to time;

RESOLVED FURTHER that the Board be and is hereby authorised to appoint lead manager(s), depositories, custodians, registrars, bankers, lawyers, advisors, consultants and all such other agencies / intermediaries as are or may be required to be appointed, involved or concerned and to remunerate them by way of commission, brokerage, fees or the like and also to reimburse them out of pocket expenses incurred by them and also to enter into and execute all such arrangements, agreements, memorandums, documents, etc. with such agencies and also to seek the listing of such Equity Shares other securities on the Stock Exchanges;

RESOLVED FURTHER that subject to the applicable provisions of the Act, the Board be and is hereby authorized, on behalf of the Company, to take all actions and do all such acts, deeds, matters and things and sign such documents as may be required in furtherance of, or in relation to, or ancillary to, the issue, offer and allotment of Securities including the finalization and approval of the draft as well as final offer document(s), determining the form and manner of the Issue, identification of the eligible investors to whom the Securities are to be offered, utilization of the issue proceeds, authorising any Director or Officer of the Company to sign offer documents, execute any necessary documents, agreements, forms, deeds, appointment of intermediaries, open and close the period of subscription of the Issue, determine the issue price, premium amount on issue as permitted under applicable law and all other terms and conditions of the Securities, signing of declarations, filing of necessary forms with regulatory authorities and to amend, vary or modify any of the above as the Board may consider necessary, desirable or expedient and to take such steps and to do all such acts, deeds, matters and things as they may deem fit and proper for the purposes of the Issue and resolve and settle all questions or difficulties that may arise in regard to such issue, offer or allotment of Equity Shares or other Eligible Securities or any other securities and take all steps which are incidental and ancillary in this connection, including in relation to utilization of the issue proceeds, as it may in its absolute discretion deem fit without being required to seek any further consent or approval of the members and the members shall be deemed to have given their approval thereto expressly by the authority of this resolution and all actions taken by the Board or any duly authorised committee constituted by the Board to exercise its powers, in connection with any matter(s) referred to or contemplated in any of the foregoing resolutions be and are hereby approved, ratified and confirmed in all respects".

For and on behalf of the Board of Directors
EDELWEISS FINANCIAL SERVICES LIMITED

B. Renganathan
Executive Vice President & Company Secretary
(FCS2922)

August 27, 2020
Registered Office:
Edelweiss House, Off C.S.T. Road,
Kalina, Mumbai – 400 098.
CIN : L99999MH1995PLC094641

NOTES:

1. A Statement pursuant to Section 102 of the Companies Act, 2013 ("the Act"), in respect of the Special Business to be transacted at the Annual General Meeting ("AGM/Meeting") is annexed hereto. The Board of Directors have considered and decided to include Item Nos. 4 and 5 given in the Notice as Special Business in the AGM considering the significance of the same.

2. Considering the current COVID-19 pandemic situation, restricting movement of people at several places in the country, the Ministry of Corporate Affairs ("MCA"), vide its General Circular No. 20/2020 dated May 05, 2020 on *'Clarification on holding of Annual General Meeting (AGM) through Video Conferencing ("VC") or Other Audio Visual Means ("OAVM")'* read with General Circular No. 14/2020 dated April 08, 2020 and No. 17/2020 dated April 13, 2020 on *'Clarification on passing of ordinary and special resolutions by companies under the Companies Act, 2013 and the rules made thereunder on account of the threat posed by COVID-19'* (collectively referred to as "the MCA Circulars") and the Securities and Exchange Board of India vide its Circular dated May 12, 2020 (the "SEBI Circular"), has allowed the Companies to conduct the AGM through VC/OAVM without the physical presence of the Members at a common venue. Accordingly, as per MCA and SEBI Circular and the applicable provisions of the Act and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time (the "SEBI Listing Regulations"), the 25th AGM of the Company shall be conducted through VC/OAVM on Monday, September 28, 2020, at 4.00 p.m. (IST).

3. Pursuant to Regulation 36 of the SEBI Listing Regulations and Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India, information in respect of the Directors seeking re-appointment at the AGM is given as an Annexure to the Notice.

4. As per the provisions of the Act and the Articles of Association of the Company, a Member eligible to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his / her behalf and the proxy need not be a Member of the Company. Since this AGM is being conducted in accordance with the MCA and SEBI circular through VC/OAVM, the requirement of physical attendance of members has been dispensed with. Accordingly, the facility of appointment of proxies by members will not be available for such meetings . Hence, the Proxy Form, Attendance Slip and Route Map of the venue of the AGM are not annexed to this Notice.

Pursuant to the MCA Circulars, the members have been provided with the facility to join the AGM through the VC/OAVM mode 15 minutes before the scheduled time of the AGM and the same shall be kept open until 15 minutes after the scheduled time. The Members are requested to follow the procedure mentioned in the Notice to join the meeting. The facility of participation at the AGM through VC/OAVM will be made available to at least 1,000 Members on a first come first serve basis as per the MCA Circulars. The Large Shareholders i.e. Shareholders holding 2% or more shareholding, Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. can attend the Meeting without restriction on account of first come first serve principle.

The Institutional Investors, who are Members of the Company, are encouraged to attend the meeting through VC/OAVM mode and vote electronically. Pursuant to the provisions of the Act, such members are required to send a scanned certified true copy (PDF/JPG Format) of the resolution/authorisation of its Board or governing body., authorising its representative to attend the AGM through VC/OAVM on its behalf and to vote through remote e-voting. The said certified Resolution/Authorisation shall be sent to the Scrutinizer at narasimhan.b8@gmail.com with a copy marked to evoting@nsdl.co.in

5. In case of joint holders, the Member whose name appears as the first holder in the order of the names as per the Register of Members of the Company will be entitled to vote at the AGM.

6. QUORUM

The attendance of the Shareholders attending the AGM through VC / OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Act.

7. BOOK CLOSURE

The Register of Members and the Share Transfer Books of the Company will remain closed from September 22, 2020 to September 27, 2020 (both days inclusive).

8. UNCLAIMED DIVIDEND

i. Members are requested to note that dividend which has remained unpaid or unclaimed for seven (07) consecutive years or more from the date of transfer to the Company's Unpaid Dividend Account, will be transferred to the Investor Education and Protection Fund (IEPF) as per Section 124 of the Act.

Accordingly, pursuant to the provisions of the Act and the Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), the Company has transferred a sum of ₹ 9,27,665/- to the IEPF during the year 2019-20.

Further, 9,379 equity shares of ₹ 1/- each of the Company, in respect of which dividend has not been claimed for 7 consecutive years or more, have also been transferred to the beneficiary owner account of the IEPF Authority.

Members are further requested to note that the unpaid or unclaimed dividends and/or the equity shares transferred to the IEPF can be claimed by them by making an on-line/ electronic application in Form IEPF-5. Upon submitting duly completed form, applicants are requested to take a print of the same and send the physical copy, duly signed, along with the requisite documents specified in Form IEPF-5, to the Company/ the RTA of the Company M/s. Link Intime India Private Limited (Edelweiss Financial Services Limited), C 101, 247 Park, LBS Marg, Vikhroli (West), Mumbai-400083, e-mail: rnt.helpdesk@linkintime.co.in / iepf.shares@linkintime.co.in . The Rules and the application form (Form IEPF-5), as prescribed by the Ministry of Corporate Affairs (MCA) for claiming the shares/ dividends are available on the website of MCA/ IEPF authority- www.iepf.gov.in.

ii. Members who have not claimed / encashed the Dividend Warrants for Final Dividend 2012-13 and/ or any subsequent years are requested to claim their unpaid dividends within 7 years from the date of transfer of dividend to Unpaid Dividend account by writing to the Company / RTA giving the necessary details.

9. GENERAL GUIDANCE TO SHAREHOLDERS

- **NOMINATION FACILITY**

  As per the provisions of Section 72 of the Act, the facility for making nomination is available for the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. The Members are requested to submit the said form to their Depository Participant (DP) in case the shares are held in electronic form and to Link Intime India Private Limited, the Registrar & Transfer Agent (RTA) of the Company in case the shares are held in physical form.

- **BANK MANDATES**

  Members holding shares in physical form are requested to intimate the Registrar & Transfer Agent under the signature of the Sole/First holder, the following information :

  I. Name of the Sole/First holder and the folio number

  II. Particulars of Bank Account viz.,
     a) Name of the Bank
     b) Name of the Branch
     c) Complete address of the Branch with Pin code
     d) Bank Account Number allotted by the Bank.

  In respect of the matters pertaining to Bank details, NECS mandates, nomination, power of attorney, change in name/address, etc., the Members are requested to approach:

  ○ the Company's Registrar & Transfer Agent, in case of shares held in physical form; and

  ○ the respective Depository Participants, in case of shares held in electronic form.

  In any correspondence with the Company/Registrar & Transfer Agent, the Members are requested to quote their account/ Folio numbers or DP ID and Client ID in respect of physical or electronic holdings, respectively.

- **MODE OF HOLDING SHARES**

  As per Regulation 40 of the SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from April 1, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares, Members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company or Registrars & Transfer Agents (RTA) of the Company for any support in this regard.

- **UPDATION OF PERSONAL DETAILS**

  o Pursuant to SEBI circular dated April 20, 2018, shareholders whose ledger folios having incomplete details with regard to PAN and Bank particulars are required to compulsorily furnish the same to the RTA / to the Company for registration in the folio.

  o Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone/ mobile numbers, Permanent Account Number

(PAN), mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc., to their DPs in case the shares are held in electronic form and to Link Intime India Private Limited in case the shares are held in physical form.

- Members holding shares in physical form, in identical order of names, in more than one folio are requested to send to the Company or RTA of the Company the details of such folios together with the share certificates for consolidating their holdings in one folio. A consolidated share certificate will be issued to such Members after making requisite changes.

10. DISPATCH OF ANNUAL REPORT IN ELECTRONIC FORM AND PROCESS FOR REGISTRATION OF E-MAIL ID FOR OBTAINING COPY OF ANNUAL REPORT BY E-MAIL:

a. In accordance with the MCA and the SEBI Circulars and owing to the difficulties involved in dispatching the physical copies of the Annual Report for the financial year 2019-20 (including the Financial Statement, Board's Report, Auditor's report or other documents required to be attached thereto) ("the Annual Report 2019-20") and the Notice of the AGM, the same are being sent in electronic mode to Members and other persons entitled to receive the Notice, whose e-mail address is registered with the Company or the Depository(s).

b. The Members holding Equity Shares of the Company in Demat Form or Physical Form and who have not yet registered their e-mail address are requested to follow the procedure stated in point no. 11 given below for the purpose of registration.

c. A copy of the Annual Report 2019-20 along with the Notice of the AGM and Explanatory Statement is available on the website of the Company at www.edelweissfin.com, BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) at www.bseindia.com & www.nseindia.com respectively and National Securities Depository Limited (NSDL) at www.evoting.nsdl.com

11. PROCEDURE FOR REGISTRATION OF E-MAIL IDS WITH THE DEPOSITORIES FOR PROCURING USER ID AND PASSWORD AND FOR E-VOTING ON THE RESOLUTIONS SET OUT IN THIS NOTICE :

a. In case the shares are held in physical mode, shareholders are requested to provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), self attested scanned copy of PAN and Aadhaar Card by e-mail to the Company at Efsl.Shareholders@edelweissfin.com.

b. In case the shares are held in demat mode, please provide DPID & CLIENTID (16 digit DPID + CLIENTID or 16 digit beneficiary ID), Name, self-attested scanned copy of client master or copy of Consolidated Account statement, PAN Aadhar to the respective Depository Participants.

12. PROCEDURE TO RAISE QUESTIONS / SEEK CLARIFICATIONS WITH RESPECT TO ANNUAL REPORT:

a. As the AGM is being conducted through VC / OAVM the Members are encouraged to express their views / send their queries in advance mentioning their name, demat account number (DP ID & CLIENT ID) / Folio number, e-mail id, mobile number at Efsl.Shareholders@edelweissfin.com

b. Members desirous of getting any information in respect of the contents of the Annual Report are requested to forward the same to the Company Secretary through e-mail at Efsl.Shareholders@edelweissfin.com at least 10 days prior to the AGM so that the required information can be made available. The same will be replied by/on behalf of the Company suitably.

c. In order to enable smooth conduct of AGM, the Members who would like to express their views during the AGM may register themselves as a Speaker by visiting the link https://www.evoting.nsdl.com between 9:00 a.m. to 6:00 p.m. on Friday, September 25, 2020.

   The Company reserves the right to restrict the number of questions and number of speakers, as appropriate for smooth conduct of the AGM.

13. PROCEDURE FOR JOINING THE AGM THROUGH VC/ OAVM:

- The Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system and the Members can also access the same at https://www.evoting.nsdl.com under Shareholders/Members login by using the remote e-voting credentials.
- The link for VC/OAVM will be available in shareholder/members login where the Electronic Voting Event Number ('EVEN') of Edelweiss Financial Services Limited (the Company) will be displayed.
- On clicking this link, the Members will be able to attend and participate in the proceedings of the AGM of the Company.
- Please note that the Members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned below in point no. 14(g) of the Notice. Further, the Members can also use the OTP based login for logging into the e-Voting system of NSDL.
- The Members are encouraged to join the AGM through Laptops for better experience. The Members will need the latest version of any of the following browsers viz Chrome, Safari, Internet Explorer 11, MS Edge or Firefox. Further, the Speaker Members are recommended to use an Internet with a good speed and choose 'allow camera' option in the browser for better communication.
- Please note that the Members/participants connecting through Mobile devices, Tablets or Laptop via mobile hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

14. PROCEDURE FOR REMOTE E-VOTING AND E-VOTING DURING THE AGM:

a. In compliance with the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended from time to time) [the Rules], Regulation 44 of the SEBI Listing Regulations and the MCA Circulars, the Company has provided the facility to its Members to exercise their right to vote on resolutions proposed to be considered at the AGM by electronic means. The facility of casting votes by a Member using remote e-voting system as well as remote e-voting during the AGM will be provided by NSDL - the Electronic Voting Service Provider ("EVSP") having its office at Trade World, 'A' Wing, 4th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai 400 013.

b. The process of the e – voting is explained in point no. 14(g) below. The members are requested to carefully read the instructions before casting their vote electronically.

c. The e-voting period begins on Friday, September 25, 2020 at 09:00 A.M. and ends on Sunday, September 27, 2020 at 05:00 P.M. (remoting e-voting period). During the remote e-voting period, the Members of the Company, holding shares either in physical form or in dematerialized form, as on Monday, September 21, 2020, the cut-off date may cast their vote electronically. This remote e-voting module shall be disabled by NSDL for voting thereafter.

The voting rights of the members shall be in proportion to their equity shares held in the total paid up equity share capital of the Company as on the cut-off date.

d. The Members who have not cast their votes during the aforementioned period, can cast their votes during the AGM by following the same process as applicable for remote e-voting. The remote e-voting module on the day of the AGM shall be disabled by NSDL for voting 15 minutes after the conclusion of the Meeting.

e. Once the vote on a resolution is cast, the member shall not be allowed to change it subsequently or cast the vote again.

f. The Members who had cast their votes by remote e-voting prior to the AGM may attend the AGM. However, they shall not be entitled to cast their vote again. Members holding shares in physical form are requested to access the remote e-voting facility provided by the Company through NSDL e-voting system at https://www.evoting.nsdl.com/ .

g. **Procedure for e-Voting as prescribed by NSDL** :

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

Step 1: Log-in to NSDL e-Voting system at **https://www.evoting.nsdl.com/**

Step 2: Cast your vote electronically on NSDL e-Voting system.

(I) **Step 1: Log-in to NSDL e-Voting system at https://www.evoting.nsdl.com/**

i. Visit the e-Voting website of NSDL. Open web browser by typing the URL: https://www.evoting.nsdl.com/ either on a Personal Computer / Laptop or on a mobile.

ii. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.

iii. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL e-services i.e. IDEAS, you can log-in at https://eservices.nsdl.com/ with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. to Cast your vote electronically.

iv. For User ID please refer the following table :

Manner of holding Equity shares i.e. Demat (NSDL or CDSL) or Physical		**Your User ID**
a)	For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12******.
b)	For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12************** then your user ID is 12**************
c)	For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

v. Your password details are given below:

a) If you are already registered for e-voting, then you can use your existing password to login and cast your vote.

b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.

c) Procedure to retrieve your 'initial password'

➢ If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

➢ If your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email ids are not registered

vi. If you are unable to retrieve or have not received the " Initial password" or have forgotten your password:

➢ Click on "Forgot User Details/Password?"(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.

➢ Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.

➢ If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/ folio number, your PAN, your name and your registered address.

vii. Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

viii. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

ix. Now, you will have to click on "Login" button.

x. After you click on the "Login" button, Home page of e-Voting will open.

(II) **Step 2:**

Procedure to cast your vote electronically on e-voting system of NSDL is under:-

i. After successful login at Step 1, you will be able to see the Home page of e-voting. Click on e-Voting. Then, click on Active Voting Cycles.

ii. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.

iii. Select "EVEN"-114076 of the Edelweiss Financial Services Limited

iv. Now you are ready for e-Voting as the Voting page opens.

v. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.

vi. Upon confirmation, the message "Vote cast successfully" will be displayed.

vii. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.

viii. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

ix. **Members may also send their queries relating to e-Voting to Ms. Pallavi Mhatre, Manager, NSDL, at E-mail id: evoting@nsdl.co.in or call Toll Free No.: 1800-222-990 / Tel. No.: 022-24994545.**

15. THE INSTRUCTIONS FOR MEMBERS FOR E-VOTING DURING THE AGM ARE AS UNDER:-

a. The procedure for e-voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.

b. Only those Members, who will be present in the AGM through VC/OAVM facility and have not cast their votes on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system in the AGM.

c. Members who have voted through remote e-voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

d. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned in point no. 14(g)(II) (ix) Remote e-voting.

GENERAL GUIDELINES FOR SHAREHOLDERS

16. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.

17. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request to Ms. Pallavi Mhatre, Manager, NSDL at evoting@nsdl.co.in

18. The Statutory Registers under the Act and documents, if any, referred to in the Notice and Explanatory Statement pursuant to Section 102 of the Act will be available electronically for inspection by the Members during the AGM. Documents, if any, referred to in the Notice will also be available for electronic inspection by the Members from the date of circulation of this Notice up to the date of AGM. Members seeking to inspect such documents can send an email to Efsl.Shareholders@edelweissfin.com.

19. The Board of Directors of the Company has appointed Mr. B. Narasimhan, Practicing Company Secretary, Proprietor - M/s. B. N. & Associates, Company Secretaries, failing him, Mr. K. Venkataraman, Practicing Company Secretary as the Scrutinizer(s) to scrutinize the voting and remote e-voting process in a fair and transparent manner. The Scrutinizer's decision on the E-Voting shall be final.

20. The Scrutinizer shall, after the conclusion of voting at the AGM, count the votes cast at the meeting, and the votes cast through remote e-voting and make, not later than 48 hours from the of the conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

21. The results declared along with the report of the Scrutinizer shall be placed on the website of the Company www.edelweissfin.com and on the website of NSDL e-voting viz. www.evoting.nsdl.com after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be forwarded to BSE and NSE.

ANNEXURE TO THE NOTICE DATED AUGUST 27, 2020

STATEMENT PURSUANT TO THE PROVISIONS OF SECTION 102 OF THE COMPANIES ACT, 2013 ('the Act')

ITEM NO. 4:

The tenure of appointment of Mr. Rujan Panjwani as an Executive Director expires on June 23, 2021. Based on the recommendation of the Nomination and Remuneration Committee and considering his expertise and contribution to the Group, the Board of Directors at their meeting held on July 4, 2020 had, subject to the approval of the Members, re-appointed Mr. Rujan Panjwani as an Executive Director for a period of 5 years w. e. f. June 24, 2021.

A brief profile of Mr. Rujan Panjwani:

Mr. Rujan Panjwani has over three decades of multifaceted domain expertise in the financial sector spanning across capital markets, asset management, insurance and others.

Having spent the last 2 decades with Edelweiss, he has played a key role in setting up several flagship businesses. Today, apart from overseeing the Corporate Treasury and related functions, he is in charge of the Insurance businesses within the Group – Edelweiss Tokio Life Insurance and Edelweiss General Insurance, where besides being on their respective Boards, he has strategic oversight of key business decisions and development of new business models.

Additionally, he has held multiple functions across the Group such as Human Resources and Leadership development. He continues to play a fundamental role in several key initiatives including strategy, business development and incubation of new businesses.

Mr. Rujan Panjwani holds a Bachelor's degree in Electrical Engineering from the Manipal Institute of Technology.

The following are the additional details as required under Schedule V and other provisions of the Companies Act, 2013:

The Company, along with its subsidiaries provides wide range of financial services which inter-alia includes, Investment Banking, Institutional Equities, Securities Broking, Private Client Brokerage, Asset Management, Wealth Management, Client Advisory Services, Wholesale Financing, Housing Finance, Securitization, Alternative Asset Management Business, Treasury Operations, Life & General Insurance. The Company has earned a net profit of ₹ 82.58 Crores for the financial year ended March 31, 2020.

The remuneration proposed to be paid to Mr. Rujan Panjwani shall comprise of annual salary not exceeding ₹ 2 Crores, bonus not exceeding ₹ 4 crores per annum and perquisites not exceeding ₹ 2 crores per annum , which is similar to the remuneration approved by the Shareholders earlier. The proposed remuneration is not comparable with other companies in the financial sector due to the diverse nature of business and the functions handled by Mr. Rujan Panjwani. The Company has been earning adequate profits. However, as a prudent measure, approval of Members is being sought by a Special Resolution for the payment of remuneration to Mr. Rujan Panjwani in the event of inadequacy of profits in any financial year during his tenure of appointment.

In addition to the proposed remuneration, Mr. Rujan Panjwani is also entitled to participate in various Employee Stock Options Scheme and Employees Stock Appreciation Rights Scheme, 2019 of the Company. Except for the proposed remuneration payable to Mr. Rujan Panjwani and to the extent of shares held in the Company by Mr. Rujan Panjwani and his relatives, they do not have any pecuniary relationship directly or indirectly with the Company or with any Director/Key Managerial Personnel.

The Board recommends passing the Resolution set out in Item No. 4 of the Notice as a Special Resolution. Except Mr. Rujan Panjwani, none of the Directors and the Key Managerial Personnel and their relatives are interested or concerned, in any manner in Item No. 4 of the Notice.

ITEM NO. 5

The Company together with its subsidiaries has been continuously diversifying in the financial services space. The Company in this pursuit has been consistently exploring various avenues for raising funds for various purposes including but not limited to augmenting its long-term resources, general corporate purposes, etc. The requirement of funds is proposed to be met through issue of securities, subject to approval of the members of the Company, if required and other appropriate approvals, for an aggregate amount of upto ₹ 1,500 crores (Rupees One Thousand Five Hundred Crore only), to the eligible investors.

The consent of the Members is therefore being sought by way of a special resolution as set out in Item No. 5 of the Notice, pursuant to applicable provisions of the Companies Act, 2013, the SEBI ICDR Regulations and any other law for the time being in force and applicable for the issue/allotment of Equity Shares or Eligible Securities or any other securities in one or more tranches, at such time and at such price, whether at a discount or premium to market price and on such terms and conditions as the Board (hereinafter referred to as the "Board" which term shall deemed to include any Committee(s) constituted/to be constituted by the Board) may in its absolute discretion decide, taking into consideration prevailing market conditions and other relevant factors and wherever necessary in consultation with advisors, book running lead managers and such other authority or authorities as may be necessary and subject to, the SEBI ICDR Regulations, and other applicable guidelines, notifications, rules and regulations, as amended from time to time. The proposed issue of Equity shares/other securities by way of QIP/FPO or through any other mode may be offered to investors who may not be Members of the Company and hence approval of the Members is sought in terms of Section 62(1)(c) of the Companies Act, 2013.

The pricing of the Equity Shares and/or any other securities shall be determined in accordance with the relevant provisions of the SEBI ICDR Regulations, the Companies Act, and any other applicable law. In case of QIP, the Board in accordance with applicable law and in consultation with book running lead managers, may offer a discount of not more than 5 per cent or such percentage as permitted under applicable law on the floor price determined pursuant to the SEBI ICDR Regulations (i.e. not less than the average of the weekly high and low of the closing prices of the equity shares quoted on a stock exchange during the two weeks preceding the 'Relevant Date'). The 'Relevant Date' for the purpose of pricing the Securities shall, subject to applicable laws, be the date of the meeting in which the Board / Committee decides to open the proposed issue or such other date as may be permitted under the ICDR Regulations. The pricing of the Securities where the Securities are issued as ADRs/GDRs or FCCBs shall be determined in accordance with the provisions of the applicable laws, rules and regulations issued by relevant authorities.

The allotment of Equity Shares or other Securities shall be completed within timeline prescribed, if any, under applicable laws. The Equity Shares shall rank pari passu in all respects, including in respect of entitlement to dividend with the then existing equity shares and in accordance with the provisions of the offer/ placement document(s). The Eligible Securities or Equity Shares offered through QIP, shall not be eligible to be sold for a period of one year from the date of allotment, except on a recognised stock exchange, or except as may be permitted under the SEBI ICDR Regulations from time to time.

The Equity Shares allotted would be listed on BSE Limited and National Stock Exchange of India Limited and in case of ADR/GDR, on overseas Stock Exchange(s). The offer/ issue / allotment would be subject to the availability of the regulatory approvals, if any. The conversion of Securities held by foreign investors into Equity Shares would be subject to the applicable foreign investment cap and relevant foreign exchange regulations.

Accordingly, the Board of Directors recommend passing the special resolution set out in Item No. 5 of the Notice. None of the Promoters or Directors and Key Managerial Personnel will be eligible to participate in the QIP and there will not be change in control. None of the Directors or Key Managerial Personnel and/or their relatives, are in any way, financially or otherwise, interested or concerned in this resolution, except to the extent of their shareholding in the Company.

For and on behalf of the Board of Directors
EDELWEISS FINANCIAL SERVICES LIMITED

B. Renganathan
Executive Vice President & Company Secretary
(FCS2922)

August 27, 2020
Registered Office:
Edelweiss House, Off C.S.T. Road,
Kalina, Mumbai – 400 098.
CIN : L99999MH1995PLC094641

Details of Directors seeking re-appointment at the Annual General Meeting pursuant to Regulation 36 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings (SS-2)

Particulars	**Ms. Vidya Shah**	**Mr. Rujan Panjwani**
Age	54 years	57 years
Date of first appointment	August 1, 2014	June 24, 2013
Experience in functional Area	Over three decades of experience in the financial services & strategic philanthropy.	Has diverse experience of three decades in financial sector spanning across capital markets, asset management, insurance & others.
Qualification	Post Graduate Diploma in Management from the Indian Institute of Management, Ahmedabad.	Bachelor's Degree in Electrical Engineering from Manipal Institute of Technology.
Terms and Conditions of Appointment/ Reappointment	Appointed as a Non-Executive Director w.e.f. July 21, 2015, liable to retire by rotation.	Appointed as an Executive Director w.e.f. June 24, 2016 for a term of 5 years, liable to retire by rotation.
Remuneration to be paid	Entitled for payment of commission	Entitled for payment of Salary, Perquisites and Bonus as approved by the Members of the Company at the Annual General Meeting held on August 9, 2016.
Remuneration last drawn	-	Refer Corporate Governance Report forming part of this Annual Report
No. of Board Meetings attended during the year	4	4
Directorship in other Companies (Public Limited Companies)	1. ECL Finance Limited 2. Edelweiss Asset Reconstruction Company Limited	1. Edel Land Limited 2. Edelweiss Tokio Life Insurance Company Limited 3. Edelweiss Rural & Corporate Services Limited 4. Edelweiss General Insurance Company Limited
Membership/ Chairmanship of Committees of other public limited companies (Audit Committee and Stakeholders Relationship Committee only)	-	Audit Committee- Edelweiss General Insurance Company Limited
Relationship with other Directors inter-se and with Key Managerial Personnel of the Company	Ms. Vidya Shah is the spouse of Mr. Rashesh Shah, the Chairman, Managing Director & CEO.	None
No. of shares held in the Company	3,30,31,200 Equity shares of ₹ 1 each	1,29,66,380 Equity Shares of ₹ 1 each

For and on behalf of the Board of Directors
EDELWEISS FINANCIAL SERVICES LIMITED

B. Renganathan
Executive Vice President & Company Secretary
(FCS2922)

August 27, 2020
Registered Office:
Edelweiss House, Off C.S.T. Road,
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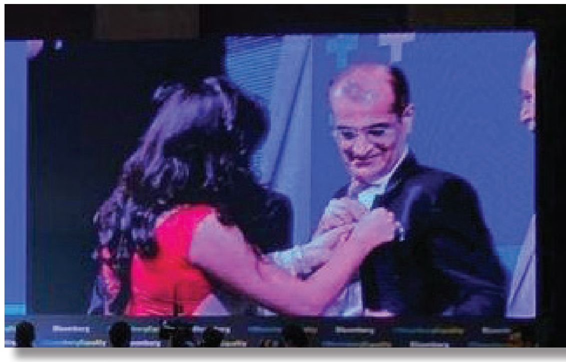
CIN : L99999MH1995PLC094641

NOTE

Accolades and Industry Associations

Hon'ble President of India, Shri Ram Nath Kovind felicitates Rashesh Shah, Chairman & CEO, Edelweiss Group and Vidya Shah, CEO, EdelGive Foundation with the coveted National CSR Award for excellence in Corporate Social Responsibility, in the presence of Hon'ble Finance Minister, Nirmala Sitharaman.



Rashesh Shah honoured with the prestigious #HeForShe pin by United Nations Women for his commitment to diversity, inclusion and equality for all at the Bloomberg Equality Summit.

Hon'ble Prime Minister, Narendra Modi and Rashesh Shah along with other delegates of the Indo-German CEOs roundtable, organised by the Federation of Indian Chambers of Commerce & Industry (FICCI).

Hon'ble Chief Minister of Maharashtra, Uddhav Thackeray, met with FICCI President, Dr. Sangita Reddy, Past President, Rashesh Shah and other key FICCI delegates, to discuss measures to boost infrastructure, tourism and financial services in the State.

SEBI Chairman, Ajay Tyagi, felicitating Rashesh Shah during the inaugural session of CAPAM 2019, in the presence of FICCI Capital Markets Committee Chairperson, Sunil Sanghai and Co-Chairperson, Himanshu Kaji who is also Executive Director, Edelweiss Group.

Rashesh Shah and FICCI Capital Markets Committee Chairperson, Sunil Sanghai, in conversation with Stephen A Schwarzman, Chairman, CEO and Co-Founder, Blackstone during his interaction with the FICCI Capital Markets Committee in Mumbai.

Accomplishments and Partnerships

Historic listing of Edelweiss Mutual Fund's Bharat Bond ETF on the National Stock Exchange in the presence of Smt. Anuradha Thakur, Joint Secretary, DIPAM, Vikram Limaye, MD & CEO, NSE and Mukesh Agarwal, CEO, NSE Indices alongside Rashesh Shah, Nitin Jain, CEO, Edelweiss Global Investment Advisors and Radhika Gupta, CEO, Edelweiss AMC.

Rashesh Shah and Sumit Rai, CEO, Edelweiss Tokio Life Insurance honoured with the prestigious GUINNESS WORLD RECORDS® title for the 'The most pledges received for an Organ Donation Campaign in 24 hours across India'.

Indian Actor, Rahul Bose, joined hands with Edelweiss Tokio Life Insurance, for a month-long drive debunking myths around organ donation in India, encouraging people to step up and support the cause.

Rashesh Shah and Deepak Mittal, CEO - Credit, Edelweiss Group, sign a co-origination agreement with P K Gupta, MD - Digital & Retail Banking, State Bank of India, to enhance access to credit for Micro, Small and Medium Enterprises (MSMEs).

Rashesh Shah joins hands with Shri Pallav Mohapatra, MD & CEO, Central Bank of India for priority sector lending across a bouquet of products, including machinery and business loans to MSMEs.

Rashesh Shah, Vinay Sohani, CEO, Edelweiss Gallagher Insurance Brokers Ltd and Varun Bajpai, President and Co-head, Edelweiss Institutional Clients Group with the Arthur J Gallagher & Co. team, marking the beginning of a new partnership with the global major in insurance brokerage and risk management.

Affecting Change and Driving Thought Leadership

Vidya Shah and Anas Rahman Junaid, MD and Chief Researcher, Hurun Report India, jointly unveil the EdelGive Hurun India Philanthropy List 2019.

EdelGive Foundation hosted the first donor roundtable of the India Climate Collaborative, a collective response by India's top philanthropies led by industry leaders such as Ratan N. Tata, Anand Mahindra, Rohini Nilekani, Nadir Godrej, Aditi and Rishad Premji, Vidya Shah, and Hemendra Kothari, among others, for effective action towards a shared climate goal.

Team EdelGive Foundation stood tall with delegates from their partner NGOs at EDGE 2019, an annual collaborative platform aiming to connect exceptional non-profit organisations with the funding fraternity, in turn facilitating conversations on collective impact.

A power-packed discussion on demystifying the credit scenario between Rashesh Shah and Santosh Kamath, MD & CIO, Franklin Templeton at the Edelweiss Emerging Ideas Conference 2019.

Nitin Jain, CEO, Edelweiss Global Investment Advisors unveils the coffee table book - The Renaissance of India's Businesses, at the Edelweiss India Conference 2020, along with Shiv Sehgal, Aditya Narain, Gautam Shroff and Shiv Diwan from the Edelweiss Institutional Equities team.

Top bankers, corporates and legal eagles from SBI, Union Bank, JSW Steel, Cyril Amarchand Mangaldas and IBBI Governing Board discussed India's growth trajectory in an engaging discussion moderated by veteran journalist, Latha Venkatesh at the Edelweiss Credit Conclave 2020.

Encouraging Edelites to #BeUnlimited

Edelweiss Executive Committee kickstarting Edelweiss Titans 2019, the annual awards and recognition programme, honouring excellence across the Group.

Edelites celebrating victory at the Edelweiss Risk and Compliance Awards 2019, the annual recognition programme, celebrating excellence in governance, compliance and risk management.

As part of the Fit India initiative and Swachh Bharat Abhiyan, Edelweiss partnered with FICCI and encouraged Edelites to go plogging (picking up litter while jogging), on the occasion of Gandhi Jayanti.

On Republic Day, Edelites conducted an art session for underprivileged children from the slums of Juhu, in association with volunteering platforms, Bigger Than Life and ConnectFor.

Hosted three successful editions of Step In, an inclusive networking platform for individuals eager to reconnect with their careers.

Edelites took up various fitness challenges and pledged to enhance their fitness quotient with #FitWithEdelweiss, an initiative that focuses on holistic well-being.

Raising the Bar

- **National CSR Award**
  Ministry of Corporate Affairs, 2019

- **Best Private Bank, India**
  Edelweiss Private Wealth Management
  Global Finance Magazine 2020, FinanceAsia Country Awards 2019, Asiamoney Best Private Banks 2019

- **Best Wealth Manager, India**
  Edelweiss Private Wealth Management
  Asian Private Banker 2019, Asset AAA Alternate Investment & Investment Banking Awards, 2019

- **Iconic Brands of India 2020**
  Edelweiss Mutual Fund
  The Economic Times, 2020

- **Best Broker, India**
  Edelweiss Institutional Equities
  FinanceAsia Country Awards 2020

- **Best NBFC in SME Finance of the Year**
  Edelweiss SME Lending
  India NBFC Summit & Awards 2019

- **Most Innovative Investor Education Program (Silver)**
  Edelweiss Mutual Fund
  Outlook Money Conclave 2019

- **Insurtech of the Year**
  Edelweiss General Insurance
  India Insurance Summit & Awards 2020

- **Best Customer Experience Team of the Year**
  Edelweiss Personal Wealth Advisory
  13th Edition of the Customer FEST Awards, 2020

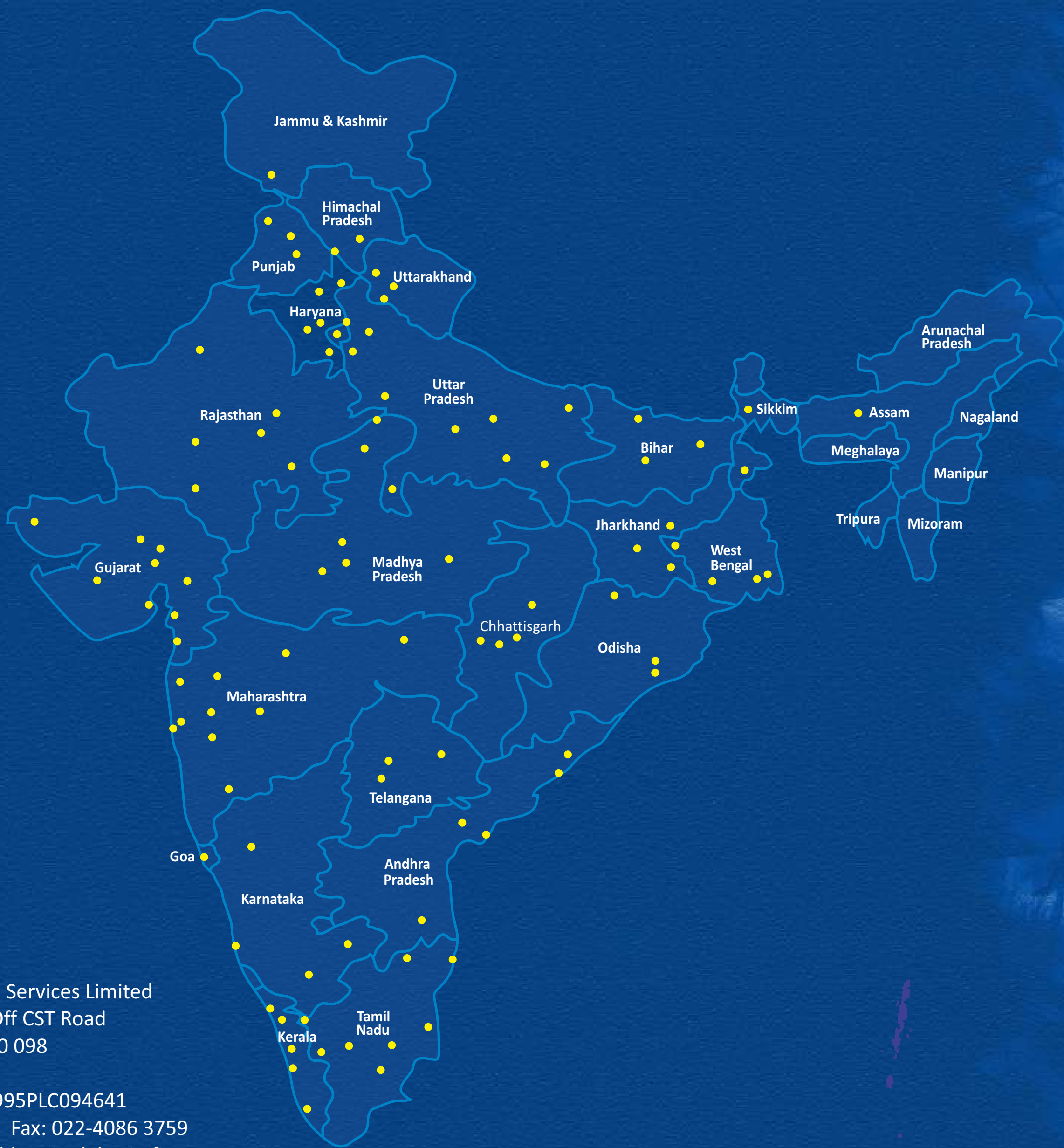
- **Best IT Team of the Year,**
  Best Technology Implementation
  CIO Conclave, 2020

- **Best BFSI Technology Award - Cloud Computing**
  Express Computer, Indian Express, 2020

Concept: @altian & Team Edelweiss

EDELWEISS GROUP

1.45 MILLION CUSTOMERS | **10,000+** EMPLOYEES | **400+** OFFICES



Registered Office:
Edelweiss Financial Services Limited
Edelweiss House, Off CST Road
Kalina, Mumbai 400 098
Maharashtra, India
CIN - L99999MH1995PLC094641
Tel: 022-4009 4400 Fax: 022-4086 3759
Email: efsl.shareholders@edelweissfin.com
www.edelweissfin.com

EdelweissGroup EdelweissFin Company/EdelweissFin

Edelweiss
Ideas create, values protect

The map is a graphic representation and is not to scale