S.R. BATLIBOI & CO. LLP
Chartered Accountants

12th Floor, The Ruby
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Dadar (West)
Mumbai - 400 028, India
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INDEPENDENT AUDITOR'S REPORT

To the Members of Edelweiss Finance & Investments Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of Edelweiss Finance & Investments 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 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 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 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 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 Ind AS financial statements.

Emphasis of matter

We draw attention to Note 48 to the Ind AS financial statements, which describes the uncertainty caused by Novel Coronavirus (COVID-19) pandemic with respect to the Company's estimates of impairment of loans to customers and that such estimates may be affected by the severity and duration of the pandemic.

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 Ind AS financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the 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 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 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 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">(a) Impairment of financial assets as at balance sheet date (as described in note 2.8, 8 & 8.A of Ind AS financial statements)</td></tr>
<tr><td>Ind AS 109 requires the Company to provide for impairment of its loan receivables (designated at amortised cost and fair value through other comprehensive income) 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 Company's loans and advances.

In the process, a significant degree of judgement has been applied by the management for:

• Staging of loans (i.e. classification in 'significant increase in credit risk' ("SICR") and 'default' categories);
• Grouping of borrowers based on homogeneity by using appropriate statistical techniques;
• Estimation of behavioral life;
• Determining macro-economic factors impacting credit quality of receivables;
• Estimation of losses for loan product with no/ minimal historical defaults.

Additional considerations on account of COVID-19
Pursuant to the Reserve Bank of India circular dated March 27, 2020 ("RBI circular") allowing lending institutions to offer moratorium to borrowers on payment of instalments falling due between March 1, 2020 and May 31, 2020, the Company has extended moratorium to its borrowers in accordance with its Board approved policy as described in Note 48.

In 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. 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 the high degree of management's judgement involved in estimation of ECL, accentuated by the COVID-19 pandemic, it is a key audit matter.</td>
<td>Our audit procedures focused on the impairment of financial assets as at balance sheet date:

• Read and assessed the Company's accounting policies for impairment of financial assets and their compliance with Ind AS 109 and the governance framework approved by the Board of Directors pursuant to Reserve Bank of India guidelines issued on March 13, 2020.

• Read and assessed the Company's policy with respect to moratorium pursuant to the RBI circular and tested the implementation of such policy on a sample basis.

• Evaluated the reasonableness of the management estimates by understanding the process of ECL estimation and related assumptions and tested the controls around data extraction and validation.

• Assessed the criteria for staging of loans based on their past-due status to check compliance with requirement of Ind AS 109. Tested a sample of performing (stage 1) loans to assess whether any SICR or loss indicators were present requiring them to be classified under stage 2 or 3.

• Assessed the additional considerations applied by the management for staging of loans as SICR/ default in view of Company's policy on moratorium.

• Tested the ECL model, including assumptions and underlying computation. Assessed the floor/ minimum rates of provisioning applied by the Company for loan products with inadequate historical defaults.

• Tested assumptions used by the management in determining the overlay for macro-economic factors (including COVID-19 pandemic).

• Audited disclosures included in the Ind AS financial statements in respect of expected credit losses including the specific disclosures made with regards to the impact of COVID-19 on ECL estimation.</td></tr>
</table>

Key audit matters	How our audit addressed the key audit matter
(b) IT systems and controls	
Financial accounting and reporting processes, especially in the financial services sector, are fundamentally reliant on IT systems and IT controls to process significant transaction volumes, 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.	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.

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 Ind AS financial statements and our auditor's report thereon.

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

Responsibilities of Management and Those Charged with Governance for the 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 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 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 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/Charged with Governance are also responsible for overseeing the Company's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the 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 Ind AS financial statements.

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

- Identify and assess the risks of material misstatement of the 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

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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 Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the aforesaid 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 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 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;

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

i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements - Refer Note 35 to the Ind AS financial statements;

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Note 44.04 to the Ind AS financial statements;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

per Shrawan Jalan
Partner
Membership Number: 102102
UDIN: 20102102AAAAGZ6553

Place of Signature: Mumbai
Date: July 03, 2020

Annexure 1 referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our Report of even date

(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 in accordance with regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment/ fixed assets are held in the name of the Company.

(ii) The verification of securities held for trading have been conducted on the basis of statement of holding received from the Depository Participants and Clearing Corporation holding statement at reasonable intervals by the management during the year.

(iii) According to the information and explanations given to us and audit procedures performed, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.

(v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under clause 148(1) of the Companies Act, 2013, for the services of the Company.

(vii)(a) Undisputed statutory dues including provident fund, income-tax, goods and service tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities. The provisions relating to employees' state insurance, service tax, 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, 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 employees' state insurance, service tax, 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, service tax and cess on account of any dispute, are given below. The provisions relating to employees' state insurance, duty of custom, duty of excise, value added tax and sales tax are not applicable to the Company.

Name of the Statue	Nature of dues	Amount (Rs in million)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	26.82	AY 2008-2009	High Court
Income Tax Act, 1961	Income Tax	37.75	AY 2009-2010	High Court

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Name of the Statue	Nature of dues	Amount (Rs in million)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	0.14	AY 2009-2010	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	11.87	AY 2010-2011	High Court
Income Tax Act, 1961	Income Tax	29.88	AY 2011-2012	High Court
Income Tax Act, 1961	Income Tax	90.58	AY 2013-2014	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	74.08	AY 2016-2017	Commissioner of Income Tax (Appeals)

(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, banks or dues to debenture holders. The Company does not have any dues to government.

(ix) According to the information and explanations given by the management, the Company has not raised any money way of further public offer and term loans.

Further, monies raised by the company by way of public offer of debt instruments were applied for the purpose for which they were raised, though idle/surplus funds which were not required for immediate utilization have been invested in liquid investments payable on demand.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or no fraud on the company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) In our opinion, the Company is not a nidhi Company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management and 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.

According to the information and explanations given by the management and 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.

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(xvi) According to the information and explanations given to us and audit procedures performed, we report that the Company has registered as required, under section 45-IA of the Reserve Bank of India Act, 1934.

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

per Shrawan Jalan
Partner
Membership Number: 102102
UDIN: 20102102AAAAGZ6553

Place of Signature: Mumbai
Date: July 03, 2020

S.R. BATLIBOI & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF EDELWEISS FINANCE & INVESTMENTS 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 Finance & Investments Limited

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

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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

S.R. BATLIBOI & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

per Shrawan Jalan
Partner
Membership Number: 102102
UDIN: 20102102AAAAGZ6553

Place of Signature: Mumbai
Date: July 03, 2020

Edelweiss Finance & Investments Limited

Balance Sheet as at March 31, 2020

(Currency : Indian rupees in million)

	Note	As at March 31, 2020	As at March 31, 2019*	As at April 01, 2018*
Assets				
Financial assets				
(a) Cash and cash equivalents	3	**1,587.54**	1,050.24	152.96
(b) Bank balances other than cash and cash equivalents	4	**3.45**	53.33	50.02
(c) Derivative financial instruments	5	**17.84**	1.01	26.44
(d) Securities held for trading	6	**31.00**	13,804.53	14,824.88
(e) Receivables				
(i) Trade receivables	7	**11.90**	6,283.79	4,563.14
(ii) Other receivables		**13.73**	0.84	95.30
(f) Loans	8	**6,392.90**	-	-
(g) Other financial assets	9	**133.90**	444.72	164.81
		8,192.26	21,638.46	19,877.55
Non-financial assets				
(a) Current tax assets (net)	10	**136.65**	145.62	306.19
(b) Deferred tax assets (net)	11	**7.82**	74.03	81.53
(c) Property, Plant and Equipment	12	**6.09**	6.56	9.78
(d) Other Intangible assets	12	**5.55**	9.27	4.71
(e) Other non- financial assets	13	**67.43**	40.03	16.31
		223.54	275.51	418.52
Total Assets		**8,415.80**	21,913.97	20,296.07
Liabilities				
Financial liabilities				
(a) Derivative financial instruments	5	**5.70**	260.35	20.72
(b) Trade payables				
(i) total outstanding dues of micro enterprises and small enterprises		**-**	-	
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	14	**62.01**	49.40	54.64
(c) Debt securities	15	**3,281.73**	-	-
(d) Borrowings (other than debt securities)	16	**29.28**	19,215.17	17,569.70
(e) Subordinated Liabilities	17	**340.55**	516.59	516.59
(f) Other financial liabilities	18	**21.22**	32.56	48.80
		3,740.49	20,074.07	18,210.45
Non-financial liabilities				
(a) Current tax liabilities (net)	19	**34.43**	80.24	194.00
(b) Provisions	20	**9.55**	10.46	115.63
(c) Other non-financial liabilities	21	**12.63**	16.34	18.55
		56.61	107.04	328.18
Equity				
(a) Equity share capital	22	**83.35**	34.35	34.35
(b) Other equity	23	**4,535.35**	1,698.51	1,723.09
		4,618.70	1,732.86	1,757.44
Total Liabilities And Equity		**8,415.80**	21,913.97	20,296.07

The accompanying notes are an integral part of the financial statements 1 to 49

* Refer note 45

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

S.R. BATLIBOI & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

Mumbai
July 03, 2020

For and on behalf of the Board of Directors

Venkatchalam Ramaswamy
Non-Executive Director
DIN: 00008509

S Ranganathan
Executive Director
DIN: 00125493

Tushar Agrawal
Chief Executive Officer

Shivaraman Iyer
Chief Financial Officer

Pooja Doshi
Company Secretary

Mumbai
July 03, 2020

Edelweiss Finance & Investments Limited

Statement of Profit and Loss for the 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	24	1,190.14	1,410.66
Dividend income	25	-	1.44
Fee and commission income	26	15.28	-
Net gain on fair value changes (including Treasury income)	29	278.42	-
Other income	27	1.52	12.49
Total Revenue		1,485.36	1,424.59
Expenses			
Finance costs	28	984.38	1,204.46
Net loss on fair value changes (including Treasury income)	29	-	58.76
Impairment on financial instruments	30	25.67	-
Employee benefits expense	31	80.37	35.77
Depreciation and amortisation expense	12	5.40	6.04
Other expenses	32	125.88	73.88
Total expenses		1,221.70	1,378.91
Profit before tax		263.66	45.68
Tax expenses			
(1) Current tax	33	13.16	69.38
(2) Deferred tax (net)	33	66.21	(36.79)
Profit for the year		184.29	13.09
Other Comprehensive Income (OCI)			
Items that will not be reclassified to profit or loss			
a) Remeasurement gain on defined benefit plans (OCI)		(4.34)	0.16
b) Income Tax - OCI - that will not be reclassified		1.09	(0.06)
Total		(3.25)	0.10
Total Comprehensive Income		181.04	13.19
Earnings per equity share (Face value of Rs. 10 each) (in Rs.):			
Basic	34	53.44	3.81
Diluted	34	53.44	3.81

The accompanying notes are an integral part of these financial statements 1 to 49

* Refer note 45

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

S.R. BATLIBOI & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

Mumbai
July 03, 2020

For and on behalf of the Board of Directors

Venkatchalam Ramaswamy
Non-Executive Director
DIN: 00008509

S Ranganathan
Executive Director
DIN: 00125493

Tushar Agrawal
Chief Executive Officer

Shivaraman Iyer
Chief Financial Officer

Pooja Doshi
Company Secretary

Mumbai
July 03, 2020

Edelweiss Finance & Investments Limited

(Currency : Indian rupees in million)

Statement of Changes in Equity for the year ended March 31, 2020

A. Equity Share Capital

Particulars	For the year ended March 31, 2020			For the year ended March 31, 2019		
	Outstanding as on April 1, 2019	Issued during the year	Outstanding as on March 31, 2020	Outstanding as on April 1, 2018	Issued during the year	Outstanding as on March 31, 2019
Issued, Subscribed and Paid up (Equity shares of Rs.10 each, fully paid-up)	34.35	49.00	83.35	34.35	-	34.35

B. Other Equity

Particulars	Capital redemption reserve	Securities Premium	Statutory Reserve	General Reserve	Retained Earnings	Deemed Capital Contribution - Equity	Total Attributable to equity holders
Balance as at April 1, 2018*	9.71	711.81	921.04	90.26	(24.91)	15.18	1,723.09
Profit for the year	-	-	-	-	13.09	-	13.09
Other Comprehensive Income	-	-	-	-	0.10	-	0.10
	9.71	711.81	921.04	90.26	(11.72)	15.18	1,736.28
Income tax impact on ESOPS	-	-	-	-	(37.77)	-	(37.77)
Balance as at March 31, 2019	9.71	711.81	921.04	90.26	(49.49)	15.18	1,698.51
Profit for the year	-	-	-	-	184.29	-	184.29
Other Comprehensive Income	-	-	-	-	(3.25)	-	(3.25)
	9.71	711.81	921.04	90.26	131.55	15.18	1,879.55
Securities premium on shares issued during the year	-	2,655.80	-	-	-	-	2,655.80
Transfer to Special Reserve	-	-	40.19	-	(40.19)	-	0.00
Transfer to Capital redemption Reserve	106.88	-	-	(90.26)	(16.62)	-	(0.00)
Balance as at March 31, 2020	116.59	3,367.61	961.23	-	74.74	15.18	4,535.35

* Refer note 45

The accompanying notes are an integral part of these financial statements. 1 to 49

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

Venkatchalam Ramaswamy
Non-Executive Director
DIN: 00008509

S Ranganathan
Executive Director
DIN: 00125493

Rushar Agrawal
Chief Executive Officer

Shivaraman Iyer
Chief Financial Officer

Pooja Doshi
Company Secretary

Mumbai
July 03, 2020

S.R. Batliboi & Co. LLP Chartered Accountants Mumbai

Mumbai
July 03, 2020

Edelweiss Finance & Investments Limited

Statement of cash flows 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	**263.66**	45.68
	Adjustments for		
	Depreciation and amortisation expense	**5.40**	6.04
	Fair value (gain) / loss of financial instruments	**(0.98)**	176.21
	Provision for compensated absences	**(0.91)**	0.35
	Write back of deferred bonus	**-**	(105.52)
	Expense on employee stock option scheme	**-**	5.47
	Impairment on financial assets	**25.67**	-
	Profit on sale of of Property, Plant and Equipment	**(0.01)**	(0.21)
	Operating cash flow before working capital changes	**292.83**	128.02
	Add / (Less): Adjustments for working capital changes		
	Increase in Loans	**(6,418.57)**	-
	Decrease / (increase) Trade and other receivables	**6,259.00**	(1,626.19)
	Decrease in Securities held for trading	**13,774.51**	844.14
	Decrease / (increase) in Other financial assets	**343.87**	(266.79)
	Increase in Other non- financial assets	**(27.40)**	(14.72)
	Increase / (decrease) in Trade payables	**12.61**	(5.24)
	Decrease in Non-financial liabilities and Provisions	**(6.96)**	(7.52)
	(Decrease) / increase in Other financial liabilites	**(265.99)**	223.39
	Cash generated from / (used in) operations	**13,963.90**	(724.91)
	Income taxes paid	**(50.00)**	(16.11)
	Net cash generated from / (used in) operating activities -A	**13,913.90**	(741.02)
B	**Cash flow from investing activities**		
	Purchase of Property, Plant and Equipment	**(1.26)**	(8.00)
	Sale of Property, Plant and Equipment	**0.06**	0.83
	Net cash used in investing activities - B	**(1.20)**	(7.17)
C	**Cash flow from financing activities**		
	Proceeds from issuance of Share capital (including Securities Premium)	**2,704.80**	-
	Proceeds from issuance of Debt Securities	**3,281.73**	-
	(Decrease) / increase in Borrowings other than Debt Securities (refer note 2)	**(19,185.89)**	1,645.47
	Repayment of Subordinated Liabilities	**(176.04)**	-
	Net cash (used in) / generated from financing activities - C	**(13,375.40)**	1,645.47
	Net increase in cash and cash equivalents (A+B+C)	**537.30**	897.28
	Cash and cash equivalent as at the beginning of the year	**1,050.24**	152.96
	Cash and cash equivalent as at the end of the year	**1,587.54**	1,050.24
	Operational cash flows from interest and dividends		
	Interest paid	**963.56**	1,225.32
	Interest received	**1,400.00**	1,439.67
	Dividend received	**-**	1.44

Edelweiss Finance & Investments Ltd. Mumbai

Edelweiss Finance & Investments Limited

Statement of cash flows for the year ended March 31, 2020 (continued)

(Currency : Indian rupees in million)

Notes:

1 Cash Flow Statement has been prepared under the indirect method as set out in Ind AS 7 (Statement of Cash Flows) prescribed under the Companies Act (Indian Accounting Standards) Rules, 2015 under the Companies Act, 2013.

2 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.

3 Refer note 37 for change 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
July 03, 2020

For and on behalf of the Board of Directors

Venkatchalam Ramaswamy
Non-Executive Director
DIN: 00008509

S Ranganathan
Executive Director
DIN: 00125493

Tushar Agrawal
Chief Executive Officer

Shivaraman Iyer
Chief Financial Officer

Pooja Doshi
Company Secretary

Mumbai
July 03, 2020

1. Corporate information:

Edelweiss Finance & Investments Limited ('the Company') a public limited company domiciled and incorporated under the provisions of the Companies Act applicable in India is subsidiary of Edelweiss Securities Limited. The Ultimate Holding Company of the Company is Edelweiss Financial Services Limited. The Company was incorporated on October 27, 1994 and is registered with the Reserve Bank of India ('RBI') as a Systemically Important Non-Deposit taking Non-Banking Financial Company (NBFC-ND-SI).

The Company is engaged in the business of advancing of loans against securities and trading and investing in government securities and fixed income securities.

2.1 Basis of preparation:

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

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

2.2 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 38.

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

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

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

2.3 Recognition of interest income and dividend income

2.3.1 Effective interest rate (EIR):

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

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

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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.

2.3.2 Interest income:

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

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

2.3.3 Dividend income:

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

2.4 Financial instruments:

2.4.1 Date of recognition:

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

2.4.2 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.

2.4.3 Day 1 profit and loss:

When the transaction price of the financial instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Company recognises the difference between the transaction price and fair value in net gain / loss 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.

2.4.4 Classification & measurement categories of financial assets and liabilities:

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

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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.

2.5 Financial assets and liabilities:

2.5.1 Amortized cost and effective interest method

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

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

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

2.5.2 Financial assets held for trading:

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

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2.5.3 Investment in equity instruments:

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

2.5.4 Financial liabilities:

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

2.5.5 Derivative financial instruments:

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

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

2.5.6 Debt securities and other borrowed funds:

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

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

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

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

- The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis; or

- The liabilities are part of a group of financial liabilities, which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or

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

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Edelweiss Finance & Investments Ltd. Mumbai

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

2.5.8 Loan commitment

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

2.5.9 Financial liabilities and equity instruments

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

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

2.6 Reclassification of financial assets and liabilities

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified.

2.7 Derecognition of financial Instruments:

2.7.1 Derecognition of financial asset

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

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

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

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.

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2.7.2 Derecognition of financial liabilities

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

2.8 Impairment of financial assets:

The Company 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.

Simplified approach

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

General approach

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

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

The measurement of 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 Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

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Edelweiss Finance & Investments Ltd. ★ Mumbai

Company categories its financial assets as follows:

Stage 1 assets:

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

Stage 2 assets:

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

Stage 3 assets:

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

For financial assets, ECL 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 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.

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

2.9 Collateral valuation:

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

To the extent possible, the company uses active market data for valuing financial assets held as collateral.

2.10 Write-offs:

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

2.11 Determination of fair value:

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

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

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

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

Level 1 financial instruments:

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

Level 2 financial instruments:

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

Level 3 financial instruments:

Those that include one or more unobservable input that is significant to the measurement as whole.

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

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

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

2.12 Operating leases:

Company as a lessee:

The Company has applied Ind AS 116 using the partial retrospective approach.

The Company 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 Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

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Right of use assets

The Company 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.

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 Company 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 Company 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.

Company as lessor:

The Company's accounting policy under Ind AS 116 has not changed from the comparative period. As a lessor the Company 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.

2.13 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.

2.14 Retirement and other employee benefit:

2.14.1 Provident fund and national pension scheme:

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

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2.14.2 Gratuity:

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

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

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

2.14.3 Compensated absences:

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

2.14.4 Deferred bonus:

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

2.14.5 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.

2.15 Property, plant and equipment:

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

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

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

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

Nature of assets	Estimated useful lives
Building (other than Factory Building)	60 years
Vehicles	8 years
Office Equipment	5 years
Furniture and fixtures	10 years
Computers - Servers and networks	6 years
Computers - End user devices, such as desktops, laptops, etc.	3 years

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

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

2.16 Intangible assets:

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 Company. 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.

2.17 Impairment of non-financial assets:

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

2.18 Provisions and other contingent liabilities:

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

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

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

2.19 Income tax expenses:

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

2.19.1 Current tax:

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

2.19.2 Deferred tax:

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

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

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

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

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Minimum Alternative Tax (MAT) credit

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

2.19.3 Current and deferred tax for the year:

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

2.20 Cash and cash equivalents:

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

2.21 Significant accounting judgements, estimates and assumptions :

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

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

Critical judgements in applying accounting policies:

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

2.21.1 Business model assessment:

Classification and measurement of financial assets depends on the results of the solely payments of principal and interest (SPPI) and the business model test. The Company determines the business model at a level that reflects how Company's financial assets are managed together to achieve a 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.

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2.21.2 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 Company takes into account qualitative and quantitative reasonable and supportable forward-looking information.

Key sources of estimation uncertainty:

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

2.21.3 Fair value of financial instruments:

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

2.21.4 Effective Interest Rate (EIR) Method:

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

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

2.22 Impairment of Financial assets:

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

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

- PD calculation includes historical data, assumptions and expectations of future conditions.

- The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a life-time expected credit loss and the qualitative assessment.

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

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

2.23 Impairment of Non-Financial assets:

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

2.24 Provisions and contingent liabilities:

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

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

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

2.25 Provisions for Income Taxes:

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

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

2.26 Standards issued but not yet effective:

There are no new standard or amendment issued but not effective.

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Notes to financial statements (continued)

(Currency : Indian rupees in million)

	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
3. Cash and cash equivalents			
Cash in hand	0.03	-	0.01
Balances with banks			
- in current accounts	1,587.51	1,050.24	152.95
	1,587.54	1,050.24	152.96

	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
4. Bank balances other than cash and cash equivalents			
Short term bank deposits with banks * (other bank deposits with maturity less than 12 months)	-	50.02	50.02
Earmarked balance with bank (unpaid dividends)	3.45	3.31	-
	3.45	53.33	50.02

4.A Encumbrances on fixed deposits held by the Company:

	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Fixed deposit pledged against overdraft facility			
RBL Bank Limited	-	50.00	50.00
	-	50.00	50.00

* Fixed deposit with bank earns interest at fixed rate.

	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
5. Derivative financial instruments			
5.A Breakup of Derivative financial instruments			
Fair Value Assets			
Mark to market on interest rate swap	-	1.01	26.44
Embedded derivatives in market-linked debentures (liabilities)	17.84	-	-
	17.84	1.01	26.44
Fair Value Liabilities			
Mark to Market on interest rate swap	-	260.35	20.72
Embedded derivatives in market-linked debentures (liabilities)	5.70	-	-
	5.70	260.35	20.72

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Notes to financial statements (continued)

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5. Derivative financial instruments

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

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

Particulars	As at March 31, 2020							
	Unit	Currency	Notional	Fair value Asset	Unit	Currency	Notional	Fair value liability
(i) Embedded derivatives*								
In market linked debentures				17.84				5.70
Total Derivative Financial Instruments			Total	17.84			Total	5.70

Particulars	As at March 31, 2019							
	Unit	Currency	Notional	Fair value Asset	Unit	Currency	Notional	Fair value liability
(i)Interest rate derivatives								
Interest Rate Swaps	Rs. Million	INR	2,500	1.01	Rs. Million	INR	23,250	260.35
Interest Rate Future	G-Sec Units		3,800,000	0.18	G-Sec Units		14,500,000	9.69
Less: amounts offset (Refer Note 5.B)				(0.18)				(9.69)
Total Derivative Financial Instruments				1.01				260.35

Particulars	As at April 01, 2018							
	Unit	Currency	Notional	Fair value Asset	Unit	Currency	Notional	Fair value liability
(i)Interest rate derivatives								
Interest Rate Swaps	Rs. Million	INR	6,500	26.44	Rs. Million	INR	8,000	20.72
Interest Rate Future	G-Sec Units		5,444,000	3.29			-	-
Less: amounts offset (Refer Note 5.B)				(3.29)				-
Total Derivative Financial Instruments				26.44				20.72

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

*An embedded derivative is a component of a hybrid instrument that also includes a non-derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. refer Note 2.5.5 for further details.

Hedging activities and derivatives

The Company is exposed to certain risks relating to its ongoing business operations. The primary risks managed using derivative instruments are interest rate risk and equity index risk. The Company's risk management strategy and how it is applied to manage risk are explained in Note 42.

Derivatives designated as hedging instruments

The Company has not designated any derivatives as hedging instruments.

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5.B 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 and Liabilities subject to offsetting, netting arrangements

Financials assets and liabilities as at March 31, 2020 that are subject to offsetting, netting arrangements is Rs Nil.

Financial Assets subject to offsetting, netting arrangements

As at March 31, 2019	Offsetting recognised in balance sheet			Netting potential not recognised in balance sheet			Assets not subject to netting arrangements	Total Assets	Maximum Exposure to Risk
	Gross asset before offset	Amount offset*	Net asset recognised on the balance sheet	Financial assets	Collaterals paid	Assets after consideration of netting potential	Assets recognised on the balance sheet	Recognised in the balance sheet	After consideration of netting potential
Trade receivables	9,096.11	(2,812.32)	6,283.79	-	-	6,283.79	-	6,283.79	6,283.79
Derivative Assets	1.19	(0.18)	1.01	(1.01)	-	-	-	1.01	-
Margin placed with broker*	303.47	-	303.47	-	(208.25)	95.22	-	303.47	95.22

Financial Liabilities subject to offsetting, netting arrangements

As at March 31, 2019	Offsetting recognised in balance sheet			Netting potential not recognised in balance sheet			Liabilities not subject to netting arrangements	Total liabilities	Maximum Exposure to Risk
	Gross liability before offset	Amount offset*	Net liability recognised in balance sheet	Financial liabilities	Collaterals received	Liabilities after consideration of netting potential	Liabilities recognised on the balance sheet	Recognised in the balance sheet	After consideration of netting potential
Trade payables	2,812.32	(2,812.32)	-	-	-	-	-	-	-
Derivative Liabilities	270.04	(9.69)	260.35	(1.01)	(208.25)	51.09	-	260.35	51.09

Financial Assets subject to offsetting, netting arrangements

As at April 01, 2018	Offsetting recognised in balance sheet			Netting potential not recognised in balance sheet			Assets not subject to netting arrangements	Total Assets	Maximum Exposure to Risk
	Gross asset before offset	Amount offset*	Net asset recognised on the balance sheet	Financial assets	Collaterals paid	Assets after consideration of netting potential	Assets recognised on the balance sheet	Recognised in the balance sheet	After consideration of netting potential
Trade receivables	9,615.36	(5,052.22)	4,563.14	-	-	4,563.14	4,563.14	4,563.14	4,563.14
Derivative Assets	29.73	(3.29)	26.44	(9.89)	(4.45)	12.10	-	26.44	12.10
Margin placed with broker*	41.51	-	41.51	-	(15.28)	26.23	-	41.51	26.23

Financial Liabilities subject to offsetting, netting arrangements

As at April 01, 2018	Offsetting recognised in balance sheet			Netting potential not recognised in balance sheet			Liabilities not subject to netting arrangements	Total liabilities	Maximum Exposure to Risk
	Gross liability before offset	Amount offset*	Net liability recognised in balance sheet	Financial liabilities	Collaterals received	Liabilities after consideration of netting potential	Liabilities recognised on the balance sheet	Recognised in the balance sheet	After consideration of netting potential
Trade payables	5,052.22	(5,052.22)	-	-	-	-	-	-	-
Derivative Liabilities	20.72	-	20.72	-	(10.83)	9.89	-	20.72	9.89

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

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Notes to financial statements (continued)

(Currency : Indian rupees in million)

6. Securities held for trading

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
At Fair Value Through Profit and Loss			
(i) Government Debt Securities	-	13,679.23	14,406.88
(ii) Debt securities	0.21	125.30	389.24
(iii) Exchange Traded Funds	30.79	-	-
(iv) Preference Shares	-	-	28.76
Total	**31.00**	**13,804.53**	**14,824.88**
(i) Investments outside India	-	-	-
(ii) Investments in India	31.00	13,804.53	14,824.88
Total	**31.00**	**13,804.53**	**14,824.88**

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Notes to financial statements (continued)

(Currency : Indian rupees in million)

7. Receivables	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
a) Trade receivables			
Receivables considered good - Unsecured *(refer note 5.A)*	11.90	6,283.79	4,563.14
Trade Receivables (a)	11.90	6,283.79	4,563.14
b) Other receivables			
Receivables considered good - Unsecured	13.73	0.84	95.30
Other receivables (b)	13.73	0.84	95.30
Total Receivables (a) + (b)	25.63	6,284.63	4,658.44

c) Reconciliation of impairment allowance on trade and lease 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	-	-
Add/ (less): asset originated or acquired (net)	-	-
Impairment allowance - Closing Balance	-	-

Notes:

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

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

d) Trade receivables days past due

As at March 31, 2020	Current	1-90 days	91-180 days	181-270 days	270- 360 days	> 360 days	Total
ECL Rates							
Estimated total gross carrying amount at default	25.63	-	-	-	-	-	25.63
ECL - Simplified approach	-	-	-	-	-	-	-
Net carrying amount	25.63	-	-	-	-	-	25.63

As at March 31, 2019	Current	1-90 days	91-180 days	181-270 days	270- 360 days	> 360 days	Total
ECL Rates							
Estimated total gross carrying amount at default *	6,283.79	-	-	-	-	-	6,283.79
ECL - Simplified approach	-	-	-	-	-	-	-
Net carrying amount	6,283.79	-	-	-	-	-	6,283.79

As at April 01, 2018	Current	1-90 days	91-180 days	181-270 days	270- 360 days	> 360 days	Total
ECL Rates							
Estimated total gross carrying amount at default *	4,563.14	-	-	-	-	-	4,563.14
ECL - Simplified approach	-	-	-	-	-	-	-
Net carrying amount	4,563.14	-	-	-	-	-	4,563.14

* Receivables largely includes receivables from clearing house and companies in same group. The Company has no history and expects no default on these receivables, accordingly no allowance for ECL has been recognised on these receivables.

Edelweiss Finance & Investments Limited

Notes to financial statements (continued)

(Currency : Indian rupees in million)

8. Loans (at Amortised cost)	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Other loans			
Corporate credit	3,275.74	-	-
Retail Credit	3,142.83	-	-
Total gross	6,418.57	-	-
Less: Impairment loss allowance (Refer Note 8.A)	(25.67)	-	-
Total net	6,392.90	-	-
Secured by marketable securities & unlisted securities	2,881.58	-	-
Unsecured	3,536.99	-	
Total gross	6,418.57	-	-
Less: Impairment loss allowance (Refer Note 8.A)	(25.67)	-	-
Total net	6,392.90	-	-
Loans in India			
Public sector	-	-	-
Others	6,418.57	-	-
Total Gross	6,418.57	-	-
Less: Impairment loss allowance (Refer Note 8.A)	(25.67)	-	-
Total net	6,392.90	-	-

Edelweiss Finance & Investments Limited

Notes to financial statements (continued)

(Currency : Indian rupees in million)

8.A Credit quality of assets

The table below shows the credit quality and the maximum exposure to credit risk based on the Company's year-end stage classification. The amounts presented are gross of impairment allowances.

Loans at Amortised Cost

Particulars	As at March 31, 2020				As at March 31, 2019			
	Stage I	Stage II	Stage III	Total	Stage I	Stage II	Stage III	Total
Performing								
High grade	6,271.19	-	-	6,271.19	-	-	-	-
Standard grade	-	147.38	-	147.38	-	-	-	-
Non-performing								
Individually impaired	-	-	-	-	-	-	-	-
Total	**6,271.19**	**147.38**	**-**	**6,418.57**	**-**	**-**	**-**	**-**

Reconciliation of changes in gross carrying amount and corresponding ECL allowances for loans and advances:

The following disclosure provides stage wise reconciliation of the Company's gross carrying amount and ECL allowances for loans and advances to corporates and retail customers.

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

Reconciliation / movement for the year ended March 31, 2020

Particulars	Non credit impaired				Credit impaired		Total	
	Stage I		Stage II		Stage III			
	Gross Carrying Amount	Allowance for ECL	Gross carrying Amount	Allowance for ECL	Gross carrying Amount	Allowance for ECL	Gross carrying Amount	Allowance for ECL
Opening balance	-	-	-	-	-	-	-	-
New assets originated / repayments received (net)	6,271.19	25.08	147.38	0.59	-	-	6,418.57	25.67
Closing balance	**6,271.19**	**25.08**	**147.38**	**0.59**	**-**	**-**	**6,418.57**	**25.67**

Reconciliation / movement for the year ended March 31, 2019

There were no loans as at March 31, 2019 and as at April 01, 2018. Hence, disclosure for reconciliation / movement is not disclosed.

Edelweiss Finance & Investments Limited

Notes to financial statements (continued)

(Currency : Indian rupees in million)

	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
9. Other financial assets			
Deposits placed with exchange/depositories	**121.00**	139.90	112.40
Deposits- others	**1.03**	1.07	0.82
Margin placed with broker (refer note 5.B)	**11.62**	303.47	41.51
Accrued interest on margin	**0.25**	0.28	0.69
Other assets	-	-	9.39
	133.90	444.72	164.81
10. Current tax assets (net)			
Advance income taxes (net)	**136.65**	145.62	306.19
	136.65	145.62	306.19
11. Deferred tax assets (net)			
Deferred tax assets			
Loans			
Expected credit loss	**6.46**	-	
Property, Plant and Equipment & Intangible assets			
Difference between book and tax depreciation	**1.48**	2.07	2.38
Invetsment and other financials instruments			
Unrealised loss on derivatives	-	89.78	6.31
Fair valuation of investments and securities held for trading - loss in valuation	-	-	2.26
Fair valuation of employee stock option	-	-	37.77
MAT credit entitlement	-	-	6.47
Employee benefit obligations			
Disallowances under section 43B of the Income Tax Act, 1961	**0.13**	0.48	37.26
Others	-	1.83	-
	8.07	94.16	92.45
Deferred tax liabilities			
Invetsment and other financials instruments			
Fair valuation - securities held for trading	**0.25**	19.73	
Unrealised gain on derivatives	-	0.40	10.92
	0.25	20.13	10.92
	7.82	74.03	81.53

(Currency : Indian rupees in million)

12. Property, plant and equipment and intangible assets

Particulars	Property, plant and equipment						Other Intangible Assets		
	Building*	Vehicles	Office equipment	Computers	Furniture	Total	Computer Software	Total	Total
Cost									
As at April 1, 2018	1.25	8.20	0.28	4.08	-	13.81	5.47	5.47	19.28
Additions	-	-	-	0.71	-	0.71	7.29	7.29	8.00
Disposals	-	(0.87)	-	(0.16)	-	(1.03)	-	-	(1.03)
as at March 31, 2019	1.25	7.33	0.28	4.63	-	13.49	12.76	12.76	26.25
Additions	1.48	-	-	0.28	0.07	1.83	(0.57)	(0.57)	1.26
Disposals	-	-	-	(0.57)	-	(0.57)	-	-	(0.57)
as at March 31, 2020	2.73	7.33	0.28	4.34	0.07	14.75	12.19	12.19	26.94
Depreciation and amortisation:									
As at April 1, 2018	0.06	2.65	0.09	1.23	-	4.03	0.76	0.76	4.79
Depreciation/Amortisation for the year	0.06	1.68	0.09	1.48	-	3.31	2.73	2.73	6.04
Disposals	-	(0.32)	-	(0.09)	-	(0.41)	-	-	(0.41)
as at March 31, 2019	0.12	4.01	0.18	2.62	-	6.93	3.49	3.49	10.42
Depreciation/Amortisation for the year	0.11	1.07	0.05	1.01	0.01	2.25	3.15	3.15	5.40
Disposals	-	-	-	(0.52)	-	(0.52)	-	-	(0.52)
as at March 31, 2020	0.23	5.08	0.23	3.11	0.01	8.65	6.64	6.64	15.29
Net Book Value									
As at April 01, 2018	1.19	5.55	0.19	2.85	0.00	9.78	4.71	4.71	14.49
As at March 31, 2019	1.13	3.32	0.10	2.01	0.00	6.56	9.27	9.27	15.83
As at March 31, 2020	2.50	2.25	0.05	1.23	0.06	6.09	5.55	5.55	11.64

* Charge against secured redeemable non-convertible debentures (Refer note 15.B)

(Currency : Indian rupees in million)

	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
13. Other non-financial assets			
(Unsecured considered good, unless stated otherwise)			
Input tax credit	**40.77**	22.42	11.67
Vendor Advances	**12.38**	3.70	1.32
Contribution to gratuity fund (net) (refer note 31)	**1.36**	1.50	1.47
Prepaid expenses	**3.62**	1.53	1.85
Advances to employees	**0.29**	1.88	-
Others	**9.01**	9.00	-
	67.43	40.03	16.31
14. Trade Payables			
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises (Refer note 5.B)	**62.01**	49.40	54.64
	62.01	49.40	54.64

14.A Details of dues to micro and small enterprises

Trade Payables includes Rs.Nil (March 31, 2019: Rs.Nil; April 01, 2018: Rs Nil) payable to "Suppliers" registered under the Micro, Small and Medium Enterprises Development Act, 2006. No interest has been paid / is payable by the Company during the year to "Suppliers" registered under this act. The aforementioned is based on the responses received by the Company to its inquiries with suppliers with regard to applicability under the said Act.

	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
15. Debt securities			
at amortised cost			
(Refer Note 15.A and 15.B)			
Redeemable non-convertible debentures - secured			
Market linked debentures	**1,145.26**	-	-
Public issue	**2,136.47**	-	-
Total	**3,281.73**	-	-
Debt securities in India	**3,281.73**	-	-
Debt securities outside India	-	-	-
Total	**3,281.73**	-	-

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Notes to financial statements (continued)

(Currency : Indian rupees in million)

	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
16. Borrowings other than Debt Securities			
(at amortised cost)			
Secured			
Borrowings (Repo) (Secured by pledge of Government securities and Treasury-bills) (March 31, 2019; Repayable on April 02, 2019 Interest payable in range of 5.50% to 7.30%) (April 01, 2018; Repayable on April 03, 2018 Interest payable in range of 4.40% to 7.10%)	-	14,162.90	17,373.62
Unsecured			
Loan from related parties (refer note 39) (Repayable on demand, Interest payable in the range of 11.60% to 11.75% for March 31, 2020 and 9.00% to 12.50% for March 31, 2019, 9% for April 01, 2018)	29.28	5,052.27	196.08
	29.28	19,215.17	17,569.70
Borrowings in India	29.28	19,215.17	17,569.70
Borrowings outside India	-	-	-
	29.28	19,215.17	17,569.70
17. Subordinated Liabilities			
(at Amortised Cost)			
Unsecured			
Preference Shares - privately placed	340.55	516.59	516.59
(i) Subsidiaries		-	
(ii) Other	310.38	470.70	470.70
Interest accrued - subordinated liabilities	30.17	45.89	45.89
	340.55	516.59	516.59
Subordinated liabilities in India	340.55	516.59	516.59
Subordinated liabilities outside India	-	-	-
	340.55	516.59	516.59

The Preference Shares of the face value of Rs. 10 each were issued at the rate of Rs. 15 per share. The Preference Shares were allotted on July 19, 2013. The Preference Shares are Cumulative and Redeemable. The Preference Shares carry a Cumulative dividend of 14.625%. The Preference Shares will be redeemed at a premium of Rs. 5 per preference share over the Face value together with the unpaid dividend till the date of redemption. The preference share will be compulsorily redeemed at the end of 10 years from the date of allotment. The Company and the investor can seek the early redemption of preference shares after 5 years from the date of allotment by giving early redemption notice from May 16 to May 31, every year. In such a case, Company shall redeem preference shares within 30 days of receving early redemption notice.

In line with the terms, during the year ended March 31, 2020, the Company has redeemed 10,688,000 preference shares basis the early redemption requests received. Consequently, as required under the Companies Act, the Company has also transferred amount Rs. 106.88 Million, being face value of preference shares redeemed, to capital redemption reserve from its free reserves.

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Notes to financial statements (continued)

(Currency : Indian rupees in million)

15.A Maturity profile and rate of interest of debt securities are set out below:

As at March 31, 2020

Redeemable non-convertible debentures - secured

Month		9% - 10%	10% - 11%	MLD*	Grand total
Mar	2021	-	-	368.38	368.38
Jul	2021	-	-	24.72	24.72
Aug	2021	482.45	-	-	482.45
Feb	2022	-	-	70.04	70.04
Mar	2022	-	-	186.55	186.55
Dec	2022	-	-	101.28	101.28
Feb	2023	-	-	228.83	228.83
Jun	2023	-	-	54.72	54.72
Feb	2023	351.52	-	-	351.52
Feb	2025	443.93	401.49	-	845.42
Dec	2026	-	-	110.73	110.73
Feb	2030	263.41	276.34	-	539.75
		1,541.31	**677.83**	**1,145.25**	**3,364.39**

Add: interest accrued **	33.90
Less: unamortised issuance cost	(116.56)
	3,281.73

*MLD represents market linked debentures

** Interest accrued but not due is payable on next interest payment date for respective ISINs.

As at March 31, 2019

There were no debt securities as at March 31, 2019. Hence, disclosure for maturity profile and rate of interest of debt securities is not disclosed.

15.B Details of debt securities:

Redeemable non-convertible debentures - secured

Public issue:

Debentures are secured by way of a charge in favour of the Debenture Trustee on present and/or future receivables and/or pari passu charge on an identified immovable property of the Company as may be decided mutually by our Company and the Debenture Trustee.

During the year ended March 31, 2020, the Company has raised Rs 2,219.13 million worth of redeemable non-convertible debentures through public issue. As at March 31 2020, the Company has utilised the whole of the aforementioned net proceeds towards the objects of the issue as stated in the prospectus.

Market linked debentures:

Market linked debentures are secured by first charge / pari passu charge, as the case may be, on property and on present & future receivables, loans, securities, investments & other financial assets.

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

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Notes to financial statements (continued)

(Currency : Indian rupees in million)

	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
18. Other financial liabilities			
Other payables	**17.75**	-	-
Accrued salaries and benefits	**0.02**	20.00	39.07
Provision for dividend distribution tax	-	9.25	9.34
Unpaid dividends	**3.45**	3.31	0.39
	21.22	32.56	48.80
19. Current tax liabilities (net)			
Provision for taxation (net)	**34.43**	80.24	194.00
	34.43	80.24	194.00
20. Provisions			
Provision for employee benefits			
Compensated leave absences	**0.54**	1.45	1.10
Deferred bonus	-	-	105.52
Others	**9.01**	9.01	9.01
	9.55	10.46	115.63
21. Other non-financial liabilities			
Statutory liabilities*	**6.22**	3.71	14.92
Others	**6.41**	12.63	3.63
	12.63	16.34	18.55

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

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Notes to financial statements (continued)

(Currency : Indian rupees in million)

	As at March 31, 2020		As at March 31, 2019		As at April 01, 2018	
	No of shares	Amount	No of shares	Amount	No of shares	Amount
22. Equity share capital						
Authorised :						
Equity Shares of Rs.10 each	41,620,000	416.20	41,620,000	416.20	41,620,000	416.20
Preference shares of Rs 10 each	31,380,000	313.80	31,380,000	313.80	31,380,000	313.80
	73,000,000	730.00	73,000,000	730.00	73,000,000	730.00
Issued, Subscribed and Paid up:						
Equity Shares of Rs.10 each	8,335,332	83.35	3,435,332	34.35	3,435,332	34.35
	8,335,332	83.35	3,435,332	34.35	3,435,332	34.35

22.A Reconciliation of number of shares

	As at March 31, 2020		As at March 31, 2019		As at April 01, 2018	
	No of shares	Amount	No of shares	Amount	No of shares	Amount
Outstanding at the beginning of the year	3,435,332	34.35	3,435,332	34.35	2,655,020	26.55
Shares issued during the year (Refer note below)	4,900,000	49.00	-	-	780,312	7.80
Outstanding at the end of the year	8,335,332	83.35	3,435,332	34.35	3,435,332	34.35

Notes:

During the financial year 2019-20, the Company has issued 49,00,000 fully paid-up equity shares of Rs.10 each at a premium of Rs 542 each for the consideration of Rs.2,704.80 million to Edelweiss Securities Limited through rights issue.

22.B Terms/rights attached to equity shares :

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

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

22.C Shares held by holding/ultimate holding company

	As at March 31, 2020		As at March 31, 2019		As at April 01, 2018	
	No of shares	% holding	No of shares	% holding	No of shares	% holding
Holding company						
Edelweiss Securities Limited	5,243,534	62.91%	-	-		
Fellow subsidiaries						
Edelweiss Financial Services Limited #	3,091,798	37.09%	3,435,332	100.00%	3,435,332	100.00%
	8,335,332	100.00%	3,435,332	100.00%	3,435,332	100.00%

22.D 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		As at April 01, 2018	
	No of shares	% holding	No of shares	% holding	No of shares	% holding
Holding company						
Edelweiss Securities Limited	5,243,534	62.91%	-	-	-	-
Fellow subsidiaries						
Edelweiss Financial Services Limited #	3,091,798	37.09%	3,435,332	100.00%	3,435,332	100.00%
	8,335,332	100.00%	3,435,332	100.00%	3,435,332	100.00%

including 6 shares held by nominees of Edelweiss Financial Services Limited

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

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(Currency : Indian rupees in million)

23. Other Equity

	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
a. Capital redemption reserve	**116.59**	9.71	9.71
b. Securities Premium Reserve	**3,367.61**	711.81	711.81
c. Statutory Reserve	**961.23**	921.04	921.04
d. General Reserve	**-**	90.26	90.26
e. Retained Earnings	**74.74**	(49.49)	(24.91)
f. Deemed capital contribution - Equity	**15.18**	15.18	15.18
	4,535.35	1,698.51	1,723.09

A. Nature and purpose of Reserves

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

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

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

d. General Reserve
General reserve comprises of the Company's undistributed earnings which are transferred from the retained earnings.

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

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

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Notes to financial statements (continued)

(Currency : Indian rupees in million)

23. Other Equity

23. Other Equity (continued)

B. Movement in Other Equity

		As at March 31, 2020	As at March 31, 2019
I.	**Capital redemption reserve**		
	Opening Balance	**9.71**	9.71
	Add : Additions during the year	**106.88**	-
		116.59	9.71
II.	**Securities Premium Reserve**		
	Opening Balance	**711.81**	711.81
	Add : Premium received on issue of equity shares	**2,655.80**	-
		3,367.61	711.81
III.	**Statutory Reserve**		
	Opening Balance	**921.04**	921.04
	Add : Reserve created for the year	**40.19**	-
		961.23	921.04
IV.	**General Reserve**		
	Opening Balance	**90.26**	90.26
	Less: Transfer to Capital Redemption Reserve	**(90.26)**	-
		-	90.26
V.	**Retained Earnings**		
	Opening Balance	**(49.49)**	(24.91)
	Add: Profit / (loss) for the year	**184.29**	13.09
	Add: Other Comprehensive Income	**(3.25)**	0.10
	Less: Income tax effect of ESOPs	**-**	(37.77)
	Amount available for appropriation (a)	**131.55**	(49.49)
	Appropriations:		
	Transfer to Special Reserve	**(40.19)**	-
	Transfer to Capital Redemption Reserve	**(16.62)**	-
	Appropriations (b)	**(56.81)**	-
	Total V - (a - b)	**74.74**	(49.49)
VI.	**Deemed capital contribution - Equity**		
	Opening Balance	**15.18**	15.18
	Add : Additions during the year	-	-
		15.18	15.18
	Total = (I+II+III+IV+V+VI)	**4,535.35**	**1,698.51**

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Notes to financial statements (continued)

(Currency : Indian rupees in million)	For the year ended March 31, 2020	For the year ended March 31, 2019
24. Interest Income		
On Financial assets measured at amortised cost		
Interest income on Loans	**98.55**	-
Interest income on fixed deposits with Bank	**1.10**	3.45
Interest income on collaterised borrowing and lending operations	**37.43**	2.39
Other interest income		
- On margin with brokers	**16.01**	2.18
- On others	**0.95**	1.99
On Financial assets measured at fair value through profit or loss		
Interest income from debt securities held for trading	**1,036.10**	1,400.65
	1,190.14	1,410.66
25. Dividend Income		
Dividend on securities held for trading	-	1.44
	-	1.44
26. Fee income		
Procesing and other fees	**15.28**	-
	15.28	-
27 Other income		
Profit on sale of property, plant and equipment (net)	**0.01**	0.21
Interest on income tax refund	**1.51**	12.28
	1.52	12.49

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Notes to financial statements (continued)

(Currency : Indian rupees in million)

	For the year ended March 31, 2020	For the year ended March 31, 2019
28. Finance costs		
On Financial Liabilities measured at Amortised Cost		
Interest on borrowings		
- Interest on collateralised borrowing and lending operations	55.87	79.31
- Interest on clearcorp repo order matching system	717.68	943.34
- Interest on loan from fellow subsidiaries	55.24	79.19
- Interest on Intercorporate deposits	46.39	-
Interest on debt securities		
- Interest on debentures (public issue)	41.23	-
- Interest on market linked debentures	1.02	-
Interest on subordinated liabilities		
- Dividend on preference shares	34.08	55.24
Other interest expense		
- Finance and bank charges	6.54	5.04
- Collateralised borrowing and lending charges	26.33	42.34
	984.38	1,204.46
29. Net gain/(loss) on fair value changes (including treasury income)		
Net gain/ (loss) on financial instruments at fair value through profit or loss		
On securities held for trading	823.96	18.60
On derivative financial instrument	(545.54)	(77.36)
	278.42	(58.76)
Fair value changes		
Realised	277.44	117.45
Unrealised	0.98	(176.21)
	278.42	(58.76)
30. Impairment on financial instruments		
Expected credit loss		
Loans	25.67	-
	25.67	-
31. Employee benefits expense		
Salaries, wages and bonus	75.61	25.18
Contribution to provident and other funds	1.94	3.54
Expense on share based payments - Refer Note below	2.01	5.47
Staff welfare expenses	0.81	1.58
	80.37	35.77

Notes:

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

(Currency:Indian rupees in million)

31. Employee benefits expense (continued)

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.

Amount of Rs. 1.91 million (previous year: Rs. 3.33 million) is recognised as expenses and included in "Employee benefits expense".

b) Defined benefit plan - gratuity

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

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at March 31, 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.

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	**7.91**	**7.48**
Service Cost		
a. Current Service Cost	0.47	1.11
b.Past Service Cost	-	-
c.Loss/(Gain) from Settlement	-	-
Interest Cost	0.26	0.49
Benefits Paid	-	(0.21)
Re-measurements	-	-
a.Actuarial Loss/(Gain) from changes in demographic assumptions	-	-
b.Actuarial Loss/(Gain) from changed in financials assumptions	0.25	0.13
c.Actuarial Loss/(Gain) from experience over last past year	(0.36)	(0.27)
Effect of acquisition / (divestiture)	-	-
Changes in foreign exchange rate	-	-
Transfer In / (Out)	(4.24)	(0.82)
Present Value of DBO at end of the year	**4.28**	**7.91**

Reconciliation of Fair Value of Plan Assets

	March 31, 2020	March 31 ,2019
Fair Value of Plan Assets at start of the year	9.41	8.95
Contributions by Employer	0.03	0.01
Benefits Paid	-	(0.21)
Interest Income Plan Assets	0.66	0.64
Re-measurements	-	-
Return on plan assets excluding amount including in net interest on the net defind benefit liability / (asset)	(0.62)	0.02
Effect of acquisition / (divestiture)	-	-
Changes in foreign exchange rate	-	-
Fair Value of Plan Assets at end of the year	9.47	9.41
Actual Return on Plan Assets	0.04	0.66
Expected Employer Contributions for the coming year	-	-

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Notes to financial statements (continued)

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31. Employee benefits expense (continued)

Expenses recongnised in the Profit and Loss Account

	March 31, 2020	March 31 ,2019
Service Cost		
a.Current Service Cost	0.47	1.11
b.Past Service Cost	-	-
c.Loss/(Gain) from Settlement	-	-
Net Interest on net defind benefit liability / (asset)	(0.40)	(0.16)
Changes in foreign exchange rate		-
Employer Expenses	**0.07**	**0.96**

Net Liability / (Asset) recognised in the Balance sheet

	March 31, 2020	March 31 ,2019
Present Value of DOB	4.28	7.91
Fair Value of Plan Assets	9.47	9.41
Liability / (Asset) recongised in the Balance Sheet	(5.18)	(1.50)
Funded Status [Surplus/ (Deficit)]	5.18	1.50
Less: Amount not recognized as asset [Effect of limiting net assets to asset ceiling]	3.82	-
Liability / (Asset) recongised in the Balance Sheet	1.36	1.50
Of which,Short term Liability	-	-
Experience Adjustment on Plan Liabilities:(Gain)/Loss	(0.36)	(0.27)

Percentage Break-down of Total Plan Assets

	March 31, 2020	March 31 ,2019
Equity instruments	-	-
Debt instruments	-	-
Real estate	-	-
Derivatives	-	-
Investment Funds with Insurance Company	99.6%	99.9%
Of which, Unit Linked	99.6%	99.9%
Of which, Traditional/ Non-Unit Linked	-	-
Asset-backed securities	-	-
Structured debt	-	-
Cash and cash equivalents	0.6%	0.1%
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% p.a	7.3% p.a
Expected weighted average remaining working life (years)	5 Years	5 Years

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Notes to financial statements (continued)

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31. Employee benefits expense (continued)

Movement in Other Comprehensive Income

	March 31, 2020	March 31 ,2019
Balance at start of year (Loss)/ Gain	**0.16**	-
Re-measurements on DBO		
a.Actuarial Loss/(Gain) from changes in demographic assumptions	-	-
b.Actuarial Loss/(Gain) from changed in financials assumptions	(0.25)	(0.13)
c.Actuarial Loss/(Gain) from experience over last past year	0.36	0.27
Re-measurements on Plan Assets		
Return on plan assets excluding amount including in net interest on the net defind benefit liability / (asset)	(0.62)	0.02
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)	(3.82)	-
Balance at end of year (Loss)/ Gain	**(4.17)**	**0.16**

Senitivity Analysis

DOB increases / (decreases) by	March 31, 2020	March 31 ,2019
1 % Increase in Salary Growth Rate	0.24	0.39
1 % Decrease in Salary Growth Rate	(0.23)	(0.36)
1 % Increase in Discount Rate	(0.23)	(0.36)
1 % Decrease in Discount Rate	0.25	0.39
1 % Increase in Withdrawal Rate	(0.01)	(0.03)
1 % Decrease in Withdrawal Rate	0.01	0.03
Mortality (Increase in expected lifetime by 1 year)	-	Negligible
Mortality (Increase in expected lifetime by 3 year)	0.00	Negligible

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	1.50	1.47
Net (Acquisition) / Divestiture	-	-
Net Tranfer (In)/ Out	4.24	0.82
Movement during the year	-	-
Current Service Cost	(0.47)	(1.11)
Past Service Cost	-	-
Net Interest on net DBO	0.40	0.16
Changes in foreign exchange rate	-	-
Re-measurements	(4.34)	0.16
Contributions / Benefits	0.03	0.01
Surplus / (Deficit) at end of year	**1.36**	**1.50**

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	For the year ended March 31, 2020	For the year ended March 31, 2019
32. Other expenses		
Advertisement and business promotion	**0.51**	0.15
Auditors' remuneration	**2.83**	1.77
Commission and brokerage	**2.20**	0.22
Communication	**4.23**	1.57
Directors' sitting fees	**0.30**	0.46
Insurance	**0.13**	0.09
Legal and professional fees	**13.30**	5.83
Printing and stationery	**0.27**	0.26
Rates and taxes	**12.02**	8.63
Rent	**7.32**	9.09
Repairs and maintenance	**0.20**	0.06
Electricity charges	**-**	0.93
Computer expenses	**0.39**	0.57
Computer software	**4.74**	6.09
Corporate social responsibility	**-**	5.00
Clearing & custodian charges	**3.17**	0.24
Rating support fees	**0.22**	0.13
Membership and subscription	**0.48**	0.09
Office expenses	**55.92**	17.46
Stamp duty	**7.08**	2.41
Travelling and conveyance	**3.47**	5.63
Miscellaneous expenses	**7.10**	7.20
	125.88	73.88

	For the year ended March 31, 2020	For the year ended March 31, 2019
32.A Auditors' remuneration:		
As a Auditor		
Audit fees	**2.56**	1.70
Certification fees	**0.15**	-
Reimbursement of expenses	**0.12**	0.07
	2.83	1.77

In addition to above, during the year the Company has paid an amount of Rs. 4.12 million to statutory auditors towards certification fees for Public issue of NCDs. The fees paid to the statutory auditors has been amortised as over the NCD period and the same has been considered in calculation of Effective Interest Rate (EIR)

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		For the year ended March 31, 2020	For the year ended March 31, 2019
32.B	**Details of CSR Expenditure:**		
	Gross Amount required to be spent by the Company as per the provisions of Section 135 of Companies Act, 2013.	**9.39**	14.99
	Amount Spent (paid in cash)		
	i) Construction/ acquisition of any assets	-	-
	ii) On purpose other than (i) above	-	5.00
	Amount Spent (yet to be paid in cash)		
	i) Construction/ acquisition of any assets	-	-
	ii) On purpose other than (i) above	-	-
		-	5.00
	Amount paid to EdelGive Foundation *(refer note 39 related party disclosure)*	-	5.00
	Paid to external parties	-	-
		-	5.00

The Company is a wholly owned subsidiary of Edelweiss Financial Services Limited. Edelweiss group is conscious of its Corporate Social Responsibility and, had accordingly established a CSR arm, "EdelGive Foundation" in the year 2008. As an amount of Rs. 308.14 miilion (Previous year: Rs. 225.19 million) (representing more than 2% of the consolidated profit of the group) was spent by the group as a whole towards CSR activities during the year ended March 31, 2020, the Company has not incurred the prescribed CSR expenditure on a standalone basis during the year ended March 31, 2020.

32.C ***Operating leases***

The Company has taken premises on operating lease. Rental expenses for the year aggregated to **Rs.7.32 million** (Previous year Rs.9.09 million) which has been included under the head Other expenses – Rent in the statement of profit and loss.

32.D ***Cost sharing***

Edelweiss Financial Services Limited, being the holding company along with fellow subsidiaries incurs expenditure like common senior management compensation cost, Group mediclaim, etc. which is for the common benefit of itself and its certain subsidiaries including the Company. This cost so expended is reimbursed by the Company on the basis of number of employees, time spent by employees of other companies, actual identifications etc. On the same lines, costs like rent, electricity charges incurred by the Company for the benefit of fellow subsidiaries and associate companies (if any) are recovered as reimbursement by the Company from the subsidiaries and associate companies on similar basis. Accordingly, and as identified by the management, the expenditure heads in note 31 and 32 include reimbursements paid and are net of the reimbursements received based on the management's best estimate are Rs. **63.67 million** (previous year Rs. 11.86 million)

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33. Income Tax

33.A Component of Income Tax Expenses

	For the year ended March 31, 2020	For the year ended March 31, 2019
Current tax	28.78	79.47
Adjustment in respect of current income tax of prior years	(15.62)	(10.09)
Deferred tax relating to temporary differences	66.21	(36.79)
Total Tax Charge for the year	**79.37**	32.59
Current Tax	**13.16**	69.38
Deferred Tax	**66.21**	(36.79)

33.B Reconciliation of total tax charge

	For the year ended March 31, 2020	For the year ended March 31, 2019
Profit / (Loss) before Taxes	**263.66**	45.68
Statutory Income Tax rate	**25.17%**	34.94%
Tax Charge at Statutory Rate	**66.36**	15.96
Adjustment in respect of current income tax of prior years	**(15.62)**	(10.09)
Tax effect of :		
Income / Items not subject to tax to chargeable to lower tax rate		
Dividend Income	-	(0.50)
Non deductible expenses		
Dividend on Preference shares	**8.58**	19.30
Interest on shortfall of advance tax	**0.45**	0.08
Donation expense	-	0.87
Impact on account of adoption of new tax regime	**18.21**	-
Others	**1.39**	6.97
Total tax expenses reported in Statement of Profit and Loss	**79.37**	32.59
Effective Income Tax Rate	**30.10%**	71.35%

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Notes to financial statements (continued)

(Currency : Indian rupees in million)

33.C Movement of Deferred Tax assets

Financial year 2019-20

	As on April 1, 2019	Movement for the period (2019-20) Recognised in profit or loss	Recognised in OCI	Recognised in other equity	Others	Total movement	As on March 31, 2020
Deferred tax assets							
Property, Plant and Equipment & Intangible assets	2.07	(0.60)	-	-	-	(0.60)	1.47
Unrealised loss on Derivatives	89.78	(89.78)	-	-	-	(89.78)	-
Employee benefits obligations	0.48	(0.35)	-	-	-	(0.35)	0.13
Expected credit loss provision	-	6.46	-	-	-	6.46	6.46
Others	1.83	(1.83)	-	-	-	(1.83)	-
Deferred tax liabilities							
Fair valuation of investments and securities held for trading - gain in valuation	(19.73)	19.49	-	-	-	19.49	(0.24)
Unrealised gain on derivatives	(0.40)	0.40	-	-	-	0.40	-
Deferred tax assets (net)	**74.03**	**(66.21)**	-	-	-	**(66.21)**	**7.82**

Financial year 2018-19

	As on April 1, 2018	Movement for the period (2018-19) Recognised in profit or loss	Recognised in OCI	Recognised in other equity	Others	Total movement	As on March 31, 2019
Deferred tax assets							
Property, Plant and Equipment & Intangible assets	2.38	(0.31)	-	-	-	(0.31)	2.07
Unrealised loss on derivatives	6.31	83.47	-	-	-	83.47	89.78
ESOP cost	37.77	-	-	(37.77)	-	(37.77)	-
MAT credit entitlement	6.47	-	-	-	(6.47)	(6.47)	-
Employee benefits obligations	37.26	(36.72)	(0.06)	-	-	(36.78)	0.48
Others	-	1.83	-	-	-	1.83	1.83
Deferred tax liabilities							
Fair valuation of investments and securities held for trading - gain in valuation	2.26	(21.99)	-	-	-	(21.99)	(19.73)
Unrealised gain on derivatives	(10.92)	10.52	-	-	-	10.52	(0.40)
Deferred tax assets (net)	**81.53**	**36.79**	**(0.06)**	**(37.77)**	**(6.47)**	**(7.50)**	**74.03**

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34. Earnings per Share

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

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

		For the year ended March 31, 2020	For the year ended March 31, 2019
Net profit / (loss)attributable to Equity holders of the Company	(A)	**184.29**	13.09
Weighted average Number of Shares			
- Number of equity shares outstanding at the beginning of the year		**3,435,332**	3,435,332
- Number of equity shares issued during the year		**4,900,000**	-
Total number of equity shares outstanding at the end of the year		**8,335,332**	3,435,332
Weighted average number of equity shares outstanding during the year (based on the date of issue of shares)	(B)	**3,448,720**	3,435,332
Basic and diluted earnings per share (in rupees)	(A / B)	**53.44**	3.81

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

35. Contingent Liability & Commitment:

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

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

35.1 Contingent Liability

	As at March 31, 2020	As at March 31, 2019
Taxation matters related to income tax for Assessment year 2009-10 and Assessment year 2013-14 in respect of which appeal is pending	**0.60**	0.60
Taxation matters related to service tax for the period from April 1, 2011 to March 31, 2016 in respect of which appeal is pending	-	3.08

35.2 Commitment

	As at March 31, 2020	As at March 31, 2019
a) Uncalled liabilities on non-current investments	-	-
b) Estimated amount of contracts remaining to be executed on capital account and not provided for	-	-

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36. Segment Reporting

Primary Segment (Business segment)

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

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

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

Secondary Segment

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

Segment information as at and for the year ended March 31, 2020

Particulars	Financing business	Capital based business	Unallocated	Total
Revenue from Operations				
Interest Income	98.55	1,091.55	0.04	1,190.14
Other Operting income	8.17	278.43	8.62	295.22
Total Revenue from Operations	**106.72**	**1,369.98**	**8.66**	**1,485.36**
Interest Expenses	13.86	968.71	1.81	984.38
Other Expenses	87.34	145.15	4.83	237.32
Total Expenses	**101.20**	**1,113.86**	**6.64**	**1,221.70**
Segment profit before taxation	**5.52**	**256.12**	**2.02**	**263.66**
Income Tax Expenses			79.37	79.37
Profit for the year				**184.29**
Other Comprehensive Income	-	-	(3.25)	(3.25)
Total comprehensive income				**181.04**
Segment Assets	8,026.28	189.99	199.53	**8,415.80**
Segment Liabilities	3,710.61	36.54	49.95	**3,797.10**
Capital expenditure	0.34	0.92	-	**1.26**
Depreciation and amortisation	0.65	4.75	-	**5.40**
Significant non-cash items	**25.42**	**(0.66)**	-	**24.76**

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36. Segment Reporting (continued)

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

Particulars	Financing business	Capital based business	Unallocated	Total
Revenue from Operations				
Interest Income	-	1,410.66	-	1,410.66
Other Operting income	-	13.93	-	13.93
Total Revenue from Operations	-	**1,424.59**	-	**1,424.59**
Interest Expenses	-	1,204.46	-	1,204.46
Other Expenses	-	174.45	-	174.45
Total Expenses	-	**1,378.91**	-	**1,378.91**
Segment profit/(loss) before taxation	-	**45.68**	-	**45.68**
Income Tax Expenses	-	32.59	-	32.59
Profit for the year	-	**13.09**	-	**13.09**
Other Comprehensive Income	-	0.10	-	0.10
Total comprehensive income	-	**13.19**	-	**13.19**
Segment Assets	-	21,913.97	-	21,913.97
Segment Liabilities	-	20,181.11	-	20,181.11
Capital expenditure	-	8.00	-	8.00
Depreciation and amortisation	-	6.04	-	6.04
Significant non-cash items	-	71.04	-	71.04

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37. Cash Flow Disclosure

Change in Liabilities arising from financing acitivies

Particulars	As at March 31, 2019	Cash Flows	Changes in Fair value	Other	As at March 31, 2020
Debt Securities	-	3,281.73	-	-	3,281.73
Borrowings (other than debt securities)	19,215.17	(19,185.89)	-	-	29.28
Subordinated Liabilities	516.59	(176.04)	-	-	340.55
	19,731.76	(16,080.20)	-	-	3,651.56

Particulars	As at April 01, 2018	Cash Flows	Changes in Fair value	Others	As at March 31, 2019
Borrowings (other than debt securities)	17,569.70	1,645.47	-	-	19,215.17
Subordinated Liabilities	516.59	-	-	-	516.59
	18,086.29	1,645.47	-	-	19,731.76

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38. Maturity Analysis of assets and liabilities

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

Particulars	As at March 31, 2020			As at March 31, 2019			As at April 1, 2018		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial Assets									
Cash and cash equivalents	1,587.54	-	1,587.54	1,050.24	-	1,050.24	152.96	-	152.96
Bank balances other than cash and cash equivalents	3.45	-	3.45	53.33	-	53.33	50.02	-	50.02
Derivative financial instruments	-	17.84	17.84	1.01	-	1.01	26.44	-	26.44
Securities held for trading	31.00	-	31.00	13,804.53	-	13,804.53	14,824.88	-	14,824.88
Trade receivables	11.90	-	11.90	6,283.79	-	6,283.79	4,563.14	-	4,563.14
Other receivables	13.73	-	13.73	0.84	-	0.84	95.30	-	95.30
Loans	6,392.90	-	6,392.90	-	-	-	-	-	-
Other financial assets	133.90	-	133.90	303.75	140.97	444.72	42.20	122.61	164.81
Non-financial assets									
Current tax assets (net)	-	136.65	136.65	-	145.62	145.62	-	306.19	306.19
Deferred tax assets (net)	-	7.82	7.82	-	74.03	74.03	-	81.53	81.53
Property, Plant and Equipment	-	6.09	6.09	-	6.56	6.56	-	9.78	9.78
Other Intangible assets	-	5.55	5.55	-	9.27	9.27	-	4.71	4.71
Other non- financial assets	16.29	51.14	67.43	31.03	9.00	40.03	16.31	-	16.31
Total Assets	8,190.71	225.09	8,415.80	21,528.52	385.45	21,913.97	19,771.25	524.82	20,296.07
Financial Liabilities									
Derivative financial instruments	-	5.70	5.70	260.35	-	260.35	20.72	-	20.72
Trade payables	62.01	-	62.01	49.40	-	49.40	54.64	-	54.64
Debt securities	349.89	2,931.84	3,281.73	-		-	-	-	-
Borrowings (other than debt securities)	29.28	-	29.28	19,215.17	-	19,215.17	17,569.70	-	17,569.70
Subordinated Liabilities	194.76	145.79	340.55	45.89	470.70	516.59	-	516.59	516.59
Other financial liabilities	21.22	-	21.22	32.56	-	32.56	48.80	-	48.80
Non-financial liabilities									
Current tax liabilities (net)	34.43	-	34.43	80.24	-	80.24	-	194.00	194.00
Provisions	0.09	9.46	9.55	1.21	9.25	10.46	71.68	43.95	115.63
Other non-financial liabilities	9.37	3.26	12.63	12.90	3.44	16.34	14.96	3.59	18.55
Total Liabilities	701.05	3,096.05	3,797.10	19,697.72	483.39	20,181.11	17,780.50	758.13	18,538.63
Net Assets	7,489.66	(2,870.96)	4,618.70	1,830.80	(97.94)	1,732.86	1,990.75	(233.31)	1,757.44

Edelweiss Finance & Investments Limited

Notes to the financial statements (Continued)

(Currency: Indian Rupees in millions)

39. Disclosure of related parties transactions pursuant to Ind AS 24 "Related Party Disclosures"

i. List of related parties and relationship:

Relationship	Name of related parties
Ultimate Holding Company	Edelweiss Financial Services Limited
Holding Company	Edelweiss Securities Limited (w.e.f March 31, 2020)
Fellow Subsidiaries (with whom transaction have taken place)	ECL Finance Limited ECap Equities Limited Edel Land Limited Edelweiss Securities Limited (upto March 30, 2020) Edelweiss Broking Limited Edelweiss Housing Finance Limited Edelweiss Retail Finance Limited EdelGive Foundation Edelweiss Capital Markets Limited Edelweiss Rural & Corporate Services Limited (Formerly Edelweiss Commodities Services Limited) Edelweiss Custodial Services Limited Edelweiss Finvest Private Limited Edelweiss Business Services Limited (Merged with Edelweiss Rural & Corporate Services Limited) Edelweiss Tokio Life Insurance Company Limited EFSL Trading Limited EFSL Comtrade Limited Edelweiss General Insurance Limited Edel Investments Limited Edelcap Securities Limited
Key Management Personnel	Venkatchalam Ramaswamy (upto August 11, 2019) S Ranganathan *
Non executive Director	P.N. Venkatachalam Kunnasagaran Chinniah (w.e.f December 13, 2019) Venkatchalam Ramaswamy (w.e.f August 12, 2019) Shabnam Panjwani

* No remuneration drawn from the Company during the year ended March 31, 2020 and March 31, 2019

ii. Transactions with related parties :

Nature of Transactions	Related Party Name	March 31, 2020	March 31, 2019
A. Current account transactions			
Loans taken from (refer note 1 below)	Edelweiss Rural & Corporate Services Limited	**5,300.00**	3,565.00
	ECap Equities Limited	**9,000.00**	4,566.00
Loan repaid to (refer note 1 below)	Edelweiss Rural & Corporate Services Limited	**5,010.00**	3,100.60
	ECap Equities Limited	**5,000.00**	-
Loans given to (refer note 1 below)	Edelweiss Broking Limited	**2,700.00**	-
	ECap Equities Limited	**400.00**	-
Repayment of loans by (refer note 1 below)	Edelweiss Broking Limited	**600.00**	-
	ECap Equities Limited	**30.00**	-
Inter corporate deposits (ICDs) taken from	Edelweiss Securities Limited	**4,773.20**	-
Inter corporate deposits (ICDs) repaid to	Edelweiss Securities Limited	**4,773.20**	-
B. Secondary market transactions			
Purchases of securities held for trading from	ECL Finance Limited	**724.39**	2,625.64
	Edelweiss Rural & Corporate Services Limited	**-**	1,132.24
	Edelweiss Finvest Private Limited	**0.84**	102.42
Sale of securities held for trading to	ECL Finance Limited	**1,646.89**	2,448.82
	Edelweiss Broking Limited	**85.05**	-
	Edelweiss Finvest Private Limited	**101.35**	-
	Edelweiss Rural & Corporate Services Limited	**-**	249.79
	Edelweiss Securities Limited	**-**	166.49
	Edelweiss Tokio Life Insurance Company Limited	**-**	86.19
	Edelweiss General Insurance Limited	**-**	99.91
	Edelweiss Retail Finance Limited	**-**	315.46
Margin placed with	Edelweiss Securities Limited	**1.62**	2.84
	Edel Investments Limited	**1.93**	0.26
	Edelweiss Custodial Services Limited	**2,586.68**	1,097.04

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Edelweiss Finance

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Notes to the financial statements (Continued)

(Currency: Indian Rupees in millions)

39. Disclosure of related parties transactions pursuant to Ind AS 24 "Related Party Disclosures" (contd.)

Nature of Transactions	Related Party Name	March 31, 2020	March 31, 2019
Margin refund received from	Edelweiss Securities Limited	1.63	3.56
	Edel Investments Limited	2.00	0.19
	Edelweiss Custodial Services Limited	2,670.84	1,118.75
Amount paid to Broker for trading in cash segment	Edelweiss Securities Limited	875.42	-
Amount received from Broker for trading in cash segment	Edelweiss Securities Limited	922.84	-
Purchase of fixed asset from	^ Edelweiss Broking Limited	0.00	-
	Edelcap Securities Limited	0.04	-
	Edelweiss Financial Services Limited	0.01	-
	^ Edelweiss Rural & Corporate Services Limited	0.00	-
	^ Edelweiss Global Wealth Management Limited	0.00	-
	^ Edelweiss Securities Limited	0.00	-
Sale of fixed asset to	ECL Finance Limited	0.04	-
	^ Edelweiss Custodial Services Limited	0.00	-
	^ Edelweiss Rural & Corporate Services Limited	0.00	-
	^ Edelweiss Securities Limited	0.00	-
C. Other transactions			
Interest income on loan given to	Ecap Equities Limited	3.12	-
	Edelweiss Broking Limited	3.26	-
Interest received on debt instruments from	ECL Finance Limited	0.14	0.37
	Edelweiss Housing Finance Limited	0.02	0.02
	^ Edelweiss Retail Finance Limited	0.00	26.70
Interest Expense on loan taken from	Ecap Equities Limited	26.13	4.69
	Edelweiss Rural & Corporate Services Limited	29.11	46.95
	Edelweiss Finvest Private Limited	-	27.55
Interest expense on ICDs taken from	Edelweiss Securities Limited	46.39	-
Interest received on margin placed with brokers	Edelweiss Securities Limited	-	0.01
	Edelweiss Custodial Services Limited	7.59	2.66
	^ Edel Investments Limited	0.00	-
Cost reimbursement paid to	Edelweiss Financial Services Limited	8.90	1.76
	Edelweiss Rural & Corporate Services Limited	54.66	7.73
	Edelweiss Business Services Limited	-	27.43
	Edelweiss Broking Limited	0.02	2.13
	Edelweiss Custodial Services Limited	0.03	0.12
	ECL Finance Limited	11.73	0.03
	Ecap Equities Limited	0.45	0.22
	Edelweiss Securities Limited	0.06	-
	Edelweiss Housing Finance Limited	0.45	-
			-
Corporate Guarantee support fee	Edelweiss Financial Services Limited	4.67	4.38
Rating support fees paid to	Edelweiss Financial Services Limited	0.22	0.12
Clearing charges and Stamp duty paid to	^ Edelweiss Custodial Services Limited	2.98	0.00
Commission and brokerage paid to	^ Edelweiss Securities Limited	81.32	0.00
	Edelweiss Broking Limited	27.90	-
	Edel Investment Limited	0.03	-
Advisory fee paid to	Edelweiss Financial Services Limited	5.05	-
Donation given to	EdelGive Foundation	-	5.00
Remuneration payable to executive director (refer note 2 below)	Venkatchalam Ramaswamy	24.43	9.40
Sitting fees paid to non executive director	P.N. Venkatachalam	0.26	0.32
	Vinod Juneja	-	0.14

Edelweiss Finance & Investments Limited

Notes to the financial statements (Continued)

(Currency: Indian Rupees in millions)

39. Disclosure of related parties transactions pursuant to Ind AS 24 "Related Party Disclosures" (contd.)

Nature of Transactions	Related Party Name	March 31, 2020	March 31, 2019
D. Balances with related parties			
Liabilities			
Corporate guarantee taken from	Edelweiss Financial Services Limited	310.38	916.77
Interest expenses accrued and due on borrowings	Edelweiss Rural & Corporate Services Limited	0.34	-
Trade payables to	Edelweiss Financial Services Limited	6.66	5.09
	^ Edelweiss Securities Limited	2.04	0.00
	Edelweiss Rural & Corporate Services Limited	11.26	3.31
	Edelweiss Business Services Limited	-	11.63
	Edelweiss Broking Limited	0.27	-
	^ ECap Equities Limited	0.00	0.07
	Edelweiss Retail Finance Limited	0.01	-
	Edel Investments Limited	-	0.72
	Edel Land Limited	-	0.38
	ECL Finance Limited	15.55	0.23
	Edelweiss Housing Finance Limited	1.34	-
Unsecured loan taken from	ECap Equities Limited	-	4,566.00
	Edelweiss Rural & Corporate Services Limited	28.94	480.22
Securities held for trading - Debentures of	ECL Finance Limited	0.05	2.41
	Edelweiss Housing Finance Limited	0.12	0.15
	Edelweiss Retail Finance Limited	0.03	-
Payable to Broker	Edelweiss Securities Limited	-	0.08
Assets			
Accrued interest income on debentures of	^ ECL Finance Limited	0.00	0.05
	^ Edelweiss Retail Finance Limited	0.00	-
	Edelweiss Housing Finance Limited	0.01	0.01
Trade & other receivables	Edelweiss Financial Services Limited	10.62	-
	^ ECL Finance Limited	0.39	0.00
	Edelweiss Securities Limited	0.11	0.36
	Edelweiss Rural & Corporate Services Limited	-	0.02
	Edelweiss Custodial Services Limited	0.81	0.15
	^ EFSL Trading Limited	-	0.00
	Edelweiss Capital Markets Limited	-	0.14
	^ EFSL Comtrade Limited	-	0.00
	Edelcap Securities Limited	0.04	-
	Edelweiss Finvest Private Limited	0.74	-
	Edel Land Limited	0.60	-
Loan given to	Edelweiss Broking Limited	2,700.50	-
	Ecap Equities Limited	569.50	-
Interest accrued on loans given to	Edelweiss Broking Limited	2.93	-
	Ecap Equities Limited	2.81	-
Margin Placed with Brokers	Edelweiss Securities Limited	1.20	-
	Edelweiss Custodial Services Limited	9.76	93.93
	Edel Investments Limited	-	0.07
	Edelweiss Broking Limited	0.67	-
^ - less than Rs. 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, leave encashment and deferred bonus which are provided for group of employees on an overall basis.

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Notes to financial statements (continued)

(Currency : Indian rupees in million)

40. Capital Management

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

The Pillars of its policy are as follows:

a) Maintain diversity of sources of financing and spreading the maturity across tenure buckets in order to minimize liquidity risk.

b) Maintain investment grade ratings for all its liability issuances domestically and internationally by ensuring that the financial strength of the balance sheets is preserved.

c) Manage financial market risks arising from interest rate, equity prices and minimise the impact of market volatility on earnings.

d) Leverage optimally in order to maximise shareholder returns while maintaining strength and flexibility of balance sheet.

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

Regulatory Capital

The Company, being an NBFC, has to maintain a minimum capital to risk-weighted asset ratio of 15% in accordance with Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 1, 2016 issued by Reserve Bank of India.

The regulatory capital is computed as below:

Particulars	As at March 31, 2020	As at 31 March 2019
Capital Funds		
Net owned funds (Tier I capital)	**1,784.99**	1,588.72
Tier II capital	**336.05**	470.70
Total capital	**2,121.04**	2,059.42
Total risk weighted assets/ exposures	**3,783.63**	7,092.27
% of capital funds to risk weighted assets/exposures:		
Tier I capital	**47.18%**	22.40%
Tier II capital	**8.88%**	6.64%
Total capital Funds	**56.06%**	29.04%

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

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Notes to financial statements (continued)

(Currency : Indian rupees in million)

41. Fair Value measurement:

A. Valuation principles

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

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

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

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

Refer note 2.11 for more details on fair value hierarchy

B. Valuation goverance framework

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

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

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

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

As at March 31, 2020	Level 1	Level 2	Level 3	Total
Assets measured at fair value on a recurring basis				
Derivative financial instruments				
Embedded derivatives in market-linked debentures	-	-	17.84	17.84
Total derivative financial instruments - A	-	-	17.84	17.84
Financial Assets held for trading				
Other debt securities	-	0.21	-	0.21
Exchange traded fund units	30.79	-	-	30.79
Total Financial assets held for trading - B	30.79	0.21	-	31.00
Total Financial assets measured at fair value (A+B)	30.79	0.21	17.84	48.84
Liabilities measured at fair value on a recurring basis				
Derivative financial instruments				
Embedded derivatives in market-linked debentures	-	-	5.70	5.70
Total derivative financial instruments	-	-	5.70	5.70
Total Financial liabilities measured at fair value	-	-	5.70	5.70

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41. Fair Value measurement:

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	0.18	-	-	0.18
OTC derivatives	-	1.01	-	1.01
Total derivative financial instruments - A	0.18	1.01	-	1.19
Financial Assets held for trading				
Government debt securities	-	13,679.23	-	13,679.23
Other debt securities	-	125.30	-	125.30
Preference Shares	-	-	-	-
Total Financial assets held for trading - B	-	13,804.53	-	13,804.53
Total Financial assets measured at fair value (A+B)	0.18	13,805.54	-	13,805.72
Liabilities measured at fair value on a recurring basis				
Derivative financial instruments				
Exchange-traded derivatives	9.69	-	-	9.69
OTC derivatives	-	260.35	-	260.35
Total derivative financial instruments - A	9.69	260.35	-	270.04
Total Financial liabilities measured at fair value	9.69	260.35	-	270.04

D. Valuation techniques:

Government debt securities:

Government debt securities are financial instruments issued by sovereign governments and include both long term bonds and short-term Treasury 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.

Debt securities:

Whilst most of these instruments are standard fixed rate securities. 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. The Company has used quoted price of national stock exchange wherever bonds are traded actively. In cases where debt securities are not activity traded. The Company has used CRISIL Corporate Bond Valuer model for measuring fair value.

Equity instruments, units of mutual fund and Exchange traded fund units:

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

Interest rate swaps:

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. The 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 derivative:

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

The Company uses valuation models which calculate the present value of expected future cash flows, based upon 'no arbitrage' principles. Inputs to valuation models are determined from observable market (Indices) data wherever possible, including prices available from exchanges, dealers, brokers. company classify these embedded derivative as level 2 instruments.

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Notes to financial statements (continued)

(Currency : Indian rupees in million)

41. Fair Value measurement:

E. There have been no transfers between levels during the year ended March 31, 2020 and March 31, 2019.

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

Financial year ended March 31, 2020	**Embedded options**		
	Assets	**Liabilities**	**Net balance**
At April 1, 2019	-	-	-
Issuances	17.84	5.70	12.14
Settlements	-	-	-
At March 31, 2020	**17.84**	**5.70**	**12.14**

Financial year ended March 31, 2019

During the year ended March 31, 2019, there were no financial instruments which were classified under level 3 hierarchy. Hence, reconciliation table is not disclosed.

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(Currency : Indian rupees in million)

41. Fair Value measurement:

G. Impact on fair value of level 3 financial instrument of changes to key unobservable inputs

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

Type of Financial Instruments	Fair value of asset as on 31 March 2020	Valuation Techniques	Significant Unobservable input	Range of estimates for unobservable input	Increase in the unobservable input	Change in fair value	Decrease in the unobservable input	Change in fair value
Embedded derivatives (net)	12.14	Fair value using Black Scholes model or Monte Carlo approach based on the embedded derivative	Nifty level	8,597.75	5% increase in Nifty Index curve	0.24	5% Decrease in Nifty Index curve	(0.22)
			Risk-adjusted discount rate	4.50% to 6%	1% increase in Risk-adjusted discount rate	0.06	1% Decrease in Risk-adjusted discount rate	(0.06)

There were no outstanding level 3 financial instruments as at March 31, 2019. Hence, disclousre of impact on fair value of changes to key unobservable inputs is not given.

(Currency : Indian rupees in million)

41. Fair Value measurement:

H. Fair value of financial instruments not measured at fair value:

The table below is a comparison, by class, of the carrying amounts and fair values of the Company's financial instruments that are not carried at fair value in the financial statements. The information given below is with respect to financial assets and financial liabilities measured at amortised cost for which the fair value is difference that the carrying amount. For the remaining financials assets and financial liabilities measured at amortised cost. This table does not include the fair values of non-financial assets and non-financial liabilities.

As at March 31, 2020	Carrying Value	Level 1	Level 2	Level 3	Total
Financial Assets					
Loans	6,392.90	-	-	6,381.57	6,381.57
Financial Liabilities					
Debt securities	3,281.73	-	3,160.78	-	3,160.78
Subordinated Liabilities	340.55	-	334.84	-	334.84

As at March 31, 2019	Carrying Value	Level 1	Level 2	Level 3	Total
Financial Liabilities					
Subordinated Liabilities	516.59	-	518.63	-	518.63

I. Valuation Methodologies of Financial Instruments not measured at fair value

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

Short Term Financial Assets and Liabilities

Carrying amounts of cash and cash equivalents, bank balances other than cash and cash equivalents, trade and other receivables, trade payables, Borrowings (other than debt securities) approximate the fair value because of their short-term nature. Difference between carrying amounts and fair values of other financials assets and other financial liabilities is not significant in each of the years presented.

Financial assets at amortised cost

The fair values of 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.

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42. Risk Management

42.A Introduction and risk profile

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

The Company believes that effective risk management requires:

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

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

42.B Risk Management Structure

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

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

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

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

42.C Risk mitigation and risk culture

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

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

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

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

Edelweiss Finance & Investments Limited

Notes to financial statements (continued)

(Currency : Indian rupees in million)

42.D Types of Risks

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

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

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Notes to financial statements (continued)

(Currency : Indian rupees in million)

42.D.1 Credit Risk

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

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

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

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

Derivative financial Instruments:

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

Impairment Assesment:

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

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

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

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

1) An unbiased and probability weighted amount that evaluates a range of possible outcomes

2) Reasonable and supportable information that is available without undue cost and effort at the reporting date about past events, current conditions and forecasts of future economic conditions;

3) Time value of money

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

Significant increase in credit risk (SICR)

The Company considers a financial instrument defaulted, classified as Stage 3 (credit-impaired) for ECL calculations, in all cases when the borrower becomes 90 days past due. Classification of assets 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. When such events occur, the Company carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate.

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(Currency : Indian rupees in million)

42.D.1 Credit Risk (continued)

Probability of Default

Probability of default (PD) is an estimate of the likelihood of default over a given time horizon. Company calculates the 12 month PD by taking into account the historical trends of the Loans/portfolio and its credit performance. In case of assets where there is a significant increase in credit risk / credit impaired assets, lifetime PD has been applied.

Loss Given Default (LGD)

The LGD represents expected losses on the EAD given the event of default, taking into account, among other attributes, the mitigating effect of collateral value at the time it is expected to be realised and the time value of money. Since the Company is into the business of lending against securities, haircut of 25% is applied on the value of the colleteral, based on basel hairut values for corporate securities. The exposure amount that is over and above the collateral (with haircut) is considered as the effective exposure. The LGD of 65% is used for the unsecured exposure the portfolio carries.

Exposure at Default (EAD)

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

Risk concentration

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

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

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

As at March 31, 2020

Particulars	Central & State Government	Financial Services	Retail loans	Service Sector	Others	Total
Financial Assets						
Cash and cash equivalents	-	1,587.54	-	-	-	**1,587.54**
Bank balances other than cash and cash equivalents	-	3.45	-	-	-	**3.45**
Derivative financial instruments	-	17.84	-	-	-	**17.84**
Securities held for trading	-	31.00	-	-	-	**31.00**
Trade receivables	-	11.90	-	-	-	**11.90**
Other receivables	-	13.73	-	-	-	**13.73**
Loans	-	3,262.64	3,130.26	-	-	**6,392.90**
Other financial assets	-	133.90	-	-	-	**133.90**
Total Assets	**-**	**5,062.00**	**3,130.26**	**-**	**-**	**8,192.26**

As at March 31, 2019

Particulars	Central & State Government	Financial Services	Retail loans	Service Sector	Others	Total
Financial Assets						
Cash and cash equivalents	-	1,050.24	-	-	-	**1,050.24**
Bank balances other than cash and cash equivalents	-	53.33	-	-	-	**53.33**
Derivative financial instruments	-	1.01	-	-	-	**1.01**
Securities held for trading	13,679.23	125.30	-	-	-	**13,804.53**
Trade receivables	-	6,283.79	-	-	-	**6,283.79**
Other receivables	-	0.77	-	0.07	-	**0.84**
Other financial assets	-	443.65	-	-	1.07	**444.72**
Total Assets	**13,679.23**	**7,958.09**	**-**	**0.07**	**1.07**	**21,638.46**

(Currency : Indian rupees in million)

42. Risk Management (continued)

42.D.1 Credit Risk (continued)

Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are in place covering the acceptability and valuation of each type of collateral. The main types of collateral obtained are pledge over martetable securities such as equity shares, mutual fund units, bonds, AIF units etc. Management monitors the market value of collateral and will request additional collateral in accordance with the underlying agreement.

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

	Maximum exposure to credit risk		
	As at March 31, 2020	As at March 31, 2019	Principal type of collateral
Financial Assets			
Cash and cash equivalents	**1,587.54**	1,050.24	
Bank balances other than cash and cash equivalents	**3.45**	53.33	
Derivative financial instruments	**17.84**	1.01	
Securities held for trading	**31.00**	13,804.53	The Company invest in highly liquid Central/State Government securities, high rated Corporate Bonds & marketable securities.
Trade receivables	**11.90**	6,283.79	These are receivables mainly from Clearing houses and related party, carrying minimum risk.
Other receivables	**13.73**	0.84	
Loans			
Corporate credit	**3,262.64**	-	Receivable from related party.
Retail Credit	**3,130.26**	-	Equity shares, mutual fund units, Bonds, AIF units.
Other financial assets	**133.90**	444.72	
Total	**8,192.26**	21,638.46	

(Currency : Indian rupees in million)

42. Risk Management *(continued)*

42.D.2 Liquidity risk

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

The Company ensures sufficient Liquidity Cushion is maintained in the form of Cash and cash equivalents and Investments in liquid securities. These assets carry minimal credit risk and can be liquidated in a very short period of time. This takes care of immediate obligations while continuing to honour our commitments as a going concern. The Company continues to focus on developing a diversified funding model to achieve an optimum cost of funds while balancing liquidity.

Liquidity Cushion:

	As at March 31, 2020	As at March 31, 2019
Liquidity cushion		
Cash and cash equivalents	**1,587.54**	1,050.24
Lending (Repo)	**-**	3,900.00
Debt securities	**0.21**	125.30
Other quoted investments	**30.79**	-
Total Liquidity cushion	**1,618.54**	5,075.54

Financing Arrangment

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

	As at March 31, 2020	As at March 31, 2019
Committed Lines from Banks	**-**	50.00

Analysis of financial assets and liabilities by 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 derivatives used for hedging and natural hedges are shown by maturity, based on their contractual undiscounted payment obligations. Gross settled, non-trading derivatives are shown separately, by contractual maturity at the foot of the note.

Repayments which are subject to notice are treated as if notice were to be given immediately. However, the Company expects that many customers will not request repayment on the earliest date it could be required to pay and the table does not reflect the expected cash flows indicated by its deposit retention history.

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Notes to financial statements (continued)

(Currency : Indian rupees in million)

42. Risk Management *(continued)*

42.D.2 Liquidity risk (continued)

As at March 31, 2020 - Analysis of contractual maturities of financial assets and liabilities

	On Demand	Upto 3 Months	3 to 6 Months	6 Months to 1 year	1 year to 3 years	More than 3 years	Total
Financial Assets							
(a) Cash and cash equivalents	1,587.54	-	-	-	-	-	1,587.54
(b) Bank balances other than cash and cash equivalents	3.45	-	-	-	-	-	3.45
(c) Derivative financial instruments	-	-	-	-	17.84	-	17.84
(d) Securities held for trading	-	31.00	-	-	-	-	31.00
(e) Receivables							
(i) Trade receivables	-	11.90	-	-	-	-	11.90
(ii) Other receivables	-	13.73	-	-	-	-	13.73
(f) Loans	3,275.74	127.02	87.17	3,195.26	-	-	6,685.19
(g) Other financial assets	-	11.87	1.03	121.00	-	-	133.90
Total undiscounted financial assets	4,866.73	195.52	88.20	3,316.26	17.84	-	8,484.55
Financial Liabilities							
(a) Derivative financial instruments	-	-	-	-	-	5.70	5.70
(b) Trade payables	-	62.01	-	-	-	-	62.01
(c) Debt securities	-	22.22	17.47	524.26	1,832.49	2,119.60	4,516.04
(d) Borrowings (other than debt securities)	29.28	-	-	-	-	-	29.28
(e) Subordinated Liabilities	-	194.86	-	-	28.43	164.24	387.53
(f) Other financial liabilities	-	21.22	-	-	-	-	21.22
Total undiscounted financial liabilities	29.28	300.31	17.47	524.26	1,860.92	2,289.54	5,021.78
Total net financial assets / (liabilities)	4,837.45	(104.79)	70.73	2,792.00	(1,843.08)	(2,289.54)	3,462.77

In the above table, cash flows have been considered basis contractual maturities of respective assets and liabilities. As at March 31, 2020, the Company has given short term loans, with a maturity of less than 12 months. However, Debt securities and Subordinated liabilities outstanding as at March 31, 2020 have a maturity of more than 12 months. The Surplus funds so available on repayments of aforementioned loans granted, shall be used to create further loan book.

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

	On Demand	Upto 3 Months	3 to 6 Months	6 Months to 1 year	1 year to 3 years	More than 3 years	Total
Financial Assets							
(a) Cash and cash equivalents	1,050.24	-	-	-	-	-	1,050.24
(b) Bank balances other than cash and cash equivalents	53.33	-	-	-	-	-	53.33
(c) Derivative financial instruments	-	1.01	-	-	-	-	1.01
(d) Securities held for trading	-	13,804.53	-	-	-	-	13,804.53
(e) Receivables							
(i) Trade receivables	-	6,283.79	-	-	-	-	6,283.79
(ii) Other receivables	-	0.84	-	-	-	-	0.84
(f) Other financial assets	131.97	312.75	-	-	-	-	444.72
Total undiscounted financial assets	1,235.54	20,402.92	-	-	-	-	21,638.46
Financial Liabilities							
(a) Derivative financial instruments	-	260.35	-	-	-	-	260.35
(b) Trade payables	-	49.40	-	-	-	-	49.40
(c) Borrowings (other than debt securities)	5,052.27	14,162.90	-	-	-	-	19,215.17
(d) Subordinated Liabilities	-	45.89	-	-	91.79	576.32	714.00
(e) Other financial liabilities	-	32.56	-	-	-	-	32.56
Total undiscounted financial liabilities	5,052.27	14,551.10	-	-	91.79	576.32	20,271.48
Total net financial assets / (liabilities)	(3,816.73)	5,851.82	-	-	-91.79	(576.32)	1,366.98

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Notes to financial statements (continued)

(Currency : Indian rupees in million)

42. Risk Management *(continued)*

42.D.3 Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, equity prices and Index movements. The company classifies exposures to market risk into either trading or non–trading portfolios and manages each of those portfolios separately. All the positions are managed and monitored using sensitivity analyses.

Total market risk exposure

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	Primary risk sensitivity
Financial Assets							
Cash and cash equivalents	1,587.54	-	1,587.54	1,050.24	-	1,050.24	
Bank balances other than cash and cash equivalents	3.45	-	3.45	53.33	-	53.33	Interest rate risk
Derivative financial instruments	17.84	17.84	-	1.01	1.01	-	Price risk , Interest rate risk
Securities held for trading	31.00	31.00	-	13,804.53	13,804.53		Price risk , Interest rate risk
Trade receivables	11.90	-	11.90	6,283.79	-	6,283.79	
Other receivables	13.73	-	13.73	0.84	-	0.84	
Loans	6,392.90	-	6,392.90	-	-	-	Interest rate risk
Other financial assets	133.90	-	133.90	444.72	-	444.72	
Total Assets	8,192.26	48.84	8,143.42	21,638.46	13,805.54	7,832.92	
Financial Liabilities							
Derivative financial instruments	5.70	5.70	-	260.35	260.35	-	Price risk , Interest rate risk
Trade payables	62.01	-	62.01	49.40	-	49.40	
Debt securities	3,281.73	-	3,281.73	-	-		Interest rate risk
Borrowings (other than debt securities)	29.28	-	29.28	19,215.17	-	19,215.17	Interest rate risk
Subordinated Liabilities	340.55	-	340.55	516.59	-	516.59	Interest rate risk
Other financial liabilities	21.22	-	21.22	32.56	-	32.56	
Total Liabilities	3,740.49	5.70	3,734.79	20,074.07	260.35	19,813.72	

(Currency : Indian rupees in million)

42. Risk Management *(Continued)*

42.E.1 Interest Rate Risk

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

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

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

The following table demonstrates the sensitivity to a reasonably possible change in interest rates (all other variables being constant) of the Company's statement of profit and loss and equity. The sensitivity of the statement of profit and loss is the effect of the assumed changes in interest rates on the profit or loss for a year, based on the floating rate non-trading financial assets and financial liabilities held at March 31, 2020 and at March 31, 2019.

42.E.2 Interest rate sensitivity

The Company does not have floating rate borrowing and CBLO borrowings. Accordingly the Company's profitability will not be affected due to interest rate changes except for the Interest rate future agreements entered in by the Company.

As at March 31, 2020

	Increase in basis points	Sensitivity of Profit	Sensitivity of Equity	Decrease in basis points	Sensitivity of Profit	Sensitivity of Equity
Borrowings from related parties	25	(0.07)	-	25	0.07	-
Floating rate loans	25	8.19	-	25	(8.19)	
Corporate debt securities	25	(0.00)	-	25	0.00	-
Other traded securities	25	(0.08)	-	25	0.08	-

As at March 31, 2019

	Increase in basis points	Sensitivity of Profit	Sensitivity of Equity	Decrease in basis points	Sensitivity of Profit	Sensitivity of Equity
Borrowings from related parties	25	(12.63)	-	25	12.63	-
Borrowings (Repo)	25	(35.41)	-	25	35.41	-
Government securities	25	(34.20)	-	25	34.20	-
Corporate debt securities	25	(0.31)	-	25	0.31	-
Interest rate swaps	25	64.38	-	25	(64.38)	-

42.E.3 Price Risk

The Company does not have investment in quoated equity shares or mutual fund units of equity oriented funds. Accordingly there is no effect on the Company's profitability or equity.

As at March 31, 2020

	Increase in basis points	Sensitivity of Profit	Sensitivity of Equity	Decrease in basis points	Sensitivity of Profit	Sensitivity of Equity
Derivative instruments						
Embedded derivative	25	0.03	-	25	(0.03)	-

As at March 31, 2019

	Increase in basis points	Sensitivity of Profit	Sensitivity of Equity	Decrease in basis points	Sensitivity of Profit	Sensitivity of Equity
Derivative instruments						
Interest rate futures	25	(52.48)	-	25	52.48	-

42.E.4 Prepayment Risk

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

(Currency: Indian Rupees in Million)

43. Regulatory disclosures - RBI

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

43.01 Investments

		As at March 31, 2020	As at March 31, 2019
1)	Value of Investments (including securities held for trading)		
	i) Gross Value of Investments		
	a) In India	31.00	13,804.53
	b) Outside India	-	-
	ii) Provisions for Depreciation		
	a) In India	-	-
	b) Outside India	-	-
	iii) Net Value of Investments		
	a) In India	31.00	13,804.53
	b) Outside India	-	-
2)	Movement of provisions held towards depreciation on investments.		
	i) Opening balance	-	-
	ii) Add : Provisions made during the year	-	-
	iii) Less : Write-off / write-back of excess provisions during the year	-	-
	iv) Closing balance	-	-

43.02 Derivatives

A) Forward Rate Agreement / Interest Rate Swap

	As at March 31, 2020	As at March 31, 2019
i) The notional principal of swap agreements	-	25,750.00
ii) Losses which would be incurred if counterparties failed to fulfill their obligations under the	-	1.01
iii) Collateral required by the NBFC upon entering into swaps	-	-
iv) Concentration of credit risk arising from the swaps@	0%	100%
v) The fair value of the swap book	-	(259.34)

@ % of concentration of credit risk arising from swaps with banks.

B) Exchange Traded Interest Rate (IR) Derivatives

	As at March 31, 2020	As at March 31, 2019
i) Notional principal amount of exchange traded IR derivatives undertaken during the year	-	64,171.20
ii) Notional principal amount of exchange traded IR derivatives outstanding	-	1,070.00
iii) Notional principal amount of exchange traded IR derivatives outstanding and not "highly	-	-
iv) Mark-to-market value of exchange traded IR derivatives outstanding and not "highly effective"	-	-

C) Qualitative disclosure for Derivatives

The Company undertakes transactions in derivative products in the role of a user with counter parties. The Company deals in the derivatives for balance sheet management i.e. for hedging fixed rate, floating rate and for hedging the variable interest in case of benchmark linked debentures. All derivatives are marked to market on reporting dates and the resulting gain/loss is recorded in the statement of profit and loss.

Dealing in derivatives is carried out by specified groups of the treasury department of the Company based on the purpose of the transaction. Derivative transactions are entered into by the treasury front office. Mid office team conducts an independent check of the transactions entered into by the front office and also undertakes activities such as confirmation, settlement, risk monitoring and reporting.

The Company has a credit and market risk department that assesses counterparty risk and market risk limits, within the risk architecture and processes of the Company. The Company has in place a policy which covers various aspects that apply to the functioning of the derivative business. Limits are monitored on a daily basis by the mid-office.

D) Quantitative Disclosures

S.no.	Particulars	As at March 31, 2020		As at March 31, 2019	
		Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
i)	Derivatives (Notional Principal Amount) For hedging	-	-	-	26,820.00
ii)	Marked to Market Positions				
	a) Assets (+)	-	-	-	1.01
	b) Liability (-)	-	-	-	(260.35)
iii)	Credit Exposure	-	-	-	247.50
iv)	Unhedged Exposures	-	-	-	-

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43.03 ***Capital to Risk Assets Ratio (CRAR)***

	Particulars	As at March 31, 2020	As at March 31, 2019
i.	CRAR (%)	56.06%	29.04%
ii.	CRAR - Tier I Capital (%)	47.18%	22.40%
iii.	CRAR -Tier II Capital (%)	8.88%	6.64%
iv.	Amount of subordinated debt raised as Tier-II capital	-	-
v.	Amount raised by issue of Perpetual Debt Instruments	-	-

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

During the year ended March 31, 2020 and March 31, 2019, the Company credit exposure to single borrowers and group borrowers were within the limits prescribed by RBI except in one case in year ended March 31, 2020 where credit exposure to one borrower which exceeded the single borrower limit by Rs 47.41 Million. The same was regularised immediately upon identification.

43.05 ***Exposure to real estate sector, both direct and indirect;***

		As at March 31, 2020	As at March 31, 2019
A	**Direct exposure**		
i.	Residential Mortgages Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (Individual housing loans up to Rs.15 lakh may be shown separately)	-	-
ii.	Commercial Real Estate Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	-	-
iii	Investments in Mortgage Backed Securities (MBS) and other securitised exposures		
	Residential	-	-
	Commercial Real Estate	-	-
B	Indirect Exposure Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	-	-
C	Others (Not covered Above)*	-	-
	Total Exposure	-	-

43.06 ***Exposure to Capital Market***

		As at March 31, 2020	As at March 31, 2019
(i)	direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented invested in corporate debt;	-	-
(ii)	advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	3,142.83	-
(iii)	advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
(iv)	advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	-	-
(v)	secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	2,703.31	-
(vi)	loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii)	bridge loans to companies against expected equity flows / issues;	-	-
(viii)	all exposures to Venture Capital Funds (both registered and unregistered)	-	-
(ix)	Others - Not covered above	-	-
	Total exposure	5,846.14	-

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Notes to the financial statements (Continued)

(Currency: Indian Rupees in Million)

43. Regulatory disclosures - RBI (continued)

43.07 *Asset Liability Management*

Maturity pattern of certain assets and liabilities as at March 31, 2020

Particulars	Liabilities		Assets		
	Deposit	Borrowings	Advances	Securities held for trading	Investments
1 day to 30/31 days (one month)	-	234.68	3,302.33	-	-
Over one month to 2 months	-	-	-	-	-
Over 2 months to 3 months	-	-	-	-	-
Over 3 months to 6 months	-	-	-	-	-
Over 6 months to 1 year	-	386.97	3,090.57	-	-
Over 1 year to 3 years	-	1,449.16	-	-	-
Over 3 years to 5 years	-	1,046.84	-	-	-
Over 5 years	-	533.91	-	-	-
Total	-	**3,651.56**	**6,392.90**	-	-

Maturity pattern of certain assets and liabilities as at March 31, 2019

Particulars	Liabilities		Assets		
	Deposit	Borrowings	Advances	Securities held for trading	Investments
1 day to 30/31 days	-	19,215.17	-	13,804.53	-
Over one month to 2 months	-	45.89	-	-	-
Over 2 months to 3 months	-	-	-	-	-
Over 3 months to 6 months	-	-	-	-	-
Over 6 months to 1 year	-	-	-	-	-
Over 1 year to 3 years	-	-	-	-	-
Over 3 years to 5 years	-	-	-	-	-
Over 5 years	-	470.70	-	-	-
Total	-	**19,731.76**	-	**13,804.53**	-

The asset liability mismatch for the short term as at March 31, 2019 are primarily on account of the trade date accounting followed by the Company for recording the purchase and sale transactions of government securities whereby the sale proceeds aggregating to Rs. 6,283.79 million are reflected as trade receivables as at March 31, 2019.

Further, the Company had temporarily deployed its excess liquidity aggregating to Rs. 3,900.00 million as at March 31, 2019 in the Repo Lending. Accordingly, the Company is well poised to meet its contractual obligations over all the maturity due dates.

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Notes to the financial statements (Continued)

(Currency: Indian Rupees in Million)

43. Regulatory disclosures - RBI (continued)

43.08 ***Movements in Non Performing Advances:***

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

Particulars	As at March 31, 2020	As at March 31, 2019
i)Movement of NPAs (Gross)		
a) Opening Balance	-	-
b) Additions during the year	-	-
c) Reductions during the year	-	-
d) Closing balance	-	-
ii)Movement of Net NPAs		
a) Opening Balance	-	-
b) Additions during the year	-	-
c) Reductions during the year	-	-
d) Closing balance	-	-
iii)Movement of Provisions for NPAs (excluding provision on Standard assets)		
a) Opening Balance	-	-
b) Additions during the year	-	-
c) Reductions during the year	-	-
d) Closing balance	-	-

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Edelweiss Finance & Investments Limited

Notes to the financial statements (Continued)

(Currency: Indian Rupees in Million)

43. Regulatory disclosures - RBI (continued)

43.09 ***Break up of 'Provisions and Contingencies' shown under the head Expenditure in Statement of Profit and Loss.***

Particulars	As at March 31, 2020	As at March 31, 2019
(i) Provisions for depreciation on investment	-	-
(ii) Provision towards NPA	-	-
(iii) Provision made towards income tax (net of deferred tax)	79.37	32.59
(iv) Provision for stage 1 / stage 2 assets	25.67	-
(v) Other Provision and Contingencies (Provision for doubtful debts)	-	-

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

	As at March 31, 2020	As at March 31, 2019
A) Concentration of Advances		
Total advances to twenty largest borrowers	4,901.90	-
Percentage of advances to twenty largest borrowers to total advances	76.37%	0.00%
B) Concentration of Exposures		
Total exposures to twenty largest borrowers / customers	4,901.90	-
Percentage of exposures to twenty largest borrowers / customers to	76.37%	0.00%
C) Concentration of NPAs		
Total exposures to top four NPAs	-	-
D) Sector-wise NPAs		
Sectors	**Percentage of NPAs to Total Advances in that sector**	
	March 31, 2020	March 31, 2019
1 Agriculture & allied activities	-	-
2 MSME	-	-
3 Corporate borrowers	-	-
4 Services	-	-
5 Unsecured personal loans	-	-
6 Auto loans	-	-
7 Other personal loans	-	-

43.11 ***Customer Complaints***

	As at March 31, 2020	As at March 31, 2019
(a) No. of complaints pending at the beginning of the year	-	-
(b) No. of complaints received during the year	-	-
(c) No. of complaints redressed during the year	-	-
(d) No. of complaints pending at the end of the year	-	-

43.12 ***Overseas Assets (for those with Joint Ventures and Subsidiaries abroad)-Nil***

43.13 The Company has not restructured any loans and advances during the year ended March 31, 2020 and March 31, 2019.

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(Currency: Indian Rupees in Million)

43. Regulatory disclosures - RBI (continued)

43.14 Notes to the Balance Sheet of a non-deposit taking non-banking financial company (as required in terms of Paragraph 19 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2016.

Liabilities side :

	As at March 31, 2020		As at March 31, 2019	
	Amount Outstanding	**Amount Overdue**	Amount Outstanding	Amount Overdue
(1) **Loans and Advances availed by the NBFCs inclusive of interest accrued thereon but not paid:**				
(a) Debentures (other than falling within the meaning of public deposits $)				
i) Secured	**3,281.73**	-	-	-
ii) Unsecured	-	-	-	-
(b) Deferred Credits	-	-	-	-
(c) Term Loans	-	-	-	-
(d) Inter-Corporate Loans and Borrowing	**29.28**	-	5,052.27	-
(e) Commercial Paper	-	-	-	-
(f) Other Loans:				
Borrowings (Repo)	-	-	14,162.90	-
Preference Share Capital	**340.55**	-	516.59	-
($ Please see Note 1 below)				

Assets side :

	Amount Outstanding	
	As at March 31, 2020	As at March 31, 2019
(2) **Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:**		
(a) Secured	**2,881.58**	-
(b) Unsecured	**3,536.99**	-
(3) **Break-up of Leased Assets and stock on hire and hypothecation loans counting towards AFC activities**		
(i) Lease assets including lease rentals under sundry debtors :		
(a) Financial Lease	-	-
(b) Operating Lease	-	-
(ii) Stock on hire including hire charges under sundry debtors:		
(a) Assets on Hire	-	-
(b) Repossessed Assets	-	-
(iii) Hypothecation loans counting towards EL / HP activities :		
(a) Loans where assets have been repossessed	-	-
(b) Loans other than (a) above	-	-
(4) **Break-up of**		
Current Investments:(including securities held for trading)		
1. Quoted :		
(i) Shares : (a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	**0.21**	125.30
(iii) Units of Mutual Funds	**30.79**	-
(iv) Government Securities	-	13,679.23
(v) Others	-	-

(Currency: Indian Rupees in Million)

43.14 Notes to the Balance Sheet of a non-deposit taking non-banking financial company (as required in terms of Paragraph 19 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2016. (Continued)

(4) <u>Break-up of Investments (Continued)</u>	Amount Outstanding	
	As at March 31, 2020	As at March 31, 2019
2. <u>Unquoted</u> :		
(i) Shares : (a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of Mutual Funds	-	-
(iv) Government Securities	-	-
(v) Others (Debt instruments)	-	-
Long Term investments :		
1. <u>Quoted</u> :		
(i) Shares : (a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of Mutual Funds	-	-
(iv) Government Securities	-	-
(v) Others	-	-
2. <u>Unquoted</u> :		
(i) Shares : (a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of Mutual Funds	-	-
(iv) Government Securities	-	-
(v) Others		
(a) Warrants	-	-
(b) Units of Fund	-	-
(c) Investment in Security Receipts	-	-
(d) Share Application Money		

(5) Borrower group-wise classification of all assets financed as in (2) and (3) above:

As at March 31, 2020

Category	**Amount (net of provisions)**		
	Secured	**Unsecured**	**Total**
1. Related Parties**			
(a) Subsidiaries	-	-	-
(b) Other related parties	-	**3,262.64**	**3,262.64**
2. Other than related parties	**2,870.05**	**260.21**	**3,130.26**

As at 31 March 2019

Category	Amount (net of provisions)		
	Secured	Unsecured	Total
1. Related Parties**			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) Other related parties	-	-	-
2. Other than related parties	-	-	-
Total	-	-	-

(Currency: Indian Rupees in Million)

43.14 Notes to the Balance Sheet of a non-deposit taking non-banking financial company (as required in terms of Paragraph 19 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2016. (Continued)

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

Category	Market value / Break-up or fair value or NAV		Book value (net of provisions)	
	31 March 2020	March 31, 2019	**March 31, 2020**	March 31, 2019
1. Related parties**				
(a) Subsidiaries	-	-	-	-
(b) Companies in the same group	**0.21**	2.62	**0.21**	2.62
(c) Other related parties	-	-		-
2. Other than related parties	**30.79**	13,801.91	**30.79**	13,801.91
Total	**31.00**	13,804.53	**31.00**	13,804.53

** As per Ind AS-24 Related Party Disclosures

(7) **Other information**

Particulars	**As at March 31, 2020**	As at March 31, 2019
(i) Gross Non-Performing Assets		
(a) Related Party	-	-
(b) Other than Related Parties	-	-
(ii) Net Non-Performing Assets		
(a) Related Party	-	-
(b) Other than Related Parties	-	-
(iii) Assets acquired in satisfaction of debts	-	-

Notes:

1. As defined in paragraph 2(1)(xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions,1998
2. Market value/Breakup Value or Fair Value or NAV is taken as same as book value in case if unquoted shares in absence of market vale / breakup value or fair value or NAV.

43.15 Ratings assigned by credit rating agencies and migration of ratings during the year ended March 31, 2020

Instrument category	**CRISIL**	**ICRA**	**CARE**	**Brickworks**
(i) Long Term Instruments				
Rating	AA-/stable	AA-/negative	AA-/stable	AA/negative
Amount	16,150	16,350	12,000.00	5,000
(ii) Short Term Instruments				
Rating	A1+	-	A1+	-
Amount	40,000	-	35,000	-
(iii) Market linked debentures				
a. Short Term				
Rating	PP- MLD A1+r	PP-MLD A1+	-	-
Amount	715	4,000	-	-
b. Long Term				
Rating	PP-MLD AA-r/stable	PP-MLD AA-/Negative	PP-MLD AA-/stable	PP-MLD AA/negative
Amount	5,000	7,000	5,000	5,000

Ratings assigned by credit rating agencies and migration of ratings during the year ended March 31, 2019

Instrument category	**CRISIL**	**ICRA**	**CARE**	**Brickworks**
(i) Long Term Instruments				
Rating	AA/Stable	AA/Stable	-	AA+/Stable
Amount	11,150	16,350	-	500
(ii) Short Term Instruments				
Rating	A1+	A1+	A1+	-
Amount	10,000	10,000	10,000	-
(iii) Market linked debentures				
a. Short Term				
Rating	PP MLD A1+r	PP MLD A1+	-	-
Amount	715	4,000	-	-
b. Long Term				
Rating	-	PP MLD AA/Stable	-	-
Amount	-	7,000	-	-

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Notes to the financial statements (Continued)

(Currency: Indian Rupees in Million)

43. Regulatory disclosures - RBI (continued)

43.16 Details of transaction with non executive directors

Sr.	Name of the Non executive director	Nature of Transaction	For the year ended March 31, 2020	For the year ended March 31, 2019
1	P.N. Venkatachalam	Sitting Fees	**0.26**	0.32
2	Vinod Juneja	Sitting Fees	-	0.14

43.17 The Company has no disclosure in respect of securitisation as there are no financial assets sold to securitisation / reconstruction company

43.18 Unsecured Advances

Total amount of advances for which intangible securities such as charge over the rights, licenses, authority, etc. has been taken as also the estimated value of such intangible collateral - Nil

43.19 Impact of prior period items on current year's profit and loss: Nil (Previous year Nil)

43.20 Circumstances in which Revenue Recognition has been postponed: Nil (Previous year Nil)

43.21 Draw Down from Reserves: Nil (Previous year Nil)

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

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

43.24 Off-Balance SPV sponsored - None (Previous year - none)

43.25 Registration obtained from other financial sector regulators - Nil (Previous year Nil)

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

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Notes to the financial statements (Continued)

(Currency: Indian Rupees in million)

43.27 Prudential Floor for ECL

As required in terms of paragraph 2 of circular RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020 - Non-Banking Financial Company - Implementation of Indian Accounting Standards

As at March 31, 2020

Asset classification as per RBI norms	Asset classification as per IND AS 109	Gross carrying amount as per IND AS	Loss allowances (provisions) as required under IND AS 109	Net carrying amount	Provisions required as per IRACP norms	Difference between IND AS 109 provisions and IRACP norms
A	B	C	D	E= C - D	F	G = D - F
Performing assets						
Standard	Stage 1	6,271.19	25.08	6,246.11	25.08	-
	Stage 2	147.38	0.59	146.79	0.59	-
Subtotal (i)		6,418.57	25.67	6,392.90	25.67	-
Non performing asstes (NPA)						
Substandard	Stage 3	-	-	-	-	-
Doubtful	Stage 3	-	-	-	-	-
Loss	Stage 3	-	-	-	-	-
Subtotal (ii)		-	-	-	-	-
Total	Stage 1	6,271.19	25.08	6,246.11	25.08	-
	Stage 2	147.38	0.59	146.79	0.59	-
	Stage 3	-	-	-	-	-
	Total	6,418.57	25.67	6,392.90	25.67	-

As at March 31, 2019

There were no loans outstanding as at March 31, 2019. Hence, comparative information is not disclosed

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Notes to the financial statements (Continued)

(Currency: Indian Rupees in million)

43.28 Disclosure on liquidity risk

i) Funding Concentration based on significant counterparty (both deposits and borrowings)

	As at March 31, 2020	As at March 31, 2019
Number of significant counterparties*	11	3
Amount of borrowings from significant counterparties	899.80	19,209.12
% of Total deposits	NA	NA
% of Total liabilities	23.70%	95.18%

* "Significant counterparty" is defined as a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of the NBFC-NDSI's total liabilities.

ii) Top 20 large deposits

The Company being a Systemically Important Non-Deposit taking Non-Banking Financial Company registered with Reserve Bank of India, does not accept public deposits.

iii) Top 10 borrowings

	As at March 31, 2020	As at March 31, 2019
Amount of Borrowings from top 10 lenders*	899.80	19,284.42
% of Total Borrowings **	24.64%	97.73%

* Represents principal amount
** Total borrowings represents debt securities + borrowings (other than debt securities) + subordinated liabilities

iii) Funding Concentration based on significant instrument/product

Name of the product	As at March 31, 2020		As at March 31, 2019	
	Amount	% of Total Liabilities	Amount	% of Total Liabilities
Debentures				
Market linked debentures	1,145.26	30.16%	-	0.00%
Public issue	2,136.47	56.27%	-	0.00%
Borrowings other than Debt Securities				
Loan from related parties	29.28	0.77%	5,052.27	25.03%
Borrowings (Repo)	-	-	14,162.90	70.18%
Subordinated Liabilities				
Preference Shares - privately placed	340.55	8.97%	516.59	2.56%
Total	3,651.56	96.17%	19,731.76	97.77%

iv) Stock ratios:

	As at March 31, 2020	As at March 31, 2019
Commercial papers		
as a % of total public funds	NA	NA
as a % of total liabilities	NA	NA
as a % of total assets	NA	NA
Non-convertible debentures (original maturity of less than one year)		
as a % of total public funds	NA	NA
as a % of total liabilities	NA	NA
as a % of total assets	NA	NA
Other short-term liabilities		
as a % of total public funds	19.20%	99.83%
as a % of total liabilities	18.46%	97.60%
as a % of total assets	8.33%	89.89%

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Notes to the financial statements (Continued)

(Currency: Indian Rupees in million)

43.28 Disclosure on liquidity risk

iv) Institutional set-up for liquidity risk management

The Board of Directors of the Company has constituted the Asset Liability Management Committee and the Risk Management Committee.

The Asset Liability Management Committee, inter alia -

(a) Implement and administer guidelines on Asset-Liability Management approved by the Board and its revision, if any

(b) Monitor the asset liability gap and overcome the asset-liability mismatches, interest risk exposure, etc.; Strategize action to mitigate risk associated with the asset liability gap;

(c) Develop risk policies and procedures and verify adherence to various risk parameters and prudential limits; review the risk monitoring system and ensure effective risk management; and

(d) Ensure that the credit and investment exposure to any party / Company / group of parties or companies does not exceed the internally set limits as well as statutory limits as prescribed by Reserve Bank of India from time to time.

The Company ensures sufficient Liquidity Cushion is maintained in the form of Cash and cash equivalents and Investments in liquid securities. These assets carry minimal credit risk and can be liquidated in a very short period of time. This takes care of immediate obligations while continuing to honour our commitments as a going concern. The Company continues to focus on developing a diversified funding model to achieve an optimum cost of funds while balancing liquidity.

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Notes to financial statements (continued)

(Currency : Indian rupees)

44. Other disclosures (continued)

44.01 Details of open interest for derivative instruments

44.01(a) Open interest in interest rate derivatives:

As at March 31, 2020 : Nil

As at March 31, 2019

Benchmark	Notional principal	Terms	Purpose
MIBOR	25,750	Pay fixed Vs. receive floating	Hedging

44.01(b) Open interest rate futures as at March 31, 2020 with exchange

Maturity grouping	Long Position		Short Position	
	Number of contracts	Number of units	Number of contracts	Number of units
< 1 month	-	-	-	-
1-2 months	-	-	-	-
2-3 months	-	-	-	-
3-6 months	-	-	-	-
6-12 months	-	-	-	-

Open interest rate futures as at March 31, 2019 with exchange

Maturity grouping	Long Position		Short Position	
	Number of contracts	Number of units	Number of contracts	Number of units
< 1 month	1,900.00	3,800,000	7,250	14,500,000
1-2 months	-	-	-	-
2-3 months	-	-	-	-
3-6 months	-	-	-	-
6-12 months	-	-	-	-

44.02 Foreign currency

The Company has not undertaken any foreign currency transaction during the year ended March 31, 2020 (Previous year: Rs Nil).

44.03 There are no amounts due and outstanding to be credited to Investor Education and Protection Fund as at March 31, 2020.

44.04 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.

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Notes to the financial statements (Continued)

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45. Pursuant to the income tax assessment orders received, provision for tax recorded in the books of accounts and related income tax returns filed for respective years, the Company has assessed an additional tax expense of Rs 114.85 million. Since these tax expense pertains to earlier years, the Company has recognised the impact of these tax expense in its retained earnings / statement of Profit and Loss, so as to provide reliable and more relevant information about the Company's financial position and its performance.

Accordingly, as per para: 42 of Ind-AS 8, the company has changed the respective year financial statements to give effect to above adjustments, the impact of such adjustment on the financial position and financial performance is given below.

As at April 01, 2018

	Reported amount	Increase/(decrease)	Revised amount
Other equity	1,854.67	(131.58)	1723.09
Current tax assets (net)	437.77	(131.58)	306.19

For the year ended and As at March 31, 2019

Balance Sheet	Reported amount	Increase/(decrease)	Revised amount
Other equity	1,813.36	(114.85)	1,698.51
Current tax assets (net)	260.47	(114.85)	145.62
Statement of Profit and Loss			
Current tax	86.11	(16.73)	69.38
Earnings per equity share (Face value of Rs. 10 each) (in Rs.)			
Basic	(1.06)	4.87	3.81
Diluted	(1.06)	4.87	3.81

46. The Company has implemented Ind AS 116 "Leases" as on April 1, 2019. This does not have any significant impact on financial statement for the year ended March 31, 2020.

47. Pursuant to the introduction of Section 115BAA of the Income Tax Act, 1961, in FY 2019-20, the Company has opted for the reduced tax rate of 25.17% under the said Section. Accordingly the Company has recognised provision for income tax for the year ended March 31, 2020 and has also re-measured its deferred tax asset, resulting in tax charge of Rs. 18.21 million.

48. 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 March 24, 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 the Company'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 March 27, 2020 and April 17, 2020 the Company 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 May 22, 2020 for the payment of all instalments falling due between March 1, 2020 and August 31, 2020 to all eligible borrowers that have opted to avail the same. In respect of accounts, where moratorium benefit has been granted, the staging for the accounts is based on staging existing as at February 29, 2020. As per the assessment done by the Company, 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 Company, 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 Company has assessed the impact of the COVID-19 pandemic on its liquidity and ability to repay its obligations as and when they fall due. Based on the management assessment of liquidity position of the Company, 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 during current period and for the period going forward.

In assessing the recoverability of loans and 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.

S.R. BATLIBOI & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

Finance &

Edelweiss Finance & Investments Limited

Notes to the financial statements (Continued)

(Currency: Indian Rupees in million)

49. Previous year figures has been restated/regrouped wherever necessary.

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 03, 2020

For and on behalf of the Board of Directors

Venkatchalam Ramaswamy
Non-Executive Director
DIN: 00008509

S Ranganathan
Executive Director
DIN: 00125493

Tushar Agrawal
Chief Executive Officer

Shivaraman Iyer
Chief Financial Officer

Pooja Doshi
Company Secretary

Mumbai
July 03, 2020

S.R. BATLIBOI & CO. LLP
MUMBAI
CHARTERED ACCOUNTANTS