

A Purposeful Reflection



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The references to Zen symbols and principles in our Annual Report are based on information available publicly. Readers of the Annual Report are advised to independently verify facts and information.





A Purposeful Reflection

The year gone by has been like never before, with a pandemic of epic proportions testing us, as anxiety, fear and anguish coursed through the world. One that has united humanity together, compelling us to pause and look inward, urging us to bring about a positive systemic shift that leaves no one behind. Tapping into the reservoir of inner resilience – mentally, physically and emotionally, it meant stepping back without stepping away, to reflect mindfully, reset our inner compass and move ahead with renewed vigor.

At Edelweiss as well, the last year was a journey of resilience, determination and persistence. As an organisation, we have always believed in reinventing ourselves during downturns and coming back stronger. While we derived strength from our values to help us stay grounded and mindful, we resolutely went about further strengthening our organisation, transforming it to be future-ready.

In a year when the world became more conscious of the interconnected nature of life, through this Annual Report, we find inspiration in the principles of Zen. We set course for the future by being more mindful of our purpose, finding greater balance in our businesses and becoming more empathetic to the needs of all our stakeholders.

As we culminate the first 25 years of our journey, we take the inherent strength of our businesses and the wisdom and learnings from the years gone by and take a fresh guard as we look forward to the next 25 years!





FY21 OVERVIEW

FINANCIAL HIGHLIGHTS



Revenue
(consolidated)
₹108.49 billion



Consolidated PAT
₹2.65 billion



Ex-Insurance PAT
₹4.61 billion

STRONG BALANCE SHEET & LIQUIDITY

Strong Net Worth



Debt Equity Ratio



Declined from 4.4x in FY19

Strong Liquidity



Reduced Borrowings



declined by 41% over FY19

*Net worth inclusive of MI and CDPQ investment in CCD; excludes EWM equity | **Borrowings are excluding CBLO & CCDs, accrued interest and EWM borrowings



VALUE UNLOCKING IN EDELWEISS WEALTH MANAGEMENT (EWM)



Successfully closed PAG Partnership



Edelweiss will hold 38.5% stake in EWM with an option to increase it to ~44%



Distribution of value, through the demerger and subsequent listing

WELL CAPITALISED BUSINESSES

High Capital Adequacy



CAPAD of **25%+** in Credit and ARC businesses



Solvency ratio of more than **200%** in insurance businesses

ROBUST CUSTOMER FRANCHISEE

Growing Customer Assets



35% YoY growth demonstrating the continued trust reposed by customers

Increasing Customer Base



42% YoY growth



ASSET MANAGEMENT

India's Leading Alternative Assets Platform



Largest fund raise in a year
~₹80 billion

Among the fastest growing Asset Management companies



Mutual Fund AuM nearly doubled to ~₹550 billion since last year



Equity Assets Net Inflow **₹36 billion** (vs outflows of ₹550 billion for the industry)



Retail folios **#5.5 lacs**
19x growth over last 5 years



Investor Base ~420,000 up from ~275,000 in FY20
up 53%



ASSET RECONSTRUCTION: Leading ARC in the country

Steady Fee Income



₹8 billion

Robust Recoveries



₹54 billion

Total recoveries over last five years ~₹274 billion



INSURANCE



Life Insurance – among the fastest growing companies



General Insurance – digitally enabled fast growing company



Crossed **₹4 billion** in APE



25% YoY growth in Individual APE



49% YoY growth in Gross Direct Premium Income (GDPI)



2.2 x growth in no. of policies issued to ~188,200



CREDIT: Moving to Asset Light business



Focus on Asset Light Retail Credit model, through partnership with Banks



Total Retail Credit collection efficiency at **96%** in March'21



Rapid sell down and reduction in wholesale book, scaled down ECLF book by **35%** from FY19 levels



WEALTH MANAGEMENT: 2nd Largest non-bank Wealth Manager in India



Assets under Advice(AuA) – **5.3x** growth in 5 years to ~₹1.55 trillion (₹295 billion in FY16)



Strong Customer Franchise
UHNI: ~2,600
Affluent clients: ~700,000



Our Response
to COVID-19
Extending
COMPASSION,
Delivering
HOPE

The Cherry Blossom 'Sakura', is a timeless exhibit of the transient nature of life, reminding us that after every fall, there is a season of spring, urging us to revel in the promise of a better tomorrow.



OUR RESPONSE TO COVID-19

At Edelweiss, mindful of the uncertainty and unpredictability caused by COVID-19, we compassionately committed ourselves to the well-being of all our stakeholders. We prioritised safety and well-being over all else. While our digital preparedness enabled us to adapt nimbly, operate efficiently, empower our people, offer seamless business continuity and meet customer expectations, we drew upon our collective strength to navigate the difficult times and reinvented ourselves to better support the needs of our customers and society in a transitory world.

AS A RESPONSIBLE CORPORATE CITIZEN

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



In FY21, we funded and raised over ₹1 billion for COVID-related work



Partnered with 46 NGOs in providing aid and relief to people residing in difficult geographies and vulnerable communities



Emphasised on providing urgent aid and relief through our grassroots partners, who are at the centre of relief and response work in difficult geographies and vulnerable communities



Edelites collectively raised ₹3.2 million to support COVID-relief initiatives



Contribution directed towards helping affected families with cash transfers, food grains, oxygen and health supplies, etc.



Contributed ₹20 million to PM Cares Fund and ₹5 million to CM Relief Fund, Maharashtra

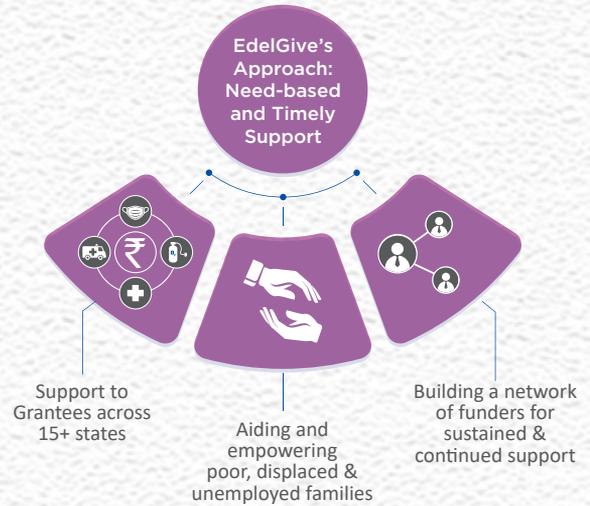


EdelGive also became a founding signatory to the [Common Charter for the Indian Donor and Philanthropic Community](#) – an initiative created to offer collective support to NGOs, signed by some of India's leading philanthropies such as Ford Foundation, Wipro Limited, Rohini Nilekani Philanthropies and Oxfam India, agreeing to abide by a common set of values as funders.



With the second wave hitting the country, declaration of emergency lockdowns, curfews, acute shortage of oxygen and the limitations of our infrastructure to address the magnitude of the problem, we have sensitive communities across the globe joining us in battling the crisis. The nationwide lockdown has not only had an adverse impact on already distressed communities but also the grassroots organisations who continued to work with such communities while barely managing to survive themselves. We fear that organisations and the communities they serve will only be pushed further to the brink.

In these times of uncertainty, it is our mission to ensure that the relief measures trickles down to the grassroots, for the vulnerable communities, who need it the most. Thus, at EdelGive, we are looking at COVID relief through both short and long-term approaches.



- Short term – Support to grassroots organisations engaged in immediate relief activities such as **providing emergency ration kits, oxygen and health supplies and awareness generation activities** etc.
- Launched **The GROW Fund (Grassroots Resilience Ownership and Wellness)** a unique collective of global and Indian philanthropists, working towards jointly supporting and sustaining 100 grassroots organisations across India, over a period of 24 months.



OUR RESPONSIBILITY TOWARDS OUR PEOPLE

The lockdown was the first of its kind we have ever witnessed. While Edelweiss was proactive in handling the situation and transitioning to working from home, this year, the majority of our focus was to ensure that transition smoothly. We prioritised employee safety and well-being while at the same time ensured that business continued to operate at the same levels of efficiency as earlier.



Our Preparation

A Central Task Force was set in conjunction with business teams, all businesses' Business Continuity Plan (BCP) were evaluated and associated risk assessments were completed.



Focus areas during the transition

A three-tier people strategy has been crafted after a detailed deliberation and introspection of external and internal factors. As an organisation, the primary pillars of our people strategy are:

- Employee safety and well-being
- Communication
- Productivity



Employee safety and well-being

One of our guiding principles is – ‘We will take care of our people’ and in unprecedented times like these, the primary element of our people strategy is Employee’s safety and well-being.

- ~90% of our employees have been operating from home or other remote locations
- We have taken all the required measures for our office premises in order to make it safer for our critical resources who are required to come to work
- **COVID-19 Helpline:** An exclusive helpline was set up to connect employees with a qualified doctor who will give WHO/GOI verified information, quell myths and address queries about COVID-19
- **COVID-19 Counselling Helpline services:** Another exclusive helpline was set up for employees where they can reach out to trained counsellors for any support that they may need through this sensitive phase in case they experience fatigue, stress and anxiety
- Our **Group Medical Insurance Policy** covers employees and their insured family members for hospitalisation for quarantine and further treatment
- **Incident Room:** 24x7 COVID helpline with on-ground response team, tie-ups for tests, plasma, oxygen concentrators, hospital admissions
- **Onsite Vaccination Drives and Inoculation Reimbursements** for all employees and their families
- **Special leaves** (up to 14 days) if an employee or a family member tests positive
- **Support to family of departed employees:**
 - Life insurance payments up to 3x of CTC and ex-gratia
 - Medical insurance, education assistance and offer of employment extended to bereaved family members on a case-to-case basis
- **Employee Development:**
 - Focus on online learning content that is relevant to an individual
 - Reimbursing courses from online learning sites – Coursera, Udemy, LinkedIn Learning
- **Employee Wellness Sessions:**
 - Webinars for managing stress and anxiety, meditation, yoga, creating a collaborative and positive co-parenting plan, stocking your food the smart way, foods to boost your immunity and so on
 - Virtual Events – Talent shows, jamming sessions, fitness challenges, masterchef – an inhouse cooking competition, virtual gaming sessions and celebrations



Communication

- **Leader connects and townhalls** prioritising health and wellness
- **Employee Outreach/Support group** set up to express solidarity and support each other



Productivity

- **Technology Support:** Enhanced support for digital connectivity and focus on productivity along with a host of cybersecurity initiatives
- **Guidelines and Sessions on** – How to manage team, work from home – best tips, how to be productive during lockdown and how to collaborate in virtual world



Resumption

COVID-19 has been a great eye opener and has brought forth our vulnerabilities as a society. It has redefined the way we lead our lives, the way we work and indeed the way we connect. In such changing times, with the increase in infectious and lifestyle diseases, it is even more important that we create a safe environment and lifestyle for us and our communities.

The magnitude of the crisis has been big and there is no laid-out strategy to follow in these difficult times. However, we have detailed out our resumption strategy and the highlights are:

- Re-evaluation and identification of critical resources and a detailed risk assessment for each employee
- Phase wise resumption plan for each business and corporate function
- SOPs and guidelines for:
 - Ensuring business continuity
 - Ensuring health and safety of all employees and customers
 - Facilitating a uniform set of standards amongst all Edelweiss offices on safety and operating procedures

Showing empathy, being authentic, expressing care and concern towards fellow colleagues is core to our initiatives of wellness.

OUR RESPONSIBILITY TOWARDS OUR CUSTOMERS AND PARTNERS

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



Edelweiss extended the EMI moratorium for MSMEs

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



Edelweiss Mutual Fund enabled seamless digital investments and advisories

- Leveraging digital platforms like Edelweissmf.com, Galaxy, Bharatbond.in, Edelweiss Mutual fund enabled seamless digital investments
- Conducted numerous investment and advisory sessions to dispel uncertainty and share expert advice



Edelweiss Tokio Life Insurance reimagined customer experience by leveraging technology

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



Edelweiss Tokio Life Insurance launched COVID Shield+

- India's first individual COVID life insurance policy helping policyholders to secure their savings against the ongoing pandemic



Edelweiss General Insurance waived off the 30 day waiting period

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



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

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



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

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



Edelweiss Wealth Management used technology to bridge the physical gap

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



Edelweiss General Insurance leveraged on technological edge

- Open API gateway, data lake, enhanced partner portals and new product customisation modules. This enables us to connect and integrate with our partners seamlessly
- First within the industry to rollout open API gateway for the ecosystem of business partners and developers enabling Plug & Play integration



Edelweiss Institutional Equities enabled virtual corporate access

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



Our Guiding
Principles
ANCHORING
the present,
NAVIGATING
the future

*The **stacked stones** or **Cairns** are markers used across ages to help people stay on the right path. Representing mindfulness, they remind us to remain aligned with the universe and stand tall in challenging times.*



OUR GUIDING PRINCIPLES

Over the last 25 years, our Guiding Principles have been our Cairns – constant, unwavering and showing us the ‘right way’. In the past year, when the pandemic posed unprecedented challenges to humankind and the business environment, our 13 Guiding Principles brought balance to our decision making. Reflecting our ideals, culture and ethics, they enabled us to stay true to our long-term vision of creating consistent value for all our stakeholders.



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



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



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



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



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



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



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



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



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



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



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



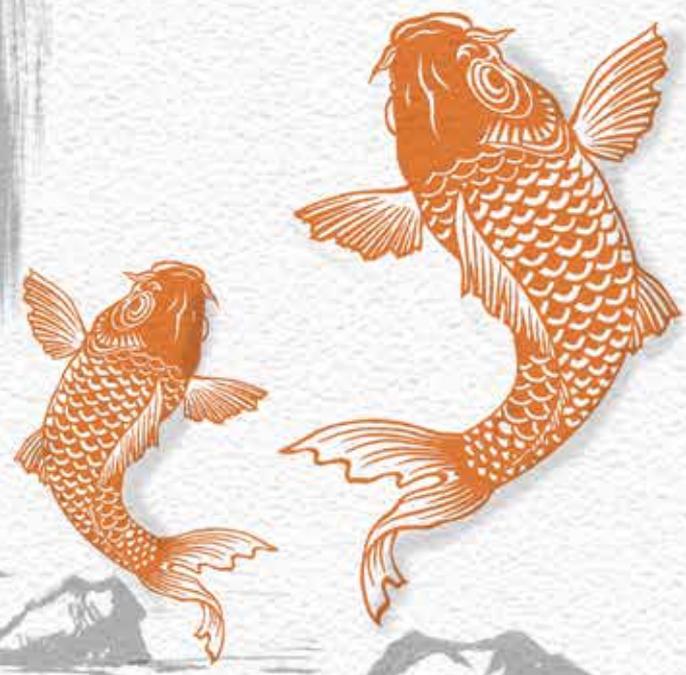
We Listen and Fulfil our customers' needs. Listening is the start of the relationship wherein we understand their needs and fulfil them with the most appropriate products and solutions.



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



Our Diversified
Businesses
FORTIFYING
for the long-term,
Forging ahead
RESILIENTLY



Koi fish are an adaptable species, capable of thriving in varied bodies of freshwater. Purpose driven, they are known for their resilience and strength, as they tenaciously swim upstream to reach their destination.



OUR DIVERSIFIED BUSINESS MODEL

At Edelweiss, much like the 'Koi' our diversified businesses have forged ahead tenaciously in testing times. They have demonstrated resilience while seeking opportunities for sustainable and profitable growth. Powered by multiple income vectors, our vibrant, diversified, well-capitalised and self-reliant businesses continued to be a trusted custodian of customers' assets.

Our fee-based businesses as well as insurance businesses had their best years ever, while we consolidated and strengthened our credit business and had good recoveries in ARC, despite the challenging environment. During FY21, the Alternatives, Asset Reconstruction and Wealth Management businesses have maintained their industry leadership, while our Mutual Fund and Retail Credit businesses are growing franchisees. Our Life Insurance and digitally powered General Insurance businesses continue to grow and gain market share despite a subdued performance by the industry. We continued the transition to a capital light retail credit model with a focus on Housing and SME businesses. We have scaled down our wholesale lending book significantly over the last two years and plan to bring it down further.

Structured under ten key entities, our businesses are adequately capitalised with operationally independent and robust platforms and are poised for scaling up. As the Indian economy enters a phase of strong economic growth, it presents exciting opportunities and headroom for growth for each of our businesses. With robust equity, comfortable liquidity and agile operating platforms giving us a solid foundation, we look forward to FY22 and with it, economic revival and growth, with confidence.

	 ASSET MANAGEMENT	 ASSET RECONSTRUCTION	 INSURANCE	 CREDIT	 WEALTH MANAGEMENT
 Strengths	India's leading Alternative Assets platform and one of the fastest growing AMC's	Largest Asset Reconstruction Company (ARC) in the country	Among the fastest growing Life and General insurers in the industry	Capital light model focused on co-lending, on-lending, co-origination and securitisation	2 nd Largest non-bank Wealth Manager in India
 Strategic Equity Partners	—	Caisse de dépôt et placement du Québec (CDPQ)	<ul style="list-style-type: none"> Tokio Marine Holdings in Life Insurance Arthur J Gallagher & Co (AJG) in Insurance Broking 	Caisse de dépôt et placement du Québec (CDPQ) in ECLF	Pacific Alliance Group (PAG)
 Key Entities	<ul style="list-style-type: none"> Edelweiss Asset Management Ltd (EAML) Edelweiss Alternative Asset Advisors Ltd. (EAAA) 	Edelweiss Asset Reconstruction Company Ltd (EARC)	<ul style="list-style-type: none"> Edelweiss Tokio Life Insurance Company Ltd (ETLI) Edelweiss General Insurance Company Ltd (EGICL) Edelweiss Gallagher Insurance Brokers Limited (EGIBL) 	<ul style="list-style-type: none"> ECL Finance Ltd (ECLF) Edelweiss Retail Finance Ltd (ERFL) Edelweiss Housing Finance Ltd (EHFL) 	<ul style="list-style-type: none"> Edelweiss Securities Ltd (ESL)
 Net Worth	EAML: ₹1.61 billion EAAA: ₹1.52 billion	EARC: ₹22.22 billion	ETLI: ₹5.36 billion EGICL: ₹1.19 billion EGIBL: ₹1.30 billion	ECLF and ERFL: ₹38.37 billion EHFL: ₹7.62 billion	ESL: ₹15.63 billion



Asset Management

Despite a challenging year for businesses globally, our total AuM grew 67% YoY to ~₹850 billion. Our Asset Management Company (AMC) continued to outperform the market seeing a 100% rise in both our Mutual Fund AuM as well as the SIP book, while the industry equity book size shrank. Our Alternatives platform continues to be a market leader in private debt and has a robust annuity income. It also saw the largest fund raise in a year – over ₹80 billion.

Mutual Funds

Our Mutual Fund business has had a very good year, wherein, despite the tepid business environment which encountered overall industry outflows, our fixed income investment portfolio & equity inflows outperformed significantly. This resilient growth also saw the business improve its ranking to 15th position (from 17th in FY20), making EAMC one of the fastest growing AMCs in FY21.

Net Worth
₹1.61 billion

Gross Revenue
₹1.20 billion

Profit After Tax
₹50 million



Expanding Customer Assets

- Mutual Fund business manages assets worth ~₹550 billion under 38 schemes across Equity, Debt and Liquid categories
- Crossed ₹100 billion of equity assets
- Retail folios increased by 19x over the last 5 years
- Net equity inflows of ₹36 billion in FY21 compared to industry outflows of ₹550 billion in the same year
- Investor Base increased by 53% to ~420,000 in FY21 from ~275,000 in FY20



Earned Investor Trust

- Bharat Bond ETF in association with Government of India collected more than ₹110 billion in AuM
- Equity SIP book has doubled to ₹1.2 billion with more than 15,000 SIPs being logged in on a monthly basis
- Edelweiss Mutual Funds Nifty PSU Bond Plus SDL Index Fund-2026 – India's First passively managed low cost debt index fund collected more than ₹10 billion in AuM



Business Leadership

- AMC's market share increased to 1.60% in FY21 from 1.03% in FY20
- Fastest growing AMC in FY21 with ~99% growth in AuM over FY20, moving up Edelweiss Mutual Fund's industry ranking to 15th place
- Building on leadership in debt passives category



Strategic Global Partnerships

Launched Edelweiss MSCI India Domestic & World Healthcare Fund, India's first thematic health care fund in partnership with MSCI, the world's largest index provider



Alternatives

The year saw a reinforcement of our dominance in the Alternatives business with robust annuity income. FY21 was also the largest fund raise year for Alternatives, with ₹80 billion raised in a year.

Net Worth
₹1.52 billion

Gross Revenue
₹1.75 billion

Profit After Tax
₹140 million



Demonstrating trust of our investors

- AuM ~₹300 billion, 9x growth since FY16
- Raised ~₹66 billion in ESOF III – largest fund raise in India in 2020
- Closed Infrastructure Yield fund at ~₹33 billion



Strong Global Partnerships

- EAAA signed an agreement with Ontario Teachers' Pension Plan Board (OTPP) under which the Canadian Pension Fund will invest USD 350 mn in the performing and distressed private credit investment opportunities in the Indian market
- ESOF III saw significant commitments from State Board Administration of Florida, Swedish Pension Fund – AP4 and a large European insurance company



Leveraging Opportunities

- Steady increase in deployment across funds
- Deployed ₹28 billion in Q4FY21 with total deployment of ₹41 billion in FY21
- Actively looking at deployment opportunities – current dry powder at ~₹105 billion
- Focus on ESG while investing



Asset Reconstruction

A strong revival engine, our Asset Reconstruction business plays a key role in the redeployment of productive assets back into the economy as well as protecting jobs. In an ever-evolving market, Edelweiss Asset Reconstruction Company (EARC) continues to maintain its market leadership position with a market share of ~41%, supported by strong recoveries, despite suspension of IBC. In the post COVID environment, EARC will drive economic rehabilitation and revival, while focusing on building retail ARC capabilities as well.

Net Revenue
₹3.42 billion*

Profit After Tax
₹1.86 billion

Net Worth
₹22.22 billion

Assets under Management
₹408 billion



Robust Recoveries

- Focus on differentiating services like facilitating turnaround of portfolio assets through in-house team of specialists
- EARC has been able to recover more than ₹54 billion in FY21 from 179 borrowers and total of ~₹274 billion over last five years
- Recoveries will aid in funding fresh acquisitions without any additional capital requirement



Strong Growth Potential

- Strong pipeline with focus on acquiring large, viable, operating and EBITDA earning assets
- Increased focus on building scale in retail
- Deployment of ₹2.43 billion towards retail assets, with analytics and technology being the growth drivers and ₹2.31 billion towards wholesale assets



Robust Fee Income & Profitability FY18-FY21

- Management fee 1.8% of the AuM
- 4.7% Return on Assets (RoA)
- 17.0% Return on Equity (RoE)

* Net of finance cost and impairments



Insurance

Our Insurance businesses are built on a digitally driven new age model and continue to be amongst the fastest growing in the industry . Designing innovative products that are tailor-made to address evolving customer needs, they leveraged their digital prowess to simplify processes for their customers. Owing to this, both Life Insurance and General Insurance have outperformed their peer set and grown during the recent lockdown, when the industry was seeing single digit growth. Our insurance broking platform in partnership with US-based Arthur J. Gallagher & Co also saw good growth this year.



LIFE INSURANCE

Edelweiss Tokio Life Insurance (ETLI) is one of the fastest growing life insurance companies in India. The business managed the transition to remote working speedily on the back of its robust processes that facilitated easy and secure connectivity across branches and employee tranches, dispelling any significant upgrades or changes. As the COVID-19 crisis raged on, ETLI focused on strengthening its bouquet of protection products by adding several relevant and innovative offerings, keeping customer needs at the forefront at all times.

Customers
~330,000*

Agents
~58,000

Branches
116

FY21 Number of Policies
~80,200

* Unique active customers as on date



Long-term Value creation

- Among the fastest growing Life Insurance company, the only Life Insurer to grow every month in FY21
- 19% growth in the Gross Premium income in FY21 to ₹12.48 billion (₹10.48 billion in FY20)
- 25% growth in the Collected Individual Annualised Premium Equivalent (APE) to ₹4.04 billion in FY21
- APE CAGR of 24% since FY16 as compared to 11% recorded by the industry



High Quality Franchise

- 13th month overall persistency at 76%
- Embedded Value (EV)¹ as on March 31, 2021 at ₹12.56 billion
- Solvency Ratio at 215%
- Individual Claims Settlement Ratio is at 97% in FY21 compared to 83% in FY20



Innovative Products

- Launched COVID Shield+, India's first individual COVID life insurance policy helping policyholders to secure their savings against the ongoing pandemic.
- Launched Active Income Plan - A comprehensive insurance plan that offers guaranteed income, flexibility and cash bonus, allowing customers to meet both short-term and long-term financial goals, especially under current economic conditions and volatility.

¹ Embedded Value (EV) is calculated on market consistent basis.



GENERAL INSURANCE

Edelweiss General Insurance (EGIL) – our youngest business, enabled by a digital business model, registered a robust ~49% YoY increase in premium in FY21, making it the second fastest growing player in the Industry. Committed to make insurance disarmingly effortless, we persistently built multi-channel distribution partnerships. Our motor portfolio saw a good growth of 46% in sharp contrast to the industry which saw de-growth of 2%.

Gross Written Premium
₹2.26 billion

Solvency Ratio
209%

Number of Policies
~188,200



Robust growth while industry faced headwinds during COVID-19

- High Share of Premium Contribution
 - Private Car Insurance growth at 46% (Industry average at -2%)
 - Retail Health Insurance growth at 184% (Industry average at 29%)
- Share of profitable segment higher than industry
- Motor Own Damage Insurance share at 49% (Industry average 29%) includes OD+Comprehensive package



Technological Edge

- Launched SWITCH-an innovative on-demand driver-based, multi vehicle, app-based Motor insurance OD floater policy based on pay-as-you-use model
- Open API gateway, data lake, enhanced partner portals and new product customisation modules enabled us to connect and integrate with our partners seamlessly
- First within the industry to rollout open API gateway for the ecosystem of business partners & developers enabling Plug & Play integration
- Adopted video-based remote survey app (BOLT) for motors claims



Partnerships

Continuously expanding digital partnership base through addition of new-age tech players & OEMs like Okinawa



Accolades

Continued to garner recognition for product innovation and technology adoption. Won 9 awards in prominent forums across categories



INSURANCE BROKING

Our insurance broking arm Edelweiss Gallagher Insurance Brokers Ltd (EGIBL) is one of the leading composite insurance brokers in India providing General Insurance solutions to institutions as well as individuals and reinsurance solutions to insurance companies. In FY21 the business placed premiums of ₹8 billion. In July'21, we announced the divestment of our stake in the business. Gallagher, who previously held 30% in the business, will now be acquiring all the remaining shares, taking its stake to 100%. The transaction is subject to regulatory approvals.



CREDIT

Our Credit business is built on a mix of diversified and scalable businesses with focus on capital light lending through bank collaborations. As planned, we have continued to sell down towards a much smaller mid-corporate credit book and will scale up retail credit going forward. During the year, we invested into building capabilities, supporting our clients through digitalisation and business process transformation, increasing efficiencies and improving customer centricity.

NBFC (ECLF & ERFL)

Net Worth
₹38.37 billion

AuM*
₹105.26 billion

Capital Adequacy
27.5%



- Reduced book size in ECLF to ~₹114 billion in FY21 (₹130 billion in FY20), expected to reduce by ~50% by FY23



- Successful workouts of ₹15 billion in FY21, expected to improve further as COVID impact subsides



- Conservative stance on disbursements, MSME disbursement at ₹3.5 billion in FY21



- Robust collections of ~₹20.50 billion in FY21, Collection efficiency of 94% in Mar'21

*AuM includes loan book and securitised assets.

Housing Finance (EHFL)

Net Worth
₹7.63 billion

AuM
₹43.85 billion

Capital Adequacy
26.5%



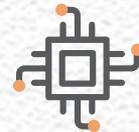
- Collections of ~₹15 billion in FY21, Maintained collection efficiency of 99% in Mar'21



- Adopted conservative stance on disbursements, Disbursed ~₹4.50 billion in FY21



- Focus on asset-light growth, Securitised book of ~₹9 billion in FY21

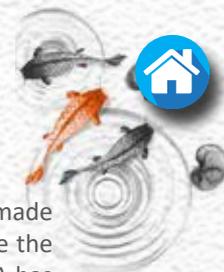


- Leveraging technology and analytics for speed, agility and resiliency



Strategic Partnerships

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



Wealth Management

Our Wealth Management business has consistently outpaced market growth and made rapid strides in industry rankings over the last five years. This has led us to become the second largest non-bank Wealth Management company in India. Our customer AuA has grown with a ~39% compounded annual growth rate from ~₹295 billion in FY16 to ~₹1.55 trillion in FY21 which is a strong testament to the trust our customers repose in us, despite market volatility.

The Wealth Management business with a 36% YoY growth in AuA is building scale and leveraging digitisation. During the year we sealed our partnership with PAG (Pacific Alliance Group), the leading Asia-focused investment group, through a stake sale in our Wealth Management arm. The business was built with an investment of ₹4 billion over 10 years and was valued at ~₹44 billion during the stake sale – a testament to our ability to build businesses that create value.

Net Worth
₹15.63 billion

Gross Revenue
₹12.88 billion

Profit After Tax
₹2.45 billion



Expanding Customer Assets

Assets under Advice (AuA)

~₹1.55 trillion in FY21

(~₹295 billion in FY16)

~5.3x growth

Number of Customers



~702,600 in FY21

(~375,000 FY16)

~2x growth

Customer Segments



UHNI: ~2,600

Affluent clients: ~700,000



Strategic Partnerships

Value Unlocking in
Edelweiss Wealth Management (EWM)

- Completed the stake sale to PAG in Mar'21 at a valuation of ~₹44 billion
- Strong equity base for growth in EWM with Primary Equity infusion of ~₹4 billion by PAG
- EFSL will hold 38.5% stake in EWM with an option to increase it to ~44%
- Demerger and subsequent listing by Sept'22-Dec'22 subject to requisite approvals



Innovative Products

- Launched long-short AIF scheme; Edelweiss Dynamic Growth Equity Fund and 3rd series of Edelweiss Crossover Opportunities Fund
- Capital Markets & Advisory: 63 deals in FY21 across ECM, DCM, M&A, special situations and debt syndication



Business Leadership

- Ranked 2nd largest non-bank wealth manager in India by Asian Private Banker
- Edelweiss Mobile Trader (EMT) continues to be the highest rated app in its segment with over 1.7 million downloads
- Ranked #1 in India for QIPs in the range of ₹1 billion to ₹10 billion in the last 5 years with a market share of ~16% in terms of number of issues handled*
- Debt Capital Markets ranked #1 in FY21 in public issuance of bonds for the 7th year running, lead arrangers to ~70% of the amount mobilised via this route*



Robust Profitability

- Maintained revenue yields within the range of 70-80 bps
- ~18 % Return on Equity for FY21



Our Governance
Rooted with
**INTEGRITY,
STEADFAST**
in Actions



*Pristine and unsullied by the muddy waters in which it grows, the strong, upright stem keeps the **Lotus flower** anchored but clear above the muddy waters as it continues to blossom representing trust, purity of intent, wisdom and enlightenment.*



OUR GOVERNANCE

At Edelweiss, the lotus is symbolic of our governance credo which we uphold over everything else. To us, it means discipline internally, to ensure discipline externally. Based on integrity, and a commitment to always act transparently and fairly, it reminds us that we are accountable to an ecosystem of stakeholders. It awakens in us a desire to live by self-defined rules of good behaviour and urges us to go beyond statutory mandates.

Effectively harnessing technology, our governance and risk management framework tempers acceleration of opportunities with necessary brakes, ensuring responsible growth. Adopting voluntary practices, with the highest level of propriety we have earned the trust and respect of the fraternity. It is the reason strategic international investors have reposed their trust in us even during periods of volatility and uncertainty.

Tenets of our **Corporate Governance Philosophy**



Trust

No compromise on ethics and integrity



Legitimacy

Transparency, authenticity and fairness



Accountability

Responsible decision-making and responsiveness



Competence

Simplification for enhanced effectiveness



Respect

Upholding the laws of the land in letter and spirit

Key Highlights

- 12-member Board of Directors comprising 7 Independent Directors, 2 women Directors – collectively represent over 400 years of rich and diverse experience
- The Environmental, Social and Governance (ESG) Council, spearheaded by women leaders oversees our ESG strategy with the aim to embed sustainability across the Group
- Board-level and Group-wide holistic view of risk that helps us assess, avoid, mitigate and manage risk events across 11 risk vectors, in addition to conducting an independent assurance on the effectiveness of our risk frameworks
- All subsidiaries have adopted higher levels of governance norms and listing standards and have independent directors who ensure keen external oversight and transparency
- Automation of regulatory compliance through technology-based applications
- Analytics-driven approach enables early detection and derailment of potential risks
- Senior Management and Directors governed by Conflict of Interest policy, in addition to the Employees' Code of Conduct, outlining an ethical roadmap for conduct of business
- Mandatory e-workshops and e-learning modules on Group Policies for employees to ensure awareness, assimilation and adherence
- Active engagement with Regulators and Government, representing the voice of the industry, in economic and policy discussions
- Enhanced Cloud and data security controls, heightened process standardisation have strengthened our IT governance practices ensuring the right balance of efficiency, risk and compliance

To know more about our Corporate Governance initiatives, please refer to our [Sustainability Report](#) on page no.42



Our Customer
Experience
Creating
DELIGHT,
Building
ENDURING
bonds



*The **Red-Crowned Crane** also called as the bird of happiness is symbolic of immortality and fidelity. They are often known to dance in harmony, build relationships for life and represent hope in difficult times.*



OUR CUSTOMER EXPERIENCE

Just like the Red-Crowned Crane, at Edelweiss we believe in forging lasting relationships with our ~2.1 million customers, many of which have joined the Edelweiss family in the last 2 years alone. During the pandemic, we strived further to strengthen our relationship and build an everlasting bond with them. With a customer first culture, it is our constant endeavour to engage with them through every stage of their life cycle, allowing us to develop a deep understanding of their unique requirements, offer innovative solutions to meet them and provide them a superlative Customer Experience (CX). Through good times and bad, our objectives remain the same – to stand true to the trust they repose in us, to anticipate their needs, to harness the power of technology backed by customer insights and offer them seamless, sterling and delightful experiences.

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



We will be **Accessible** to our customers



We will be on the **Same Side** and listen to our customers with empathy



We will be **Upfront** and transparent in our dealings



We will **Remove Limitations** for our customers



We will be **Easy to Deal** with and uncomplicate



We will be **Dependable** and take ownership

- **Simplified the onboarding** platform for Alternative Investment Funds through **SWIFT**, going completely paperless and integrating it with Aadhaar based e-sign, e-stamp paper, smart document checklist, etc
- **Improved productivity and offered valuable insights** to clients through **Apollo** - our integrated research platform, which was refreshed to make it more user-friendly along with simpler reports
- **Enabled faster transaction processing** for our Mutual Fund clients through **Virat** - our renewed transaction processing with re-engineered backend processes for Non Commercial Transaction (NCT) resulting into faster updates of bank details, address changes, e-mandates, etc
- Launched **SWITCH** - an innovative mobile app which is a driver based insurance where customers pay only for the days they drive their vehicle and save on premium when they don't use it
- Introduced several initiatives to ease customer interactions in light of the pandemic
- **Accelerated the decision making and disbursement process for customers** through our **Digital Lending Platform (DLP)** via smart eligibility checks, paperless functioning and instant validation of the credit worthiness of the applicant, thereby providing a frictionless user experience
- **End-to-end automation of the payment process for ARC** clients through multiple digital payment options including payment using virtual account number
- **Facilitated timely resolution** of client requests/queries/complaints through a service request system with an in-built escalation matrix
- Established a common framework to measure **real-time customer feedback** for the Group, capturing transactional Net Promoter Score across four identified stages in the customer journey
- Our award-winning mobile trading app - **Edelweiss Mobile Trader** is now available in four languages and has over one million downloads

To know more, please refer to [Our Response to Covid-19](#) page no.06



Our People
Swiftly
ADAPTING,
Striding
PURPOSEFULLY



*Symbolic of change, adaptability and self-realisation, the wings of the **Dragonfly** blend flexibility and strength flawlessly together, using 20 times more power in its strokes, than other insects, to accomplish its objectives with utmost simplicity and effectiveness.*



OUR PEOPLE

Our biggest asset has been our people and just like the Dragonfly, the strength of character displayed by them during this challenging year bears testament to the Edelweiss spirit. Our ~8,500 employees, pan India, reinvented themselves swiftly as they adapted to a new normal and work from home with ownership, agility, and vigilance. Their persistence at work ensured business continuity, seamless services and solutions to our customers. With a collaborative approach, courage and strength, they fought the pandemic, standing by each other and the community in its hour of need.

Key Highlights:

• Employee well-being and safety remain our topmost priority

- Reimagined and repurposed offices to support work from home and hybrid working, enabling employees to connect, collaborate and manage work interactions in a safe environment
- Onsite-Vaccination Drives and reimbursements for all employees and their families
- Ensuring mental and emotional well-being through counselling services, leadership townhalls and support groups
- 24x7 COVID helpline, on-ground response team to provide medical assistance for employees battling the infection, extending medical insurance for home isolation, special leaves etc
- Financial assistance for loss of life – Life insurance payments up to 3x of CTC and ex-gratia, medical insurance and education assistance, including offering employment to the next of kin

• Employee Engagement

Ensuring employees remained motivated, engaged and productive through a virtual model

- Sustained connection, trust and engagement through frequent check-ins and townhalls by leaders and reach-outs by employee support groups
- Employees encouraged to volunteer their time and expertise in delivering high quality solutions to issues faced by NGOs supported by EdelGive Foundation

• Rewards & Recognition

- Our value-based culture is committed to acknowledge and appreciate efforts of employees through extensive recognition programmes. This year 135 employees who completed 10/15/20 years at Edelweiss were felicitated for their long-term service to the organisation

• Leadership development

Leadership development was strengthened through inclusion and sharing of plans, decisions, information and accomplishments to team members, besides using virtual learning platforms extensively

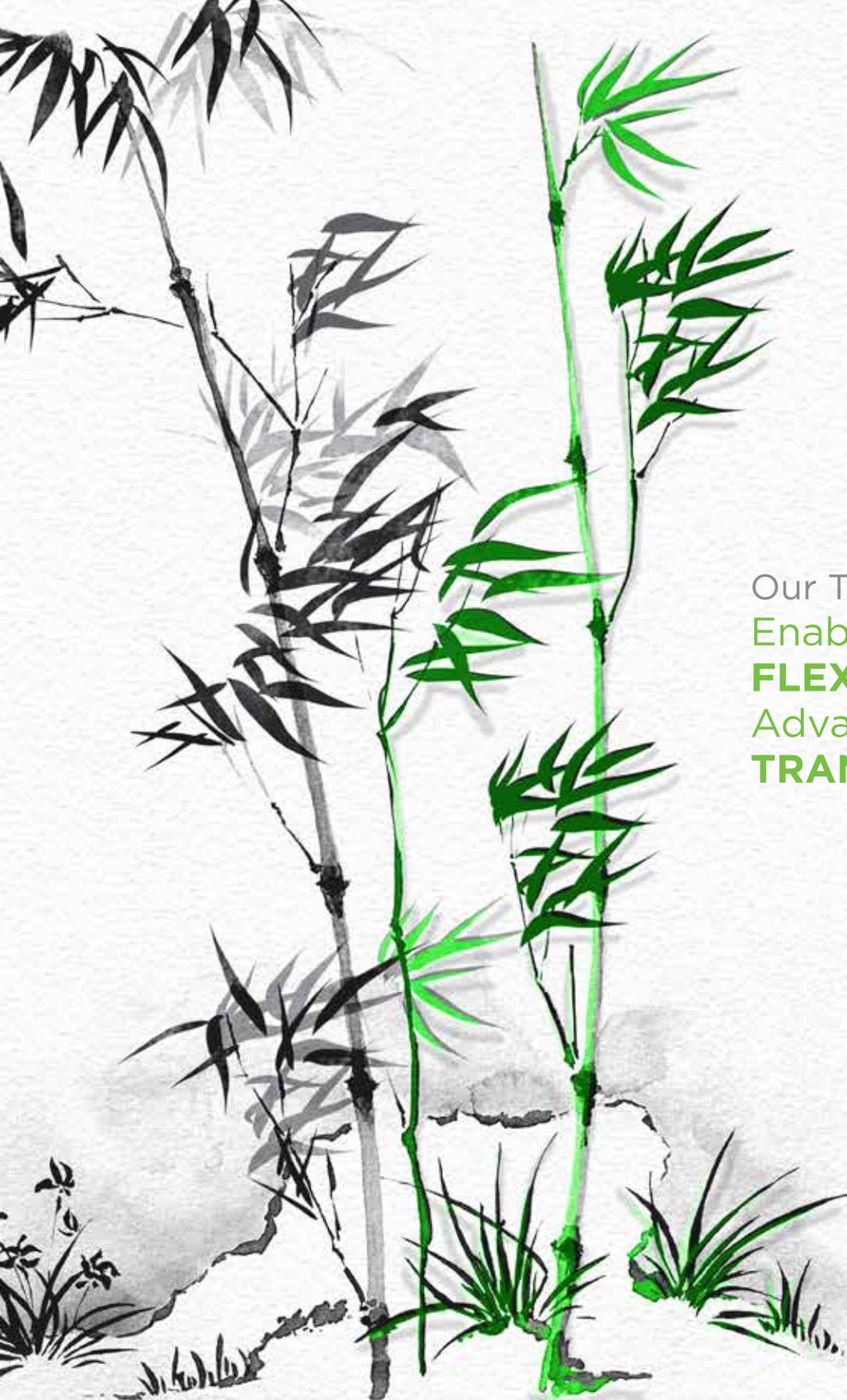
- Our leadership programme identifies and grooms a pool of high potential leaders. About 5% of our employees are a part of this pipeline, which runs across levels to align and collaborate to build an agile and ever ready Edelweiss

• Inclusion & Diversity

We believe in an inclusive workplace, with zero tolerance to any discrimination

- **All In - our unique inclusion initiative** reinforces tenets that enable employees with different backgrounds, gender, ways to thinking, style of operating to work effectively together and holistically play to their strengths
- We have a healthy gender ratio wherein **23% of our employee base comprises of women**
- Adopted a zero-tolerance policy against sexual harassment. We introduced a 2-day certification programme for all our Internal Committees (ICs) and launched **WorkSafe – an interactive e-learning module** for employees that educates them about their rights

To read more about workplace diversity, learning and development initiatives, employee safety & welfare, employee engagement, please refer to our [sustainability section](#) on page no. 42



Our Technology
Enabling
FLEXIBILITY,
Advancing
TRANSFORMATION

*Symbolic of strength, flexibility and growth, the **Bamboo** holds within it a timeless lesson – stay firmly rooted, bend but don't break. It is one of the most versatile plants known to withstand great strain and continues to grow without breaking.*



TECHNOLOGY POWERED BUSINESS STABILITY

Technology was a standout for Edelweiss during a year where companies needed to swiftly reimagine businesses. Not only did having a strong tech backbone ensure business continuity and provide a seamless experience to our customers, it also helped accelerate adoption of collaborative tools. Our platform-thinking approach and migration to cloud native platforms empowered us with the ability to tackle a never-seen-before work scenario. While we took bold steps towards reinforcing our digital-first orientation initiatives such as 'Work from Anywhere', 'Branch in a Box' and 'Zero Trust Network Security Model' demonstrated the efficiency, agility and resiliency of our entire IT infrastructure.

Technology resiliency

The key pillars of our technology resiliency have been:



Cloud adoption: Enabled faster and secure access to applications 24x7 irrespective of device or location paving the way to work from anywhere model



Enterprise API gateway: Helped leverage the partner ecosystem, reduced turnaround time for new product launches



Unified collaboration suite: Accelerated rollout of our collaboration suite, ensured quick adoption, saw increased employee productivity



Intelligent automation: Enabled development of new experiences, delivery of process changes swiftly



Artificial Intelligence: Leveraged advanced Machine Learning algorithms to build efficiencies in business risk and surveillance processes

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

- **Pragati** a remotely accessible digital platform for our Life Insurance distributors **ensured no disruption to their business acquisition and client engagement**
- Adopted **cutting-edge technologies** for our High Frequency Trading (HFT) platform – Tradeweiss, increasing speed 2x, which enabled **handling larger volumes of transactions**
- **Strengthened scalability of our Retail trading platform** significantly, making it the only trading platform in the industry to be able to scale up transaction flow within 48-72 hours
- An **integrated Cloud-based Retail collection system** in our Distressed Asset Resolution business ensured **automation, efficient monitoring and tracking resulting in faster turnaround time with clients**
- Facilitated **faster settlement of claims via BOLT a remote survey app**, which helped carry out motor claims related inspections remotely
- Our Unified Employee Master has **enabled seamless flow of data** across the internal systems by avoiding numerous integrations with the different HR systems
- **Heightened vigilance and risk management** through AnMOL our customisable inhouse application for frequent and comprehensive Anti Money Laundering (AML) checks
- **Reduced integration time** for internal and partner systems **by 1/5th** through the **Fiber** – API management platform also helping save costs by 30%
- **Enhanced cloud security and IT governance** by adopting the **Zero Trust Network Security model** that ensures strict identity verification irrespective of device locations
- **Strengthened data security** through end to end **state-of-the art security solutions** ensuring all customer data is identified and encrypted from storage to transmission
- **EWM is India's first wealth manager to fully migrate to cloud-based services** and has also launched Infinity - India's first subscription-based advisory platform. Further leveraged technology to simplify customer onboarding with Edelweiss Lite program for self-reliant tech savvy clients



Chairman's Letter

As we wrap-up FY21 and enter FY22, it almost feels like déjà vu. As it was 12 months ago, we are emerging from the throes of COVID-19, albeit a much more severe second wave. The past few months have been a tough time for all of us, just as we were slowly but steadily emerging from the ravages of the first wave. This time around, the impact has felt much more personal. Each one of us has experienced sickness or loss personally or through colleagues, friends, and extended family. It has been a tough and challenging time for India and now, more than ever, it is important for all of us to come together.

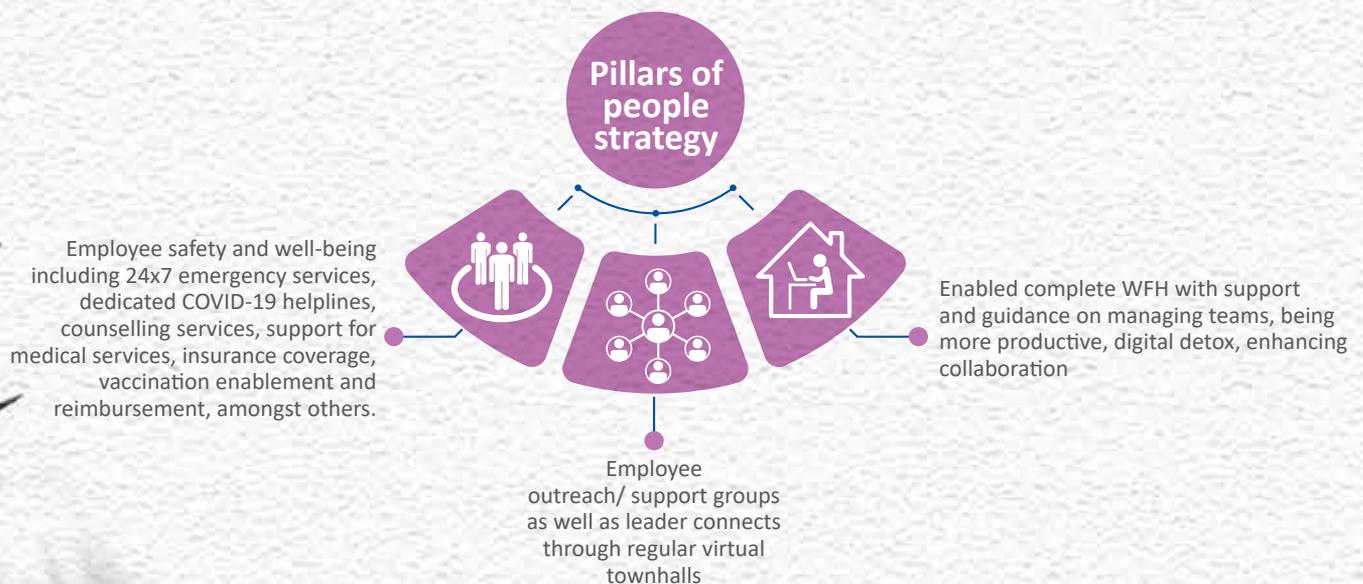
In the backdrop of these difficult times, it has been heartening to see the superb collective efforts that all of us have made to help the vulnerable. I am sure each one of you has a personal story to share of how you stepped in to fill the gaps in the infrastructure and offered aid to someone in need - whether it was hospital beds, or medical supplies or oxygen concentrators or donations. We have also tried to rally around our employees, and our society, in these difficult times and provide the best possible help.

Lending a helping hand

Safeguarding our people

Last year, the lockdown was the first-of-its-kind we had ever witnessed. We enabled a swift and seamless transition to work from home, without any significant loss in productivity. It was important to ensure the safety and well-being of our employees but also at the same time to ensure that we were connected to our clients in these challenging times, more than ever before. Therefore, even though we went more digital, we ensured that the lack of physical connect was more than adequately supported by enhanced virtual connects at higher frequencies than ever before.

This year, as the second wave struck, our work from home and digital connects were all well established. However, as earlier mentioned, the severity of the pandemic's impact meant that we were focused on a three-tier people strategy -





As we interacted with our teams through the crisis, we realized that our employees were facing much more than professional pressures as they navigated any given workday. While the focus on safety and well-being from a Covid perspective was paramount, one aspect which was largely getting ignored was the mental health aspect. Therefore, very early on in the pandemic timeline, we focused on providing an active support group for our people, through regular interactions and check-ins. We drove through, across the organization, a message of empathy and support – none of us could really be aware of the complete circumstances of an individual in these challenging times and hence, it was necessary, before anything else, to come from a point of view of empathy and support when interacting with one another.

We drove through, across the organization, a message of empathy and support

Our Social Responsibility

EdelGive Foundation significantly stepped up its efforts to support vulnerable communities:

Funded and raised over **₹1 billion** for COVID-related work in FY21



Partnered with **46 NGOs** in providing aid and relief to people residing in difficult geographies and vulnerable communities



Contribution directed towards **helping affected families** with cash transfers, food grains, oxygen and health supplies



Support to grassroots organisations engaged in immediate relief activities such as providing emergency ration kits, oxygen and health supplies, and awareness generation activities



Launched The GROW Fund (Grassroots Resilience Ownership and Wellness) a unique collective of global and Indian philanthropists, working towards jointly supporting and sustaining 100 grassroots organisations across India, over a period of 24 months.

FY21 Rewind

FY21 was a challenging year – yet it was a rewarding one as well! All our businesses, barring Credit-linked businesses, had their best year since inception, despite the impact of the pandemic and the subsequent lockdown. Some of these were driven by natural inflection points in the business lifecycle, some through our agile transition to digital modes of doing business while some others were driven by overall change in the market environment.

- **Alternatives and AMC**

Alternatives and AMC businesses together constitute our asset management offerings. Both these businesses had break-out years, best-ever growth years in their history!

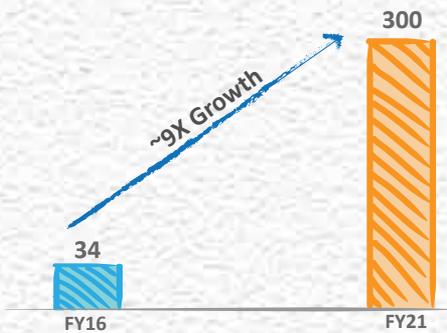
The Alternatives business raised more than ₹80 billion across two hallmark funds in structured credit and infrastructure. The business also deployed more than ₹40 billion across multiple funds through the year as the swift post-pandemic recovery by businesses provided a new growth impetus to the economy.



Our AMC, on the other hand, nearly doubled its AUM in FY21 and is now the 15th largest AMC in the country. In fact, the AUM has grown 35x in the last five years. We also crossed ₹100 billion of equity assets in the AMC, with net equity inflows of ₹36 billion in FY21 compared to industry outflows of ₹550 billion. We also continued to stand out in product innovation with the launch of India's first passive debt index fund investing in PSU bonds and State Development Loans (SDLs).

Most of our businesses had their best year since inception, despite the impact of the pandemic and the subsequent lockdown

Alternatives AuM (₹ billion)



Mutual Fund Equity Gross Sales (₹ billion)



• **Life and General Insurance**

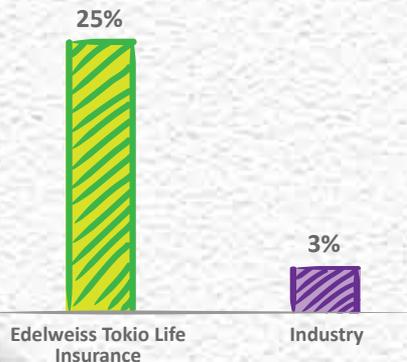
Life and General Insurance businesses in Edelweiss have seen strong growth every year since inception – LI since 2012 and GI more recently since 2018. However, last year was an even more phenomenal year for both these businesses as the transition to digital mode was one of the fastest in the insurance sector.

Edelweiss Tokio Life Insurance crossed ₹4 billion Annualized Premium Equivalent (APE) milestone for the first-time with a 25% YoY growth. This was against only a 3% growth in the industry.

Similarly, Edelweiss General Insurance had an overall premium growth of 49% YoY. This was against the industry growth of 5% YoY. Growth in our chosen segments of motor and retail health was even more impressive compared to the industry.

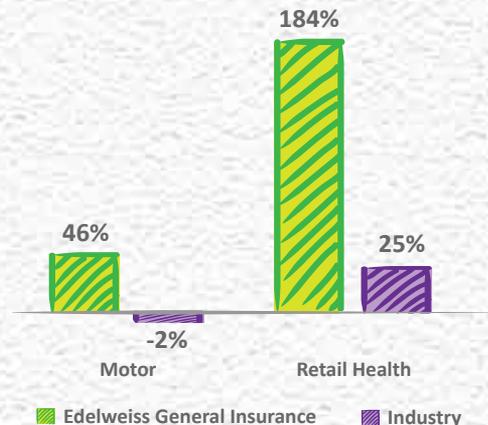
Life Insurance

Individual APE - Outpaced Industry growth YoY in FY21



General Insurance

Strong YoY GDPI performance in Retail Lines compared to the Industry in FY21



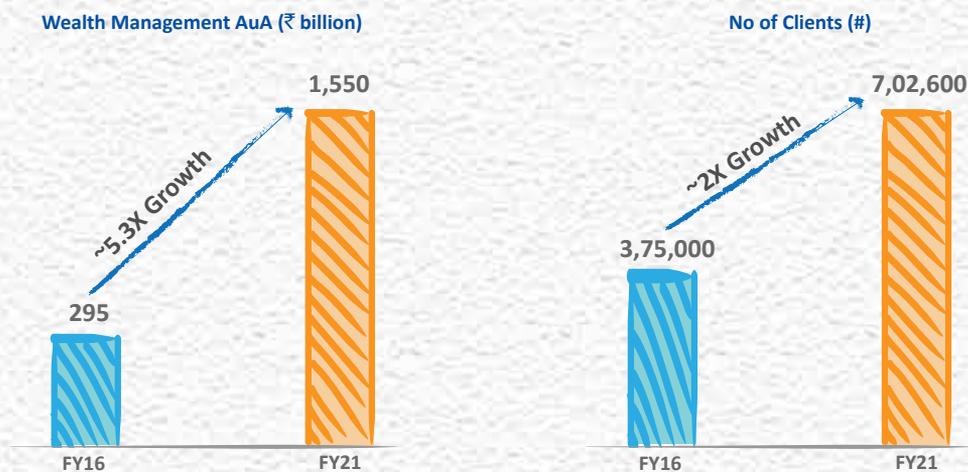


- **Edelweiss ARC**

FY21 continued to be a robust year for our ARC business despite the challenges of the pandemic. We made gross recoveries of ₹54 billion in FY21 spread across almost 180 borrowers. The business remains well-capitalised with a Capital Adequacy ratio of more than 37% and a Net DE ratio of only 1.4x. This has been achieved through a 22% YoY reduction in net debt levels, driven by strong recoveries. We intend to continue to work towards reducing leverage levels in our ARC business as we scale up the Retail ARC franchise.

- **Wealth Management**

It was a strong year for the wealth management industry as strong growth in capital markets provided an impetus to all parts of the wealth management business. Edelweiss Wealth Management also, like our businesses in asset management and insurance, had its best year ever, clocking a profit of ~₹2.5 billion and a 36% growth in Assets Under Advice (AuA). As of Mar'21 the AuA stood at ₹1.5 trillion, more than a 5x growth in the last five years. Clients have also scaled up considerably in the same period.



During FY21, we entered into a partnership with PAG in our wealth management business. This transaction was done at a valuation of ₹44 billion and we now hold 38.5% stake in EWM with an option to increase this to ~44%. The transaction also enabled fresh capital infusion of ₹4 billion in the business to enable future growth aspirations. Our overall plan here is to unlock value for our shareholders through the eventual demerger and listing of EWM in the next 12-15 months. This is in line with our overall strategy whereby we focus on long-term value creation and subsequently unlocking value to enable direct benefits to our shareholders.

Similar to the EWM business, we focus on long-term value creation and subsequently unlocking the value to enable direct benefits to our shareholders.



- **Mortgages & MSME**

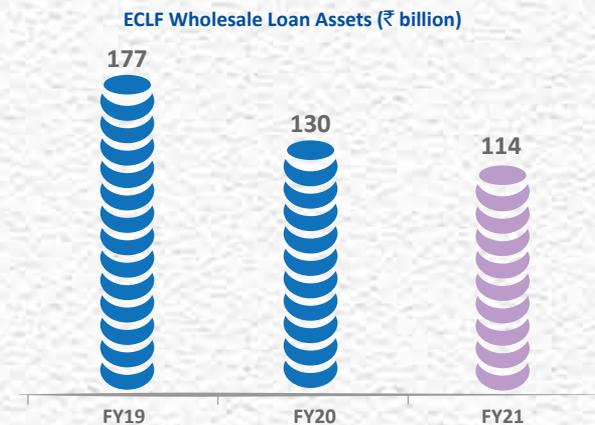
The pandemic and subsequent lockdowns had a significant impact on the Credit markets, especially in the short-term. Collections had been impacted during the lock-down, but we have seen significant improvement in subsequent months. There has been some impact on asset quality, and we have pro-actively worked towards resolution on that.

In the Mortgages business, we have been conservative on disbursements, especially owing to the second wave and possibility of a third one. We will continue to closely track the portfolio performance to ensure minimal slippages. Collection efficiency had reached 99% by Mar'21 and despite the second wave, remains at more than 90% in June'21. We have also worked towards building our new sell-down model in mortgages with securitization of ~₹9.5 billion of mortgages book in FY21. As we scale this book in due course, we also expect to do even higher sell-downs to build our asset-light mortgages business model.

The MSME business followed a similar line as the Mortgages business with caution around fresh disbursements and focus on improving collection efficiency of existing portfolio. Collection efficiency was 94% in Mar'21 and continued to be above 90% in June'21 despite the pandemic.

- **Wholesale Credit**

We continue to focus on reducing our Wholesale Credit loan assets and have seen significant progress in the last couple of years with a 35% reduction as seen in the chart below. This trend will continue going forward and we expect to halve the book in the next two years. The asset quality of the book is now under control as accelerated impairments taken earlier mean that we are well-provided and adequately collateralized.



We expect to halve the wholesale book in the next two years

The year FY21 was unique in many respects. Even as we were witnessing an unprecedented era of a pandemic and lockdowns, there was another seismic change playing out in parallel. The acceleration of digitization that came about due to the pandemic has, in some views, achieved the expected outcome for the next several years of 'normal' digitization. In turn, this has enhanced the productivity and efficiency across sectors and industries. Coupled with the significant deleveraging being seen in multiple firms, and the added benefit of low-cost financing, we are starting to see the first green shoots of outperformance. In our view, these are significantly longer-term trends which will sustain not just for years but potentially decades.

The acceleration of digitization that came about due to the pandemic has, in some views, achieved the expected outcome for the next several years of 'normal' digitization.



25 Years of Edelweiss – The Good and The Not-So-Good!

Theodore Roosevelt had once said,

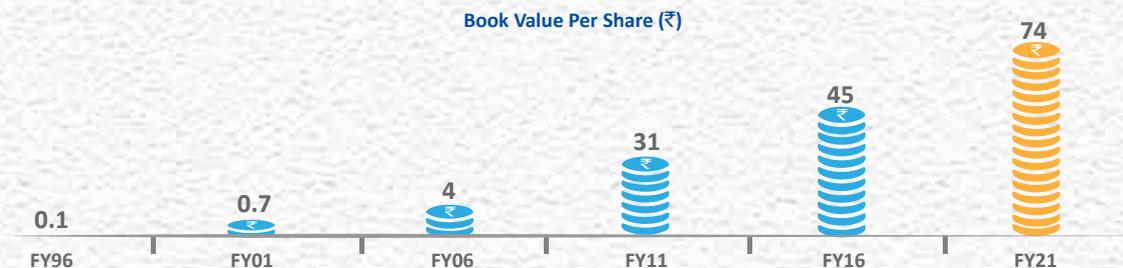
The more you know about the past, the better prepared you are for the future.

However, just knowing is not enough. What is equally important is learning from the past. It is a misnomer that the end of formal education signals the end of learning. On the contrary, the end of formal learning marks the onset of ‘learning by doing’, which truly is the most valuable learning of all. At Edelweiss, we believe that the process of learning is life-long and ever-flowing. Every day has something to teach us – the value and import we give to those everyday learnings truly determines our ability to progress and succeed.

In the same vein, as we reflect on the 25 years gone by, we celebrate ‘the good’ (and there have been many!) but even more essentially, we highlight and learn from the ‘the not-so-good’.

The Good!

Our 25-year journey has been interspersed with several grand moments, be it our first acquisition in 2001, hitting double and subsequently triple digits in profits, our public listing in 2007, subsequent acquisitions of Forefront, JP Morgan MF amongst others, winning the mandate from Government of India on Bharat Bond, growing our employee base from 1 to ~9,000 and many, many more. The list truly is endless. The value created in this journey has seen our net-worth increase from ₹10 million when we started our journey to ₹85 billion today!



While BVPS is a good indicator, it is still not a complete reflection of the total value we have created (a significant part of which remains bundled within the Group and will be unbundled in due course like we have done in EWM). This value creation has been on the back of seeding and scaling multiple businesses with a long-term perspective.



The Not-So-Good – Learnings for a lifetime!

The Indian market is cyclical and while each cycle is inherently similar, it is never the same. We have seen several cycles over our 25-year journey and each one of them us has given us some unique learnings, which continue to evolve and improve our approach towards business.

That does not mean we will not make mistakes in the future – we feel that it is quite likely, in fact, almost certain that we will continue to make some mistakes. However, it is our responsibility towards you to ensure that we do not repeat any of the mistakes from the past and whatever mistakes we do make, we make them as affordable as possible!

Some of our key learnings include:

- **Wholesale Credit in NBFC structure**

Our wholesale credit business (comprising Structured Credit and Real Estate Credit) was launched in 2007 but truly took wings after 2013 when the business started scaling significantly. This coincided with a liquidity-positive phase for the Indian economy as the government and the regulator actively worked towards easing the crunch induced by the QE tapering. The overall environment was conducive for growth and the wholesale credit business flourished. At its peak, our wholesale credit book was over INR 200 billion. This represented a significant concentration risk, despite our multiple business lines, if the business cycle turned.

We started working towards de-risking the business profile by tapering off fresh business build-up in our NBFCs and doing majority of our incremental wholesale credit business through the fund structure in Alternatives. We realized that a fund structure provided the kind of long-term, flexible capital that will help tide over interim periods of market dislocation without any significant impact on the franchise, something that was not true for an NBFC structure. However, the ILFS default and subsequent events since have exposed us to a challenging period as we still held a significant wholesale credit book in our NBFC when this happened. While the tough times are largely behind us, they have exemplified the perils of wholesale concentration in NBFCs.

- **Value v/s Valuation**

As a private company, one will often compare oneself to listed peers but these comparisons will never be completely accurate and hence, not something one should give inordinate importance to. However, once we were listed in 2007, it was natural to see how we shaped up against our peers, not just in size, scale and profitability but also on valuation. Thankfully, the ‘memento mori’ moment for us did not take too long. As the GFC unfolded, valuations of all companies plummeted to record low levels. Financial Services, especially, was severely impacted. In a matter of few months, we had seen both ends of the spectrum – the dizzying heights of unprecedented valuations as well as the lowest of lows after the market crash.

Very early on in our post-IPO evolutionary journey, we saw the fickle nature of the market. While it was tough to see, it also steered our resolve to not give undue importance to short-term market movements. Valuations, at any point of time, are equivalent to the price ascribed by the market. Composed of individuals with varying psychologies and behaviours, it is natural for the markets to be irrational – both on the upside and downside. What we focused instead was on creating long-term value – value which eventually does get reflected in the valuation over the long-term.

- **Quality precedes Growth**

Growth has been a key component of our value creation journey. And across most of our businesses, this has worked well. However, there have often been times when a lot of work has gone behind the scenes, not in creating this growth, but building the support system for this growth. By its very nature, the Indian economy is attuned towards a healthy growth for businesses. However, in some instances in our journey, the growth trajectory has exceeded what we have been capable of handling. The backbone (what we call as Quality!) has often not grown at the same speed as the business, leading to a lot of incremental effort and build-up of complexity within our system. This is something we want to work on as we look at the next 25 years of our journey and we allude to in detail in the latter part of this letter.



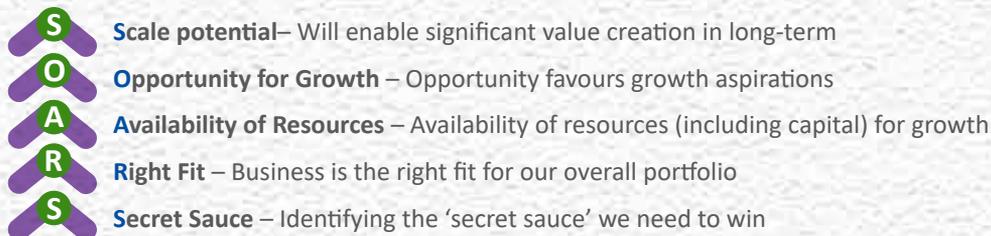
- **Pitfalls of Concentration**

As mentioned earlier, India is a cyclical market and within market cycles, there are cycles across industries and even within an industry itself. Hence, different parts of the financial services industry could face conflicting fortunes at different periods of time. This is best exemplified by the current state of the industry. While equity markets-linked businesses like broking are flourishing, lending businesses have been cautious on the growth front, preferring to see some stability before going up the credit curve.

The need to diversify income sources was one of our key learnings early on in our journey when the business was impacted severely during the dotcom bubble. Our profits dropped more than 75% from FY2000 to FY2001. While we started our journey of shifting from monoline business in 2002, the real impetus to this came in the period from 2007 to 2012 when we incubated and launched several new businesses. Today, our suite of businesses truly identifies us as a diversified financial services organization

Building Businesses – The Edelweiss Approach

At Edelweiss, we start all our businesses with a certain hypothesis on the growth opportunity and our ability to provide resources to the new business as also to eventually build a moat for long-term success. We undertake a careful evaluation of multiple factors before we enter any new business. While more simplistic than the actual exercise, our approach to evaluate investment in any new business can be exemplified by SOARS. This is an evaluation we undertake not just when we launch a new business but at subsequent intervals of inflection, to see whether the hypothesis still holds true and if not, what are the options available to us.



While a qualitative and quantitative analysis is one part of the story, what truly gives us the capability to create great, sustainable businesses is our long-term outlook. Because we have a very frugal approach to business building, typically, our seed investments in such businesses are on the lower side. This helps us play the long-game since the overall investments tend not to balloon significantly as to impact the overall Group. At the same time, we are also slightly stubborn people – we don’t like to see experiments failing and usually find ways to make them work, more often than not! That is one of the key reasons why Edelweiss stands today as one of the most diversified financial services group in the country.

*Typically, our seed investments in such businesses are on the lower side.
This helps us play the long-game!*



From an Investment Banking Firm to a Diversified Financial Services Group



Taking Flight - Project Udaan

About 10 months ago in October of last year, as we were emerging from the throes of the first wave of the pandemic, we felt that there was a need to go back to the drawing board and re-evaluate if any of our business models warranted a change – be it a mole-hill sized or a mountain-sized one. There were two main reasons for doing this – one, the post-pandemic world is a very different one to what existed in the past, both in terms of customer needs as also how you service them. Technology, if not already, was playing an even more critical role and it was important to evaluate any shifts to the traditional business paradigms which could potentially disrupt any business. Secondly, we strongly felt that we were at the cusp of a long-term upcycle in India’s growth journey. As it is, India’s natural compounding strength makes it a great growth opportunity (more on that later!) but with the culmination of a long-term, medium and short-term downcycle, the stage was set for an exponential growth trajectory. It was important that we were ready for this growth momentum. Thus was born *Project Udaan*!

Project Udaan was basically a four-phase process, run over a period of six months starting October 2020.





As can be seen below, all our businesses are well-capitalised and well-resourced for growth over the next five years. Since many of our credit businesses are scaling up on an asset-light, partnership based model, the capitalization is even more impressive!

Business	Metric	Value
NBFC	Capital Adequacy	27.5%
Housing Finance	Capital Adequacy	36.5%
Asset Reconstruction	Capital Adequacy	37.4%
Life Insurance	Solvency Ratio	215%
General Insurance	Solvency Ratio	209%

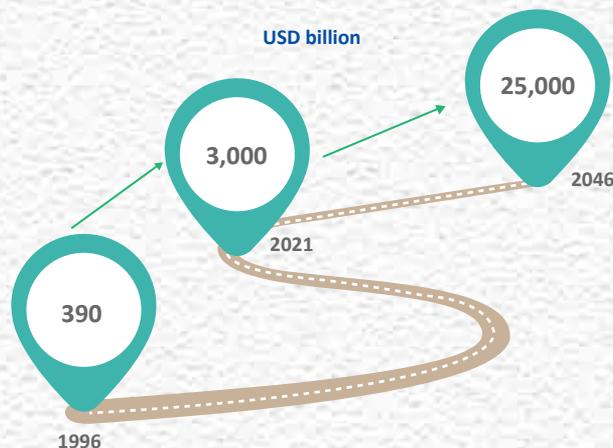
As part of Project Udaan, we have taken a fresh look and made tweaks where necessary to our business strategy. We are now ready with a defined plan and armed with a strong war-chest of resources. Even as we continue to strengthen our core, we are now also into gradual execution of the plan. As we look at the next five years, we are truly ready to take *Udaan*.

India - Visualizing the Next 25

The story of Edelweiss is closely aligned with the story of India. As India undertook a series of reforms in the early and mid-1990s, it opened new windows of opportunity for entrepreneurs across industries. Financial services, especially, saw several reforms like the setting up of SEBI as well as several fundamental changes in the industry itself, like the introduction of NSE. It was in this backdrop that we started Edelweiss, with the confidence in India's ability to provide very favourable tailwinds to those with patience. And provide it has!

In the 25 years since our inception, India's GDP has grown 8x from less than 0.4 trillion USD to 3 trillion USD. And this growth has not just been seen in the GDP. Total credit in the system has grown 28x while total deposits are estimated to be 38x! The mutual fund industry was non-existent at that point of time while today, the AUM stands at INR 34 trillion, still only a fraction of the GDP and much lesser than global counterparts. The index, in the same period, has also become ~16x, having been launched with a base value of 1,000 in 1996. These incredible growth trajectories have been driven by India's compounding triumvirate – ever-increasing size, strong growth rate and most importantly, the advantage of longevity. With growth expected to be back on track by next year, the compounding juggernaut is just getting started.

In the next 25 years, we expect GDP to run in a similar trajectory, albeit on a humongous scale. With a GDP of USD 25 trillion, India would potentially be bigger than the USA of today and probably the world's third largest economy at that point of time.





India's credit markets continue to be under-penetrated compared to the global economies. While the growth of credit markets in the last 25 years has been driven by corporate credit and the evolution of the banking sector, we expect the next 25 years to be driven by the growth of consumer and small business credit. NBFCs and new age fintechs will be at the vanguard of this change. This transformation is already visible and will only accelerate in the time to come.

Similarly, we expect other segments of market to show significant growth as well – be it Mutual Fund and Alternatives AUM, Housing Credit, Total Wealth – each one is expected to grow much faster than GDP as the current penetration in India continues to lag far behind global metrics. In Jeff Bezos' language, India is still only at Day 1!

₹ Trillion	2021	After 25 Years	
Total Credit	125	2,000	16x
MF AuM	34	800	24x
Alternatives AuM	2.5	40	16x
Housing Credit	20	400	20x
Total Wealth	300	9,000	30x
Insurance Premium	4.5	100	22x

Next 25 Years - Our Anchoring Focus

Bob Iger, in his memoirs of his time at ABC and subsequently Disney, serving as the CEO from 2005 till 2020 ('Ride of a Lifetime' – highly recommended!) mentions that as he became the CEO, while there were a lot of learnings from the past, his focus was really on defining the future – what would be the key anchors/ priorities that would define each decision that Disney made going forward. Our approach at Edelweiss has also been similar – while we have always been open about our missteps and learnings from those, the focus always remains on the future. Our anchoring focus, as we look ahead at the next 25 years, is on R+Q = G!

We are usually not into cryptic acronyms which leave our stakeholders wondering and second-guessing us on what we mean. However, "R+Q = G" has become like a veritable mantra for us at Edelweiss, especially in the last year or so as we have looked towards defining our approach for the next 25 years.





This might look a very simplistic representation of our objectives, but a lot of thought and discussion has gone behind this approach as also what lies underneath. Often in the past, we have worked towards growth, with the underlying assumption that this growth will eventually lead to quality and resilience. And in many instances, it has as well! And insomuch as no approach is perfect, we do feel that finding approaches that maximize the probability of success in long-term, even at the cost of short-term, is what truly leads to value creation. The movie 3 idiots put it in possibly the most rustic but straightforward manner –

Bachcha Kabil Bano, Kamyabi Toh Shak Maarke Peeche Bhagegi

It is therefore with the intention of attaining this 'kaabiliyat' that we are focused on building towards resilience and quality – growth is a by-product which will come, partly through the quality and partly through India's natural growth tendencies. So, what does Resilience and Quality mean for us?



Fortress Balance Sheet

Ample Liquidity

Conservative on Risk

Strong planning focus

Margin of Safety



Innovation

Integrity

Diversified in all aspects

Culture of discussion and dissent

Focus on ESG

This is obviously a journey and one which has been, in a way, underway for the last 25 years. Some of these aspects have been accorded the highest of priority in our journey, some not so much. However, our intent is to make these the cornerstones of our journey for the next 25 years with the underlying objective of achieving natural growth, backed by resilience and quality of the highest order. This is the Edelweiss of the future that we will strive to create for all of you.

Yours sincerely,

Rashesh Shah
Chairman & MD



Sustainability Report

As one of India's leading diversified financial services company, Edelweiss has always been on the forefront of sustainable growth, both for its diverse stakeholders and for society at large.

Our 13 guiding principles, upheld by our management and employees, have determined the values with which we operate and conduct ourselves. Employees are frequently trained on the adoption of these principles in their day to day operations. This report is an extension of these values and our commitment to look beyond our own growth, towards addressing larger societal, environmental and governance challenges.



RESPONSIBLE GOVERNANCE



CONTRIBUTING TO SOCIETY



PROTECTING THE ENVIRONMENT



ALIGNING WITH THE SDG FRAMEWORK

We are early adopters of SDGs and have voluntarily committed to uphold them across our operations.

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





OUR STAKEHOLDERS AND OPERATING ENVIRONMENT

At Edelweiss, we view sustainability as an extension of our operating structures, ensuring sustainable practices are adopted across business functions.

We engage with diverse stakeholders to understand their key requirements and concerns. Our aim is to address their needs by instituting appropriate systems, processes and strategies across the Group, delivering high value to them.

Key Stakeholders/ Areas of Impact	Material Topics	Our Objectives	Sustainable Development Goal Mapping	Link to the Detailed Report
Regulators	<ul style="list-style-type: none"> Corporate Governance Compliance Ethical & transparent practices 	Adhering to the highest standards of corporate governance practices and ethical behaviour; Creating a safe and reliable financial services ecosystem through policy advocacy		Read More... Responsible Governance
Customers	<ul style="list-style-type: none"> Satisfactory services Multiple channels Responsiveness Data privacy & security 	Ensuring consistent, high-quality customer experience by creating a customer centric culture focused on their needs		Read More... Enhancing Customer Experience
Investors	<ul style="list-style-type: none"> Shareholder value Financial performance Corporate Governance Compliance Risk Management Disclosures & Transparency 	Protecting and increasing shareholder value and focusing on sustainable growth and profitability		Read More... Catering to our Shareholders
Employees	<ul style="list-style-type: none"> Enriching career Learning, Development & Training Health & Wellness Benefits 	Enabling employees to thrive, feel respected and valued, and help in achieving their full potential; Providing a safe and enabling environment with a focus on employee well-being		Read More... Our People
Society	<ul style="list-style-type: none"> Women empowerment Gender equality Education Livelihoods Rural development 	Enabling sustainable and equitable development		Read More... Contribution to the Society
Economy	<ul style="list-style-type: none"> Promotion of SMEs Civic infrastructure & housing 	Contributing to the national agenda by supporting small businesses, financially empowering enterprises and individuals and developing housing infrastructure		Read More... Contribution to the Economy
Environment	<ul style="list-style-type: none"> Responsible consumption and production Efficient use of natural resources 	Minimising adverse environmental impacts		Read More... Protecting our Environment



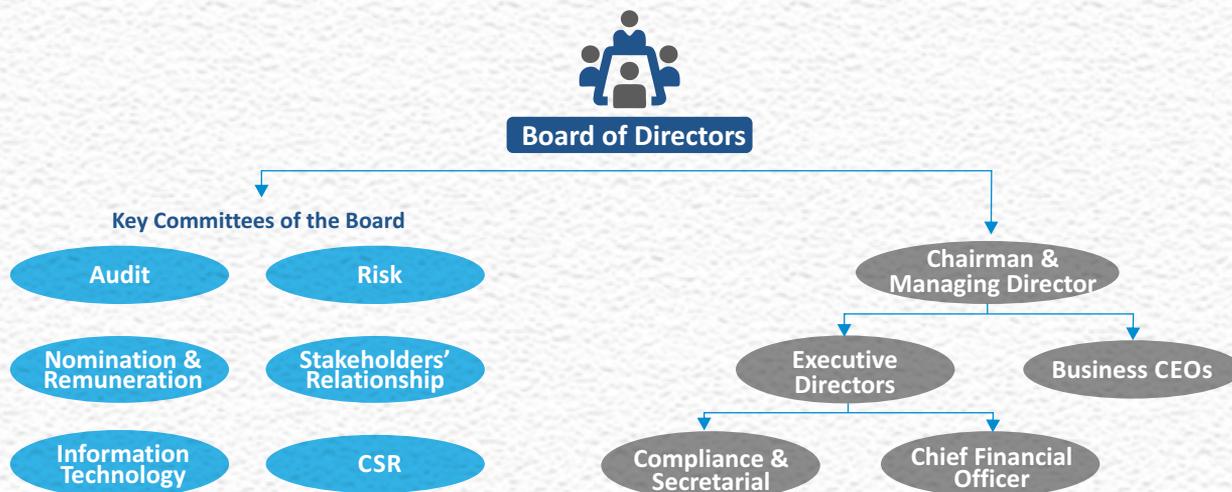
Responsible Governance

Edelweiss is committed to adhering to the highest standards of corporate governance practices and ethical behaviour. Our policies and procedures consider applicable national and global laws and regulations, providing clear guidelines on expected professionalism and behaviour.



PEACE, JUSTICE AND STRONG INSTITUTIONS

BOARD COMMITTEES AND ORGANISATION



GOVERNANCE STRUCTURE

- 12-member Board with **majority independent** directors and **two women** directors. All major committees are **dominated and chaired by independent directors**.
- Balanced and rich Board composition with over **400 man-years of experience**
- Board members strive for **100% attendance and active participation** in all Board and Board Committee meetings

Board Composition (As on March 31, 2021)

Executive Directors	Non-Executive Directors	Independent Directors
Rashesh Shah <i>(Chairman & Managing Director)</i>	Vidya Shah <i>(Non-Independent Director & Chairperson, Edelweiss ESG Council)</i>	P N Venkatachalam
Venkatchalam Ramaswamy <i>(Vice Chairman & Executive Director)</i>		Berjis Desai
Himanshu Kaji <i>(Executive Director)</i>		Navtej S. Nandra
Rujan Panjwani <i>(Executive Director)</i>		Kunnasagaran Chinniah
		Biswamohan Mahapatra
		Ashok Kini
		Dr. Ashima Goyal



Responsible Governance



Age Composition of the Board

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



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

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

ESG GOVERNANCE AT EDELWEISS

We have an **ESG council** in place since FY20 to provide effective governance on ESG parameters.



A **women majority body**, the ESG Council comprises heads of various enterprise units



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



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

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

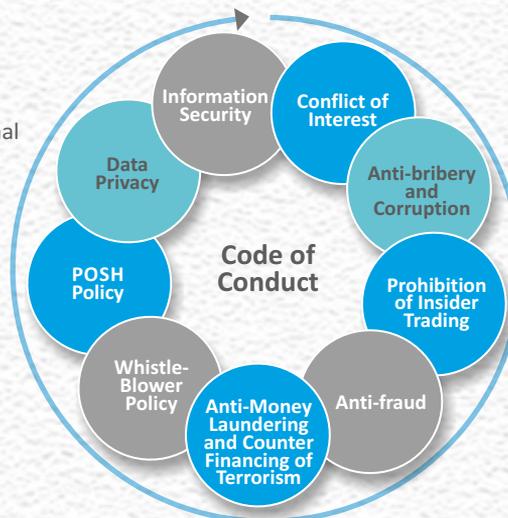
LEGAL AND REGULATORY COMPLIANCES

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

- **Independent Compliance Officers** for each business entity and decentralisation of ownership
- **Automation of regulatory compliances** through technology-based applications
- **Periodic review** of regulatory compliances, directives of sectoral regulators and the SEBI LODR by the Audit and the Board Committees

FRAMEWORKS AND POLICIES

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



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



Responsible Governance



Compliance and risk consciousness amongst **employees**



Over 60 Internal Complaints Committee (IC) members trained on POSH policy, investing **over 1,590 training hours**



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

- **Reported and investigated three POSH cases** in FY21, which were concluded with appropriate actions
- **Two whistle-blower complaints** received via online portal, email and post in FY21, were investigated, none of which were identified as a whistle-blower case
- **Periodic communication on awareness and training** for all the relevant stakeholders provided

RISK MANAGEMENT

- Board has formulated **Risk Management policy** to manage risks and it is included in our **13 guiding principles**, making it a part of our culture
- Risk Management Committee constituted to devise and adopt **risk management frameworks** and plans for identification, evaluation and assessment of risks
- **Eleven Risk Framework** adopted to identify, quantify and monitor risk events in a comprehensive **Risk Register** across the Group
- Incident/Exception **reporting mechanism** adopted to ensure timely reporting on deviations from the policies and processes
- Mandatory Risk Management **Training Programme** for employees facilitated
- **Independent assurance** on the effectiveness of the risk framework provided by Internal Audit



DATA PRIVACY

- **Data Privacy policy and processes in place** to ensure adequate safeguards for collection, storage and processing of personal and sensitive information and data of customers and third parties
- **Enabling firewalls, intrusion detection systems, network monitoring, encryption** and other tools to prevent and detect cyber security attacks
- In the process of **embedding the Data Privacy programme** in the enterprise-wide risk management framework
- **No reported cases** of losses of customer data and breaches of customer privacy

SECURITY & IT GOVERNANCE

- **Moved to zero trust security model**, given shift in working model, which requires strict identity verification for every person and device, trying to access resources on a private corporate network
- Prioritised **Cloud security framework and Governance** at Edelweiss Group for the year
- Implemented **state-of-the-art security solutions** for data classification, data protection, data loss prevention, advanced threat protection, zero-day protection, etc.
- **Strengthen IT Governance** and focus on process standardisation



SUPPLIER AND VENDOR RELATIONSHIP MANAGEMENT

- **Framed Comprehensive Enterprise Procurement Guidelines** in accordance with the Edelweiss Environment Social and Governance policy
- **Rolled out and adopted the framework** across the business groups within Edelweiss
- Mandatory **vendor sign-off on a Supplier Code of Conduct** initiated, specifically enumerating vendor compliance with applicable environmental laws, regulations and other ESG parameters
- **Know Your Vendor (KYV)** norms adopted by Edelweiss covers all stages of the vendor lifecycle

POLICY ADVOCACY

- **Active participation in industry bodies and associations, policy discussions** to highlight and address concerns on financial and economic growth, sustainable development and climate change
- Part of **AIMA** (All India Management Association) **APAC ESG Working Group**

INVESTOR RELATIONSHIP MANAGEMENT

We recognise our shareholders and investors to be one of our most important stakeholders and strive to create and protect value for them. We engage proactively with our shareholders and have developed effective mechanisms and relationship management systems that enable us to effectively plan, execute and keep a track of our investor outreach initiatives.

- Shareholder base of **~174,000 retail and institutional investors** as on Mar' 2021
- **Timely and accurate disclosure** of regulatory compliance w.r.t material events, updates and financial performance
- **Proactive engagement** with shareholders
- **Effective mechanisms and information systems** enabling planning, executing, and tracking investor outreach initiatives adopted
- **Multiple modes of communication** adopted with investors
 - Stock exchange filings
 - Investor collaterals
 - Annual General Meeting
 - Analyst calls
 - Media interactions
 - Website
 - Conferences
 - Emails
- **Eight events and outreach programmes hosted** in FY21. Four domestic conferences and four post results analyst conference calls
- Ensured **coverage by six research houses**
- Continued focus on **enhancing the quality of disclosures** to investors and analysts, through benchmarking with peers
- **Proactively gathered investor feedback**, channelised to the company management after analysis for potential actionable inputs
- **User-friendly interface** for contact through web query/request form on service and information requirements
- Robust Investor **grievance redressal systems** adopted
 - Four investor complaints received and disposed off in FY21

CUSTOMER EXPERIENCE

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

- **~2.1 million** customer-base as of FY21
- **Addressing customer concerns** through physical, digital, ATL and BTL engagement, across customer journey, from pre-sales to servicing
- Robust **Customer Experience Framework** adopted
- Sophisticated **complaint management systems** adopted
- **Customer Experience Officers Forum** initiated to share best practices and drive learning across customer representatives
- Robust **measurement of customer experience** through a combination of metrics:
 - Digital Net Promoter Score
 - Customer Satisfaction Surveys
 - Individual business led performance measures
- Constitution of a **Customer Council** comprised of senior leaders



At Edelweiss, it is our constant endeavour to create value for all our stakeholders, but most importantly, for society at large. Through our business and philanthropic initiatives, we aim to create an equitable and sustainable environment of growth for communities to survive and thrive.



Gender equality



Decent work and economic growth



Good health and well-being



Quality education



Reduced inequalities



GENDER EQUALITY

WOMEN EMPOWERMENT & GENDER EQUALITY

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



Freedom from **Violence and Discrimination**



Access to **Legal Justice**



Grassroots **Leadership**



Access to **Rights and Entitlements**



Freedom from **Economic Dependence**

EdelGive has supported **14 projects** with **13 NGO partners** across **9 states** in India in FY21. Over the years, through our NGO partners we have been able to create significant impact:



1,74,052
(16,618 in FY21)
women and girls supported in their fight for addressing Gender Equality related issues



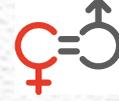
Formed **5,456**
(2 in FY21)
SHGs/JLGs



23,633
(3,838 in FY21)
women and girls supported under financial inclusion programmes



42,353
(16,527 in FY21)
women supported to get access to rights and entitlements



Supported **25,174**
(5,097 in FY21)
survivors of domestic violence and/or sexual violence in their legal journey



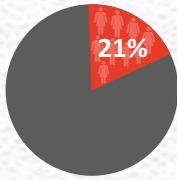
6,399
(634 in FY21)
grassroots leaders developed and supported

- **The Coalition for Women Empowerment** was initiated by EdelGive in 2019, bringing together funding organisations and grassroots organisations as stakeholders, united by a common mission of facilitating social and economic empowerment of women and girls in India. It focuses on providing 360-degree support to grassroots organisations through enabling funding for critical rights-based programmes.
- EdelGive Foundation has launched the **#UdyamStree Campaign in Oct' 2020** as an initiative to boost the entrepreneurial spirit in women and gradually create a conducive ecosystem for women to thrive.
- EdelGive Foundation, and the Bill and Melinda Gates Foundation India office and Sattva seek to bring together industry leaders, philanthropic organisations, and leaders within corporations in a **Women's Economic Empowerment (WEE) Collective** which aims to, over the next two years, work together to make significant shifts in the women's economic participation landscape in the country.

WORKFORCE DISTRIBUTION

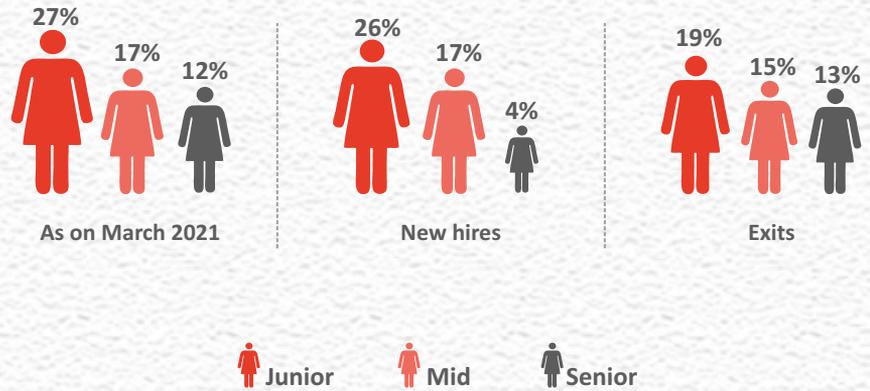
We have one of the better female workforce participation rates in the financial services industry in India.


23% female employees
 in total workforce
 as of March 31, 2021



21% of the total 2,353 contract staff
 are females

Proportion of Female employees by Management level for total employees, new hires and exits:



DECENT WORK AND ECONOMIC GROWTH

INCLUSION AND WORKPLACE DIVERSITY

Edelweiss boasts of experienced and diverse talent across different entities of the Group. Through our unique inclusion initiative All In., we reinforce tenets that enable employees with different backgrounds, gender, ways to thinking, style of operating to work effectively together and holistically play to their strengths. Our procedures ensure the absence of discrimination by providing fair and equal opportunities to all employees and applicants.

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



PERFORMANCE MANAGEMENT

At Edelweiss, a robust performance management system enables employees to identify areas of strength as well as improvement and set individual goals for themselves, which are in line with the overall business objectives.



All eligible on roll employees undergo **a performance review** excluding mid-year joiners and exits before six months

Year-round assessment process

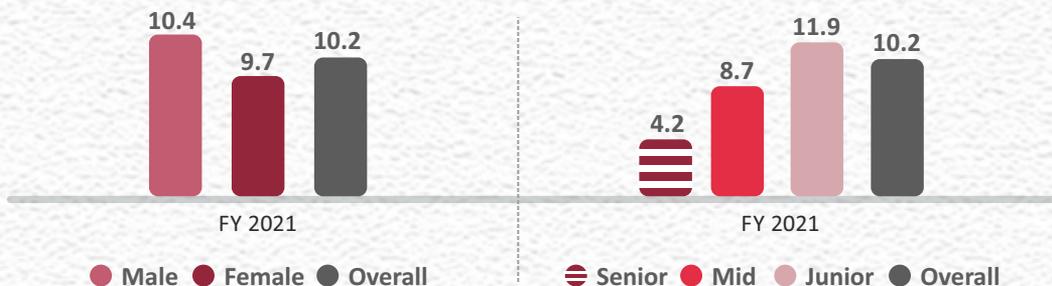
Manager feedback sessions conducted through, 'Train the Trainer' model



LEARNING AND DEVELOPMENT

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

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



* Avg. number of hours = Total Training hours / Number of employees who have undergone training

- ~117,840 hours of training undertaken in FY21
- ~5% of employees belong to a Leadership Group at Edelweiss¹

Diversified leadership development programmes:

Programme	Particulars
Managing Committee (ManCo)	<ul style="list-style-type: none"> • Cohort of senior-most leadership • Custodian of culture, values and synergies across the Group • Development of Programmes is bespoke and tailor made according to each leaders' needs
Senior Leaders (SL)	<ul style="list-style-type: none"> • SLs are the connective tissue of the organisation and form the bridge between strategy and execution • Structured engagement and development opportunities provided • 50% of the SLs have a tenure greater than 5 years
Mid Level Leaders	<ul style="list-style-type: none"> • Cohorts of leaders specific to the businesses • These programmes are to build business specific functional and managerial capabilities amongst the chosen cohorts

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

- **Educational Assistance Policy** adopted to facilitate educational progress of wards of employees through financial assistance.
 - Availed by 48 employees
 - Extended support worth ₹20 million

EMPLOYEE WELFARE

Diverse Employee Welfare Programmes



Flexi Working Hours



Work from Home



Parental Leave policy



Bereavement Leave



Sabbatical Leave



Medclaim and COVID-19 coverage in health policies



Contributing to Society

AWARDS AND RECOGNITION

To recognise, acknowledge, appreciate and reward the stars across the organisation, Edelweiss also has several internal awards and recognitions for employees.



135 employees felicitated with the Long Service Awards for completing 10, 15 and 20 years in the calendar year 2020. The felicitation ceremony was conducted online due to the lockdown.

CONTRIBUTION TO THE ECONOMY

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

Responsible Investment

- Voluntarily adoption of ESG policy, **anchored to Principles of Responsible Investment (PRI) and UN Global Compact's 10 principles**, by Edelweiss' Asset Management entity (EAAA) – India's largest player in Private Debt (AuM of ~₹300 billion as of FY21)
- **Material ESG issues** focusing on human rights, labour, environment, anti-corruption and bribery taken into consideration by EAAA
- List of **exclusionary sectors** formulated
- Internal and external ESG due diligences undertaken before making an investment
- Published 1st **EAAA ESG Report** in FY20 and will continue to publish every year showcasing performance against adopted benchmarks

Employment provided by Edelweiss



Diverse workforce of 8,518 employees as of March 31, 2021



~4% of the workforce is less than 25 years of age

SUPPORTING SMALL ENTERPRISES



Financing working capital needs of small entrepreneurs through **business loans with average ticket size of ₹1.4 million** and secured business loans with average ticket size of ₹5.5 million across 40 locations



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



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



Of the loans extended

- **48% to Women Entrepreneurs**
- **25% in non-metro cities**



Created indirect employment opportunities to ~10,000 people through financing of MSMEs

Contributing to Society



51% of the housing loans financed in FY21 were in affordable housing segment

AFFORDABLE HOUSING



Serving ~15,700 customers with an average household income of ~₹0.56 million



Average Ticket Size of affordable homes financed is ~₹1.4 million

Of the loans extended:

- **47%** of the customers are **new to credit**
- Over **42%** of individual customers are **women**
- Over **76%** of the loan book accounts for **homes in tier 2 & tier 3 locations**



~₹170 million of subsidies under PMAY scheme was given to 684 borrowers in FY21

ASSET RECONSTRUCTION



Acquired distressed assets worth ~₹16.5 billion for revival and restructuring during the year



Revived 179 assets during the year with total recoveries of ~₹54 billion



Protected over 25,000 jobs through revival of sick companies since inception

INSURANCE

- Covered ~9,11,700 lives as on 31st March '21
- Covered ~16,51,500 individuals under our Health Insurance policies



GOOD HEALTH AND WELL-BEING

EMPLOYEE HEALTH AND SAFETY

Edelweiss's biggest strength has always been its people and their well-being and safety is core to our culture of employee care. With onset of remote and hybrid working, we strengthened our resolve that in mind, body and soul, we will continue to stay #FitWithEdelweiss.



~90% of our employees have been operating from home or other remote locations



We have taken all the **required measures** for our office premises in order to make it **safer for our critical resources** who are required to come to work



~21% of employees availed **Mediclaim benefit for self** and ~11% availed for their **family members**



COVID-19 Coverage in Corporate Health Insurance Policy for employees and their dependent family members



Doctor Helpline Service – An exclusive dedicated helpline service that connects employee with a qualified doctor providing WHO/GOI verified information



Counselling Services for employee and their family members. It is a non-judgemental, confidential platform for employees to reach out to expert counsellors for free online consultation on variety of well-being and health topics. **~600+ employees** have availed the services.



Contributing to Society



Making wellness accessible on fingertips through **Round Glass Reach App** – our digital well-being platform engaging employees through:

- Webinar series by nutritionist and health coaches
- Multiple fitness routines/challenges
- ~2,000+ employees have been engaged on our digital wellness platform
- Parenting webinars
- Reading materials on variety of well-being topics
- Habit forming nudges



Reduce risks to all its employees to drugs and other illegal substances by providing **a Drug Free Workplace**



Fire Safety Site Inspections, Building Evacuation Drills and **Fire Safety trainings** executed in regular intervals



QUALITY EDUCATION

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



School Transformation



Early Childhood Education



Innovation & Experimentation



Research & Advocacy

Executed **17 education programmes, through 11 NGO partners** of EdelGive Foundation



Reached out to **19,48,196 (2,53,100 in FY21)** children through our **learning enhancement programmes**, surpassing our own target this year



Supported 27,269 (5,086 in FY21) schools through the Quality Education Programme



Worked closely with and supported over 67,854 (8,790 in FY21) teachers and Government officials for delivery of quality education

EdelGive launched, The Collaborators in 2016 to support the Government of Maharashtra in addressing persistent gaps in learning outcomes of children in government schools. With a modest beginning in 4 out of 36 districts in Maharashtra, the programme has expanded to **7 districts, with 7 funders and 3 non-profit organisations (NPOs), reaching over 1.4 million children in five years.** Furthermore, the Government of Maharashtra signed an MoU with EdelGive Foundation for the next five years with the provision to expand to all districts of Maharashtra.



REDUCED INEQUALITIES

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



Water for
Livelihood



Financial
Inclusion



Skill &
Institutional Building



Employability Skill
Building

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



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



42,353 (16,527 in FY21) women supported to get access to rights and entitlements



Upskilled over 13,442 farmers (2,914 in FY21) through various capacity building training programmes in sustainable agricultural techniques



Achieved average **30% enhancement in annual income** of farmers in FY21



8 Farmer Producer Companies (FPCs) supported



Funded ₹1.36 billion (₹0.93 billion in FY21) towards Sustainable Livelihood Programmes



EdelGive became strategic partners to the **Migrants Resilience Collaborative focused on ensuring safe and responsible recovery of migrant families and their livelihoods in India post COVID-19**. The Collaborative will support 10 million workers and their families in 100 districts and cities over the next 5 years.



Protecting the Environment



Building and supporting sustainable practices is the bedrock of our stewardship towards protecting our environment. Edelweiss is committed to adopting and supporting responsible usage of natural resources and safeguarding our environment and climate through varied initiatives across the Group.



Climate Action



Affordable and Clean Energy



Responsible Consumption and Production



CLIMATE ACTION

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

WATERSHEDS AND LIVELIHOODS



Supported construction or repairs of **298 (82 in FY21)** watershed structures for water conservation



Brought under irrigation **1,553 (342 in FY21)** hectares of land, for enhanced agriculture yield



Supported **13,442 families (2,914 in FY21)** through sustainable livelihood programmes



Supported **11,568 farmers (2,121 in FY21)** for climate smart agriculture/organic farming

EdelGive Foundation became a **core partner to the India Climate Collaborative**, a first of its kind initiative bringing together India's top philanthropies to **address the increasing and pressing climate crisis in India**. Partnership aims to work towards promoting ecological balance through a co-benefits approach. Eminent global philanthropies like MacArthur Foundation, Bloomberg Philanthropies, Oak Foundation, to name a few, have extended their support to this alliance.



AFFORDABLE AND CLEAN ENERGY

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

ENERGY CONSUMPTION AND SAVINGS*

Total electricity consumption (Mwh)



Reduction in total electricity consumed by 8% to 7,456 Mwh in FY21



Through energy consumption optimisation initiatives, **energy intensity reduced by 8%** YoY to 136 kWh/sq.mt. p.a. in FY21 which is 19% lower than BEE standards

Renewable energy capacity

- 1.2 MW solar power captive generation installed capacity at Solapur generated 777 Mwh in FY21
- Solar roof-top generation capacity of 0.06 MW at Fountainhead, Alibaug generated ~47 Mwh in FY21
- Wind Power Purchase Agreement (PPA) for 2.8 MW capacity generated 260 Mwh units in FY21

ENERGY SAVING INITIATIVES

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



85% of fixtures converted from conventional lighting to LED



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



Sleep mode and night mode lighting automation enabled to conserve electricity

*Data for our 3 key locations (Edelweiss House, Kohinoor House and Fountainhead) which house ~33% of our total workforce



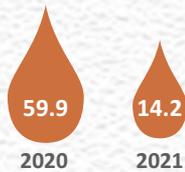
RESPONSIBLE CONSUMPTION AND PRODUCTION

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

WATER CONSUMPTION *

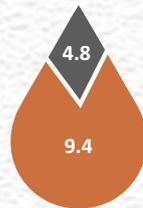
Total water consumption reduced by 76% YoY

Total water consumption (Megalitres)



● Water consumption

Water consumption by source (Megalitres)



● Third-Party ● Ground



Recharging grid lines installed for water charging from canal during monsoon



Installed waterless pots at all urinals



Reduction of water consumption through Fine Aerators

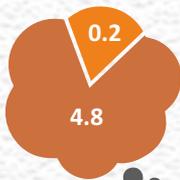


1.4 Megalitres of waste and sewage water has been recycled through a sewage treatment plant at Fountainhead for garden use

EMISSIONS *

Reduction of 64% in both GHG emissions and GHG intensity via effective carbon management initiatives in FY21

GHG emissions Kilotons



● Scope 2 ● Scope 3

Kg/sq.ft. p.a.



● GHG Intensity

- Scope 1 emissions was Nil during the year
- During the last financial year due to COVID, we had negligible air fuel emissions as business travel got reduced drastically

WASTE MANAGEMENT *

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



Plastic water bottle consumption reduced by 12,000 bottles



3.9 tonnes of food waste converted into compost by composting machine



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

*Data for our 3 key locations (Edelweiss House, Kohinoor House and Fountainhead) which house ~33% of our total workforce



EdelGive Foundation

Founded in 2008, EdelGive Foundation is the philanthropic initiative of Edelweiss Group. Over the last 13 years, EdelGive Foundation has emerged as a grant-making organisation and philanthropic asset management platform, helping to build and expand philanthropy in India by funding and supporting the growth of high-calibre, small to mid-sized NGOs.

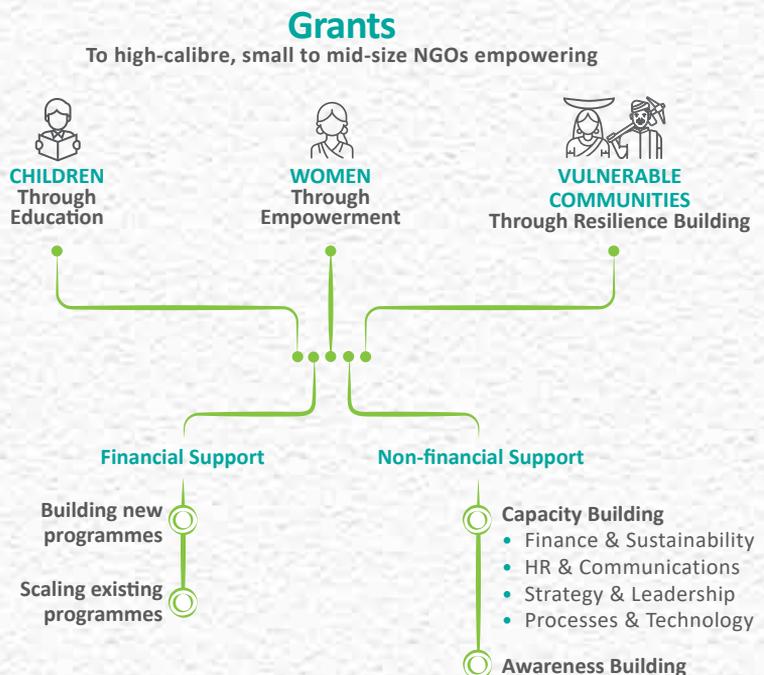
Our Influence over the years



SUPPORTING THE GROWTH OF CREDIBLE NGOS

In FY21, we are proud to share that we have been able to influence over ₹1.3 billion as commitments to NGOs working across the country. Our 46 NGO partners are working tirelessly towards providing quality education for children, ensuring social and economic empowerment of women, and building resilient communities.

Grants are used towards both the financial and capacity building needs of the NGO partners we support.





Social and Economic Women Empowerment of Women

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



Freedom from Violence and Discrimination



Access to Legal Justice



Grassroots Leadership



Access to Rights and Entitlements



Freedom from Economic Dependence



In FY21, we supported **14 projects** with **13 NGO partners** across **9 states** in India. Our partners have been able to reach over **1,74,052 (16,618 in FY21)** women and girls in their fight for addressing Gender Equality related issues.

For more information, please refer to our [Sustainability Report](#) on page 42

Access to Quality Education

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



School Transformation



Early Childhood Education



Innovation & Experimentation



Research & Advocacy



In FY21, we have worked with **11 NGO partners** while supporting **17 projects** across **6 states** of India. Over the years, through our NGO partners we have been able to reach **19,48,196 (2,53,100 in FY21)** children through our learning enhancement programmes, surpassing our own target this year.

For more information, please refer to our [Sustainability Report](#) on page 42

LIVELIHOODS

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



Water for Livelihood



Financial Inclusion



Skill & Institutional Building



Employability Skill Building



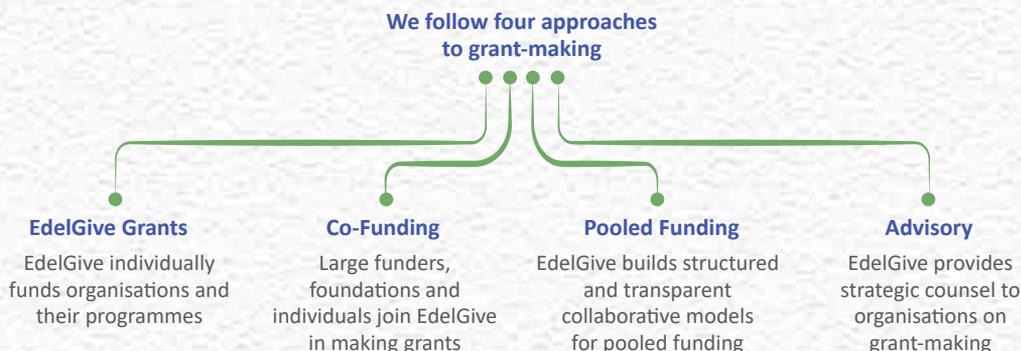
In FY21, EdelGive has supported **17 projects** of **15 NGO partners**, working with the most vulnerable communities across **9 states** in India. Through our NGO partners, we have been able to create significant impact, including an average **30% (FY21)** enhancement in annual income of farmers.

For more information, please refer to our [Sustainability Report](#) on page 42



BUILDING CREDIBLE PARTNERSHIPS

Our unique philanthropic model places us at the centre of grant-making. In addition to providing grants to our partners, we also invest our energies in sourcing and managing funding from other institutional, individual, and corporate partners. This assists both partners – the NGOs and funders – to diversify their outreach and impact.



EdelGive believes in a Collaborative Philanthropy Approach and is currently engaged in six collaborative initiatives:

- **The Collaborators for Transforming Education** – EdelGive launched The Collaborators in 2016 to support the Government of Maharashtra in addressing persistent gaps in learning outcomes of children in government schools. The Collaborators focuses on three specific objectives, using the constructivism approach:
 - Enhancement in learning outcomes of children
 - Support the education system by conducting capacity building of educational functionaries at multiple levels
 - Improved community engagement for sustainability



With a modest beginning in 4 out of 36 districts in Maharashtra, the programme has expanded to **7 districts, with 8 funders and 3 non-profit organisations (NPOs), reaching over 1.4 million children in 5 years.** The programme is collectively supported by Tata Trusts, Sita Devi Malhotra Trust, Great Eastern Shipping, Dalyan Foundation, HT Parekh Foundation, Credit Suisse and Soujanya Colors.

The Collaborators has been recognised as one of the most important Public Private Partnerships (PPP) in Maharashtra, for being amongst the best practices in CSR.

For more information [read here.](#)

- **The Coalition for Women Empowerment (CWE)** – EdelGive’s second collaborative, the Coalition for Women Empowerment, was initiated in 2019 with an aim to provide 360-degree support to grassroots organisations working on women’s rights, through enabling diversified funding and capacity building for improved effectiveness and efficiency. The CWE brings together funding organisations and grassroots organisations, to support initiatives addressing gender based violence faced by women and girls, enabling grassroots leadership, access to legal justice, rights and entitlements, and employment and entrepreneurship assistance. The coalition is currently supported by Ford Foundation, Chintu Gudiya Foundation, Forbes Marshall and David and Lucile Packard Foundation and a group of prominent leaders from philanthropy, business, media, and public service called The Influencers.



For more information [read here.](#)

¹Constructivism is a theory which posits that people construct their own understanding and knowledge of the world based on observation and scientific study.



- **India Climate Collaborative** – The learnings from both the ongoing coalitions encouraged and enabled EdelGive to become a **core partner to the India Climate Collaborative**, a first of its kind initiative bringing together India’s top philanthropies to address the critical climate crisis in India. EdelGive Foundation brings years of rich experience of working with organisations with a deep penetration at the grassroots, to ICC’s technical expertise. With the combined holistic understanding of the development space from a climate lens, the partnership aims to work towards promoting ecological balance through a co-benefits approach. Eminent global philanthropies such as MacArthur Foundation, Bloomberg Philanthropies and Oak Foundation to name a few have extended their support to this alliance.

For more information [read here](#).



- **Migrants Resilience Collaborative** – In 2020, amidst the COVID-19 pandemic, EdelGive became a strategic partner to the Migrants Resilience Collaborative (an initiative of one of our partner NGOs, Jan Sahas), which is a multi-stakeholder collaborative of non-profit, philanthropic and private sector actors such as Michael and Susan Dell Foundation, Laudes Foundation, HSBC, Co-Impact, UNDP, to name a few. The Collaborative is focused on ensuring the safe and responsible recovery of migrant families and their livelihoods in India, post COVID-19. Further, the Collaborative will support 10 million workers and their families, in 100 districts and cities (across source and destination) over the next 5 years.

For more information [read here](#).



- **Pay-What-It-Takes initiative** – In 2020, EdelGive joined the **Pay-What-It-Takes initiative**, a multi-year initiative working towards awareness building, strategic guidance and NGO engagement with an aim to build a resilient non-profit sector. The initiative is led by The Bridgespan Group and five anchor partners in addition to EdelGive: A.T.E. Chandra Foundation (ATECF), Children’s Investment Fund Foundation (CIFF), the Ford Foundation and the Omidyar Network India. Each partner believes strongly in the importance of better understanding true costs and brings in their capacity building approach to the initiative.

For more information [read here](#).



- **EdelGive Hurun India Philanthropy List and Report 2020** – On 7 November 2020, Hurun India and EdelGive released the 7th annual ranking of the most generous individuals in India. EdelGive Foundation has partnered with Hurun India towards creating this list and report, to understand and acknowledge philanthropic giving in the country from a data and evidence point of view. The report is not only significant in understanding data of giving, but also throws light on the sectors and geographies which are at the receiving end of this giving. Through this report, EdelGive and Hurun India aim to bring to notice the strength of the social sector, and access areas which require further growth.

This year, the EdelGive Hurun India Philanthropy List featured individuals who have donated ₹50 million or more during the period under review.

Read the report [here](#).





- **The GROW (Grassroots Resilience Ownership and Wellness) Fund** is an initiative developed by EdelGive Foundation aimed towards building, supporting and sustaining **100 grassroots organisations** across India, over 24 months. In the context of the challenges faced by these organisations during the pandemic, the Fund will be used to create sustainable and resilient organisations by funding capability/ capacity building needs; core costs and important functions; and future-readiness. The GROW Fund has received support from Manan Trust, Rohini Nilekani Philanthropies, Bill and Melinda Gates Foundation, A.T.E Chandra Foundation and Edelweiss Group, along with other partners, and is poised to garner further support from other Indian and international philanthropies and HNIs.

THE GROW FUND
Grassroots | Resilience | Ownership | Wellness

UDYAM STREE – A NATIONAL CAMPAIGN TO PROMOTE WOMEN ENTREPRENEURSHIP

Acknowledging the need to address the dismal data and trend of fewer women being an active part of India's economy, EdelGive supported by Children's Investment Fund Foundation (CIFF) has launched the **#UdyamStree Campaign in October 2020**, as an initiative to boost the entrepreneurial spirit in women and gradually create a conducive ecosystem for women to thrive.



With our partner Impact PSD, a detailed research report titled 'Landscape for Women Entrepreneurship' was launched in April 2021, in the presence of **Mr. Amitabh Kant, CEO, NITI Aayog**, and **Mr. Ram Mohan Mishra, Secretary, Ministry of Women and Child Development, Government of India**, and other dignitaries from the government, corporates and civil society. Serving as bedrock for a nation-wide campaign for promoting women's entrepreneurship in India, this report has been lauded by prominent members of various stakeholder groups.

Udyam Stree's aim is to bridge the gap of awareness around existing government schemes and yojanas, enable more financial literacy, facilitate better access to mentoring, markets and networks for women and most importantly, affect a multi-stakeholder interest and commitment in ensuring an increase in women's entry and retention in the entrepreneurial world.



Report launched by Chief Guest of the event – Mr. Ram Mohan Mishra, Secretary, Ministry of Women and Child Development



Mr. Amitabh Kant, CEO, NITI Aayog facilitated the event as the event chair



CAPACITY BUILDING

EdelGive offers non-financial support to NGOs, by providing capacity building across four key areas: Finance and Sustainability, Human Resources and Communication, Strategy and Leadership, and Processes and Technology.

Through our initiatives, we provided support to **70+ NGOs** during the last financial year through various trainings, workshops, Intensive support etc.

- EdelGive Foundation has partnered with **3 Capacity Building** agencies to provide support in the areas of Technology adoption, leadership and overall impact optimisation
- EdelGive is working on **4 ongoing projects with partner-NGOs** in the domains of Financial Management, Human Resources and Communications



Virtual workshop on FCRA Amendments

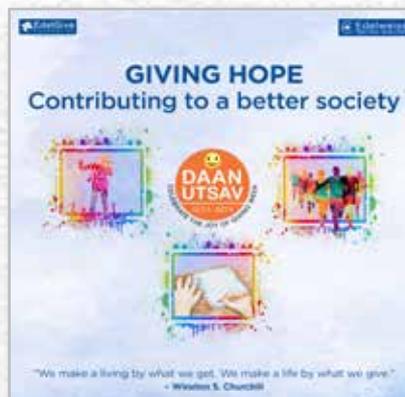
EMPLOYEE ENGAGEMENT

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

- **30 virtual activities** including in-kind donation drives
- Outreach across **100 cities and 125 branches** of the Edelweiss network
- Over **₹3 million** raised through employee donations
- **70% (28% in FY21)** Edelweiss employees engaged in financial and non-financial volunteering over the years

With lockdown imposed during most of last year, virtual volunteering has been enabled for employees across the Group:

- **25+ Edelweiss employees and their children participated in the Junior COVID Warriors** campaign hosted by EdelGive in collaboration with Campaign Gratitude and raised over **₹0.2 million** towards supporting our partner Aajeevika Bureau. Matched by EdelGive, the total commitment amounted to over **₹0.6 million**
- **435 Edelweiss employees** raised over **₹0.9 million** through fundraisers for COVID-19, to support our partner organisations CORO India, Jan Sahas, SOVA and Pragati.
- As part of 'Daan Utsav', **44 Edelweiss employees** participated in a Virtual Run in collaboration with **Giving Tuesday India**. A Charity Concert was hosted where Edelweiss employees raised funds for **cancer** patients at Madat Foundation. Additionally, **292 employees** also wrote letters to express their gratitude towards frontline workers.





Board Of Directors



Rashesh Shah
Chairman &
Managing Director

Rashesh Shah is Chairman & Managing Director of the Edelweiss Group, one of India's leading diversified financial services conglomerates. With more than 30 years of experience in financial services, Rashesh is particularly enthused about the transformational role that financial services can play in translating India's vast savings into investments. A regular commentator on macro-economic policies, development matters, financial markets in the mainstream and financial media, he serves on the Boards of various companies and public institutions. He has served as the President of FICCI, which is India's apex industry association and is also on the Board of Directors for the Indian Institute of Foreign Trade (IIFT) as well as the Executive Committee of IPF (Indian Police Foundation). Rashesh has also been a member of several government and regulatory committees including the Insolvency Law Committee on IBC.

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



Venkatchalam Ramaswamy
Vice Chairman &
Executive Director

Venkatchalam Ramaswamy has three decades of experience in financial markets and has been one of the driving forces in transforming what was once India's first new-age boutique investment bank to a leading independent financial services company. Amongst his responsibilities, he is also the Chairman of Edelweiss's Asset Management Business and has oversight over Edelweiss Asset Reconstruction Company. Using his skills at building and maintaining large institutional relationships, including International Pension Funds and Insurance companies, the Alternative Asset Management business has become among the largest in India over the last 5 years.

An MBA from the University of Pittsburgh, USA, he also holds a Bachelor's Degree in Electronics Engineering.



Himanshu Kaji
Executive Director

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

At Edelweiss, he oversees Finance, Governance, Legal, Technology and other shared services. He is co-chairperson of the FICCI Capital Markets Committee, a member of the Secondary Market Advisory Committee of SEBI and Trading Member Advisory Committee of the NSE. He is also a member of various CII Committees viz; National Forum on NBFCs and HFCs, Financial Markets Committee and Taskforce on FinTech.

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

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





Rujan Panjwani
Executive Director

Rujan Panjwani has over three decades of multifaceted domain expertise in the financial sector spanning capital markets, asset management, insurance and others. Having spent the last 2 decades with Edelweiss, he has played a key role in setting up several flagship businesses. Today, he is in charge of the Insurance businesses within the Group – Edelweiss Tokio Life Insurance and Edelweiss General Insurance, where besides being on their respective boards, he has strategic oversight of key business decisions and the development of new business models. He also oversees the Corporate Treasury and related functions. Additionally, he has helmed multiple functions across the Group such as Human Resources and Leadership Development. He continues to play a fundamental role in several key initiatives including strategy, business development and incubation of new businesses.

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



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

Vidya Shah is the Executive Chairperson of EdelGive Foundation, an organisation set up by Edelweiss Group in 2008, with the aim of funding and building the capacities of grassroots organisations across India. With over 3 decades of rich industry experience, Vidya has channelled EdelGive's structure of giving to include both financial and non-financial support to over 150 grassroots organisations, scaling their budgets, impact, and reach, exponentially. She also serves on the boards of various prominent Civil Society Organisations such as Akshaya Patra Foundation, Agastya International Foundation, Janaagraha Centre for Citizenship and Democracy, Centre for Social Impact and Philanthropy at Ashoka University, Olympic Gold Quest, Mann Deshi Foundation and the Indian School of Public Policy. She is also a member of the Governing Board of the Indian Institute of Management, Udaipur. Additionally, Vidya is also on the board of several international organisations including WINGS and Empower Families for Innovative Philanthropy. Most recently she has joined the Asia Gender Network, a group of members curated by AVPN, committed to changing the future for Asian women and girls.

She spent the first 11 years of her career in the field of investment banking with companies like ICICI, Peregrine and NM Rothschild. She joined Edelweiss in the year 2000 and was its Chief Financial Officer until 2007. Vidya holds an MBA degree from the Indian Institute of Management, Ahmedabad.



P N Venkatachalam
Independent Director

P. N. Venkatachalam has close to four decades of experience in the banking sector in India and has also worked in the banking and finance verticals of the software industry. He joined State Bank of India in 1967 and retired in 2004 as its Managing Director. He was a member of the Interim Pension Fund Regulatory Authority of India.

He holds a Master's degree in Economics from the University of Madras and is a certified associate of the Indian Institute of Bankers.



Berjis Desai
Independent Director

Berjis Desai has rich experience, spanning over three decades. He retired as the Managing Partner of J. Sagar Associates and is now an independent legal counsel engaged in private client practice viz. taxation & estate planning, family arrangement and resolutions and wills. He has varied experience in the legal field, with specialisation in corporate law, mergers and acquisitions, derivatives, securities and financial laws, international business laws and international commercial arbitration.

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



Navtej S. Nandra
Independent Director

Navtej S. Nandra has over three decades of global growth, transformation and governance experience. He serves on various boards including Edelweiss group, Cadence, OakNorth Bank, Center for Governance, Institutions and Organisations. He is a venture partner at Secocha and a distinguished visiting fellow at the National University of Singapore's Business School. In the past, he was President of E*TRADE and Head of MSIM International for Morgan Stanley Investment Management. He has handled individual contributor roles in various funds, Executive Committee roles at Merrill Lynch across Wealth Management and Investment Banking and was Partner at Booz Allen & Hamilton. He has also served on various boards including MS Huaxin Fund Management and Nuveen Investments.

He has a Post-Graduate Diploma from the Indian Institute of Management, Ahmedabad and holds a Bachelors degree in Commerce (Hons. course) from the University of Delhi.



Kunnasagaran Chinniah
Independent Director

Kunnasagaran Chinniah has more than three decades of experience in the financial sector. He is presently a Director of Changi Airport International, Keppel Infrastructure Trust, Azalea Asset Management Pte. Ltd., Hindu Endowments Board and several other companies. Kunnasagaran joined GIC Private Limited in 1989 and after having served the company in various capacities, he retired as the Managing Director and led SI's Infrastructure Group and Portfolio, Strategy and Risk Group.

He holds a Bachelor's degree in Electrical Engineering from the National University of Singapore and a Master's degree in Business Administration from the University of California. He is also a Chartered Financial Analyst from the Institute of Chartered Financial Analyst.





Biswamohan Mahapatra
Independent Director

Biswamohan Mahapatra's career spans over three decades. He retired as an Executive Director of the RBI on August 28, 2014. Post retirement, he was an Advisor to the RBI on the new bank licensing process. He has represented RBI at various national and international forums and chaired several RBI committees. He was also the Member Secretary to the Committee set up to introduce a financial holding company structure in India and was also involved in the formulation of Basel II and Basel III regulations. He also serves as an Independent Director on the boards of various companies and was reappointed as the Non-Executive Chairman of National Payments Corporation of India.

He holds a Master's degree of science in management from Arthur D. Little Management Education Institute, Cambridge, Massachusetts, United States of America and a Master's degree in Business Administration from the University of Delhi.



Ashok Kini
Independent Director

Ashok Kini is the ex-Managing Director of State Bank of India.

He holds a bachelor's degree in science from Mysore University and a Master's degree in English literature from Madras Christian College, Chennai.



Dr. Ashima Goyal
Independent Director

Dr. Ashima Goyal has over three decades of experience. She is a Professor at the Indira Gandhi Institute of Development Research. She was appointed as a member of the RBI's Monetary Policy Committee on October 6, 2020. She was also a part-time member of the Economic Advisory Council to the Prime Minister. She is a specialist in the areas of open economy macroeconomics, international finance, institutional economics and development economics. She has been a visiting fellow at the Economic Growth Centre, Yale University, USA and a Fulbright Senior Research Fellow at Claremont Graduate University, USA.

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



Company Information

Board of Directors

Mr. Rashesh Shah
 Mr. Venkatchalam Ramaswamy
 Mr. Himanshu Kaji
 Mr. Rujan Panjwani
 Ms. Vidya Shah
 Mr. P. N. Venkatachalam
 Mr. Berjis Desai
 Mr. Navtej S. Nandra
 Mr. Kunnasagan Chinniah
 Mr. Biswamohan Mahapatra
 Mr. Ashok Kini
 Dr. Ashima Goyal

Chief Financial Officer

Mr. Sarju Simaria

Company Secretary

Mr. Tarun Khurana

Statutory Auditors

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

Registered Office

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

Registrar & Share Transfer Agent

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

Edelweiss Presence

300+ offices covering
 ~2 million+ clients

Bankers

- Bank of India
- Axis Bank
- Central Bank of India
- DCB Bank
- HDFC Bank
- IDBI Bank
- IDFC Bank
- Citibank N.A.
- Karur Vysya Bank
- Kotak Mahindra Bank
- Punjab & Sind Bank
- South Indian Bank
- State Bank of India
- ICICI Bank
- Union Bank of India
- Indian Bank
- IndusInd Bank
- Yes Bank
- Bank of Baroda
- Bank of Maharashtra
- Canara Bank
- RBL Bank
- Standard Chartered Bank
- The Federal Bank
- Karnataka Bank
- Punjab National Bank
- Catholic Syrian Bank
- Equitas Small Finance Bank
- DBS Bank
- AU Small Finance Bank
- Bandhan Bank
- SBM Bank (India) Ltd.
- Ujjivan Small Finance Bank Ltd
- Barclays PLC

Major Cities:

Domestic

- Agra
- Ahmedabad
- Allahabad
- Amritsar
- Anand
- Aurangabad
- Bangalore
- Bareilly
- Bharuch
- Bhatinda
- Bhavnagar
- Bhopal
- Bhubaneshwar
- Bhuji
- Bikaner
- Bilaspur
- Calicut
- Chandigarh
- Chennai
- Coimbatore
- Cuttack
- Dehradun
- Dhanbad
- Ernakulam
- Gorakhpur
- Gurgaon
- Guwahati
- Gwalior
- Howrah
- Hubli
- Hyderabad
- Indore
- Jabalpur
- Jaipur
- Jalandhar
- Jalgaon
- Jammu
- Jamnagar
- Jamshedpur
- Jhansi
- Jodhpur
- Kanpur
- Karnal
- Kharagpur
- Kochi
- Kolhapur
- Kolkata
- Kollam
- Kota
- Kurnool
- Lucknow
- Ludhiana
- Madurai
- Mangaluru
- Meerut
- Mehsana
- Mumbai
- Muzaffarpur
- Mysore
- Nagpur
- Nashik
- Navi Mumbai
- New Delhi
- Noida
- Panaji
- Patiala
- Patna
- Pondicherry
- Pune
- Raipur
- Rajahmundry
- Rajkot
- Ranchi
- Rourkela
- Salem
- Secunderabad
- Shimla
- Siliguri
- Surat
- Thane
- Thiruvananthapuram
- Thrissur
- Tirupati
- Tiruppur
- Trichy
- Tuticorin
- Udaipur
- Vadodara
- Vapi
- Varanasi
- Vijayawada
- Visakhapatnam
- Warangal

International

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





Board's Report

To the Members of Edelweiss Financial Services Limited,

Your Directors hereby present the 26th Board's Report on the business, operations and state of affairs of the Company together with the audited financial statements for the year ended March 31, 2021:

FINANCIAL PERFORMANCE

I Consolidated Financial Performance:

(₹ in million)

Particulars	2020-21	2019-20
Total Income	1,08,488.50	96,026.29
Total Expenses	1,07,025.91	1,20,592.81
Profit/(Loss) before share in profit of associates and tax	1,462.59	(24,566.52)
Share in (Loss) of associates	(6.35)	-
Profit/(Loss) before tax	1,456.24	(24,566.52)
Tax expense	(1,082.96)	(4,128.80)
Net Profit/(Loss) for the year	2,539.20	(20,437.72)
Other Comprehensive Income/(Loss)	(17.97)	4,726.42
Total Comprehensive Income/(Loss)	2,521.23	(15,711.30)
Profit/(Loss) for the year attributable to the		
• Owners of the parent	2,653.36	(20,452.45)
• Non-controlling interests	(114.16)	14.73
Other Comprehensive Income/(Loss) for the year attributable to the		
• Owners of the parent	11.88	4,241.54
• Non-controlling interests	(29.85)	484.88
Total Comprehensive Income/(Loss) for the year attributable to the		
• Owners of the parent	2,665.24	(16,210.91)
• Non-controlling interests	(144.01)	499.61
Earnings Per Share (₹) (Face Value of ₹ 1 each)		
Basic	2.98	(23.01)
Diluted	2.97	(23.01)

II. Standalone Financial Performance:

(₹ in million)

Particulars	2020-21	2019-20
Total Income	17,218.73	2,455.40
Total Expenses	10,279.54	1,659.93
Profit before tax	6,939.19	795.47
Tax expenses	(222.93)	(30.32)
Profit for the year	7,162.12	825.79
Other Comprehensive Income/(Loss)	9.54	(0.47)
Total Comprehensive Income	7,171.66	825.32
Earnings Per Share (₹) (Face Value of ₹ 1 each)		
Basic	8.05	0.93
Diluted	8.01	0.92



SHARE CAPITAL

During the year under review, 13,89,075 Equity Shares of the face value of ₹1 each were allotted on exercise of the Stock Options granted under various Employee Stock Incentive Plans of the Company.

Consequently, as at March 31, 2021, the total paid-up share capital of the Company stood at ₹ 935.80 million divided into 93,57,98,077 Equity Shares of Face Value of ₹ 1 each.

Except Employee Stock Options and Stock Appreciations Rights (SAR), the Company has not issued any sweat equity to the employees of the Company. The disclosures with regard to the Employee Stock Options and SAR as required under the SEBI (Share Based Employee Benefits) Regulations, 2014 is available on the website of the Company at the link: www.edelweissfin.com.

DIVIDEND

During the year under review, the Board declared an interim dividend of ₹ 0.90 per Equity Share of the face value of ₹ 1 each. The interim dividend was paid to the Members of the Company during the month of April, 2021.

The Board at its meeting held on June 11, 2021, recommended a final dividend of ₹ 0.55 per Equity Share of the face value of ₹ 1 each, subject to the approval of Members at the forthcoming Annual General Meeting (AGM).

Pursuant to Regulation 43A of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (the Listing Regulations), the Dividend Distribution Policy is provided as Annexure I to this Report and is available on the website of the Company at the link: www.edelweissfin.com.

INFORMATION ON THE STATE OF AFFAIRS OF THE COMPANY

Information on the operational and financial performance, amongst others including the impact of COVID-19, is given in the Management Discussion and Analysis Report, forming part of this Report, and is in accordance with the Listing Regulations.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements are prepared in accordance with the Companies Act, 2013 and Rules framed thereunder (the Act) and

the applicable Accounting Standards and forms part of this Report.

SUBSIDIARIES & ASSOCIATES

During the year ended March 31, 2021, the Company sold its controlling stake in the wealth management business to PAGAC Ecstasy Pte. Ltd., with effect from March 26, 2021. Consequently, Edelweiss Securities Limited, Edelweiss Finance & Investments Limited, Edelweiss Broking Limited, Edelweiss Custodial Services Limited, ESL Securities Limited, Edelweiss Securities (Hong Kong) Private Limited, Edelweiss Investment Advisors Pte. Limited, Edelweiss Financial Services Inc., Edelweiss Financial Services (UK) Limited and Edelweiss Securities (IFSC) Limited, ceased to be the subsidiaries and became the associates of the Company.

During the year under review, EFSL International Limited was dissolved and ceased to be the subsidiary with effect from April 28, 2020. EC Global Limited (ECG) amalgamated with EC International Limited with effect from September 1, 2020 and consequently ECG ceased to be the subsidiary of the Company.

On September 1, 2020, Edel Land Limited (ELL) acquired Everest Securities & Finance Limited (Everest), thus Everest became the subsidiary of the Company. Further, Everest merged with ELL with effect from May 26, 2021. Edelweiss Finvest Limited (EFL) was merged with Edel Finance Company Limited with effect from April 9, 2021 and consequently EFL ceased to be the subsidiary of the Company. Lichen Metals Private Limited ceased to be the subsidiary of ECap Equities Limited and, in turn of the Company with effect from March 31, 2021.

Edelweiss Capital Services Limited was incorporated on February 12, 2021 as the subsidiary of the Company.

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



FINANCE

During the year under review, the Company issued Non-convertible Debentures (NCDs) through public issue which are listed on BSE Limited. Your Company also raised money by issue of NCDs on private placement basis.

LOANS, INVESTMENTS AND GUARANTEES

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

RELATED PARTY TRANSACTIONS

All the Related Party Transactions entered by the Company are on arm's length and in the ordinary course of business. The Company has not entered into transactions with the Promoters, Directors and Key Managerial Personnel, which may have potential conflict of interest with the Company.

In accordance with the provisions of the Listing Regulations, the Company has formulated the Related Party Transactions Policy, which is available on the website of the Company at www.edelweissfin.com.

Particulars of contracts or arrangements with the related parties as prescribed in Section 188 of the Act is provided in the financial statements in Form AOC-2. All the Related Party Transactions as required under the applicable Accounting Standard are reported in the financial statements.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

(i) Independent Directors

In accordance with the provisions of Section 149 of the Act, the Independent Directors have given a declaration that they meet the criteria of independence as provided in the said Section and also in terms of the Listing Regulations. In the opinion of the Board, the Independent Directors are persons of integrity and possess relevant expertise, experience and proficiency as per the Act.

(ii) Managing Director and Executive Directors

Mr. Rujan Panjwani (DIN: 00237366) was re-appointed as an Executive Director of the Company at the AGM held on September 28, 2020, for a further period of 5 years effective from June 24, 2021.

Pursuant to the recommendations of the Nomination and Remuneration Committee, the Board have re-appointed Mr. Rashesh Shah as the Managing Director and Mr. Venkatchalam Ramaswamy as an Executive Director for a further period of 5 years with effect from April 1, 2022, subject to the approval of the Members at the forthcoming AGM.

(iii) Non-executive Directors

Ms. Anita M. George (DIN: 00441131) resigned as Director of the Company with effect from July 13, 2020. The Board places on record its appreciation of the services rendered by Ms. George during her tenure as Director of the Company.

(iv) Retirement by rotation

Mr. Venkatchalam Ramaswamy (DIN: 00008509) and Mr. Himanshu Kaji (DIN: 00009438), retire by rotation at the forthcoming AGM and being eligible, have offered themselves for re-appointment.

(v) Key Managerial Personnel (KMP)

Mr. S. Ranganathan tendered his resignation as the Chief Financial Officer of the Company with effect from October 31, 2020 and Mr. Sarju Simaria was appointed as the Chief Financial Officer of the Company with effect from November 1, 2020. Mr. B. Renganathan tendered his resignation as the Company Secretary of the Company with effect from April 23, 2021 and Mr. Tarun Khurana was appointed as the Company Secretary of the Company with effect from April 23, 2021.

Some of the KMPs of the Company are also the KMPs of the subsidiaries and draw remuneration from those subsidiaries.

NUMBER OF BOARD MEETINGS HELD

During the year ended March 31, 2021, the Board met 6 times. The details of the Board meetings and the attendance of the Directors at the meetings are provided in the Corporate Governance Report, which forms part of this Report.

REMUNERATION POLICY

The Company has formulated a Remuneration Policy pursuant to Section 178 of the Act and the Listing Regulations. The Policy is provided as Annexure II to this Report.





EVALUATION OF THE PERFORMANCE OF THE BOARD

A Board Evaluation Policy (the Policy) for evaluating the performance of the Board, its Committees, the Chairman, the Managing Director, the Executive Directors, the Non-executive Directors and the Independent Directors has been adopted by the Company.

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

A separate meeting of the Independent Directors was held wherein the performance of the Non-Independent Directors, performance of the Board as a whole (including the Committees) and also that of the Chairman in terms of the provisions of the Act, the Listing Regulations and the Guidance Note issued by the Securities and Exchange Board of India in this regard was discussed.

INTERNAL FINANCIAL CONTROLS AND RISK MANAGEMENT

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

M/s. JHS & Associates LLP, Chartered Accountants, were appointed as Internal Auditors of your Company for the financial year 2020-21.

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

AUDIT COMMITTEE

The Audit Committee comprises of the following Independent Directors:

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

Further details of the Audit Committee are provided in the Corporate Governance Report forming part of this Report.

WHISTLE BLOWER POLICY/ VIGIL MECHANISM

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

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

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

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

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

The Company has made contributions under CSR mainly through its philanthropic arm EdelGive Foundation, a wholly owned subsidiary. The CSR Projects of the Company largely focuses on the broad areas such as sustainable livelihood, quality education, women empowerment etc.

CSR REPORT

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

AUDITORS

At the 23rd AGM held on July 26, 2018, the Members had appointed M/s. S. R. Batliboi & Co. LLP, Chartered



Accountants (Firm Registration No. 301003E/E300005), as the Auditors of the Company for a term of 5 years to hold office until the conclusion of the 28th AGM to be held in the year 2023. The Auditors' Report on the financial statements for the year ended March 31, 2021 is unmodified and is annexed to the financial statements.

SECRETARIAL AUDIT REPORT

M/s. BNP & Associates, Company Secretaries, were appointed as the Secretarial Auditors to conduct the Secretarial Audit for the financial year ended March 31, 2021. The Report of the Secretarial Auditors is provided as Annexure IV to this Report. The Secretarial Audit Report does not contain any qualification, reservation, adverse remarks or disclaimer.

As required under the Listing Regulations, the Secretarial Audit Report of Edelweiss Tokio Life Insurance Company Limited, the Material Unlisted Subsidiary of the Company, for the year ended March 31, 2021 forms part of this Report. The Secretarial Audit Report does not contain any qualification, reservation, adverse remarks or disclaimer.

PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

The Company has a Policy on Prevention of Sexual Harassment of Women at Workplace. No cases were reported during the year under review. There were no complaints pending as on March 31, 2021. The Company has complied with the provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

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

A. Conservation of energy

- i. The steps taken or impact on conservation of energy: The operations of the Company are not energy intensive. However, adequate measures have been taken for conservation of energy, wherever possible.
- ii. The steps taken by the Company for utilising alternate sources of energy: Though the operations of the Company are not energy intensive, the Company explores alternative sources of energy, as and when the necessity arises.

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

B. Technology absorption

- i. The efforts made towards technology absorption: The Company extensively uses the information technology in its operations and has absorbed the technology required in this regard.
- ii. The benefits derived like product improvement, cost reduction, product development or import substitution: The Company has leveraged the technology to reach out to its customer in the difficult times of pandemic.
- iii. In case of imported technology (imported during the last three years reckoned from the beginning of the financial year):
 - (a) the details of technology imported: Not Applicable
 - (b) the year of import: Not Applicable
 - (c) whether the technology has been fully absorbed: Not Applicable
 - (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof: Not Applicable
- iv. The expenditure incurred on Research and Development: Not Applicable.

C. Foreign exchange earnings and outgo

During the year under review, the Company earned foreign exchange of ₹ 550.16 million (previous year: ₹ 196.90 million) and there was outgo of foreign exchange of ₹ 16.74 million (previous year: ₹ 29.40 million).

OTHER DISCLOSURES

- There are no significant material changes and commitments affecting the financial position of the Company that occurred between the end of financial year and the date of this Report.
- There has been no change in the nature of business of the Company.
- There was no revision in the financial statements of the Company.
- There was no application made or proceeding pending against the Company under the Insolvency and Bankruptcy Code, 2016. There was no instance of onetime settlement with





any Bank/Financial Institution in respect of loan taken by the Company.

- No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.
- No fraud has been reported by the Auditors to the Audit Committee and the Board.
- Disclosure pertaining to maintenance of cost records as specified under the Act is not applicable to the Company.
- The Company has not issued equity shares with differential voting rights as to dividend, voting or otherwise.
- The Company has not accepted any deposits covered under Chapter V of the Act.
- The Company has complied with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

ANNUAL RETURN

Pursuant to Sections 92 and 134 of the Act, the Annual Return as at March 31, 2021 in Form MGT-7, is available on the website of the Company at the link: www.edelweissfin.com.

DISCLOSURE UNDER SECTION 197 OF THE ACT

In accordance with the provisions of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the particulars of the employees are set out in the annexure to this Report. In terms of the provisions of Section 136 of the Act, the Report is being sent to the Members of the Company excluding the annexure. Any Member interested in obtaining a copy of the annexure may write to the Company Secretary at the Registered Office of the Company.

Further, disclosures on managerial remuneration as required under Section 197 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided as Annexure V to this Report.

CORPORATE GOVERNANCE

Pursuant to the Listing Regulations, the Report on Corporate Governance together with the certificate issued by M/s. BNP & Associates, Company Secretaries, on compliance with the conditions of Corporate Governance as stipulated in the Listing Regulations forms part of this Report.

A Business Responsibility Report pursuant to the Listing Regulations is provided as Annexure VI to this Report.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- ii) such accounting policies have been selected and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2021 and the profits of the Company for the financial year ended on that date;
- iii) proper and sufficient care had been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) the annual accounts have been prepared on a going concern basis;
- v) internal financial controls have been laid down and the same are adequate and were operating effectively; and
- vi) proper systems had been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

ACKNOWLEDGEMENTS

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

For and on behalf of the Board
Edelweiss Financial Services Limited

Rashesh Shah
Chairman & Managing Director
DIN: 00008322

Mumbai, June 11, 2021



Management Discussion & Analysis

MACRO ECONOMY: REVIEW AND OUTLOOK

Vladimir Lenin once said, “There are decades when nothing happens and there are weeks where decades happen”. The year FY21 had many such weeks. It was a year which witnessed one of the worst slowdowns in real GDP, but ironically one of the best for equity markets and corporate earnings. We witnessed dooms day scenario, recession, recovery, and a bull run – all in 12 months.

The COVID-19 pandemic has brought out the human spirit to adapt and survive even the most challenging of times. In-fact the crisis has compelled fiscal policy to be used more aggressively in western world and elsewhere. This along with a large monetary support resulted in the global monetary stance being very supportive to averting a prolonged slowdown.

India too mimicked the global response. While our lockdowns were undoubtedly more stringent, the recovery in the unlocking phase has been robust with strong policy response from both government as well as RBI. Central government has loosened its fiscal strings by expanding fiscal deficit by ~5% of GDP and by increasing spending ~28% YoY. While initially during lockdown spending was more towards providing relief and credit guarantee to MSMEs, it has pivoted towards capex in the unlocking phase (H2FY21).

Further, RBI’s support has also been critical during the pandemic. RBI has generally kept system awash with excess liquidity and brought down short-term rates leading to significant vibrancy in bond market. AAA corporate bond spreads are close to all time low now. RBI has also announced a series of liquidity, credit and regulatory measures on May 05, 2021 in response to the second wave/lockdowns to alleviate the impact on economy.

Going ahead, while the economy is recovering fast with projected GDP growth in FY22 around 9% (compared to degrowth of around 7.3% in FY21), the second COVID wave or the possibility of a third wave does pose near term challenges and its impact is yet to pan out fully. However, global recovery remains strong and should result in spill overs to India through trade, prices, and flows channel. Macro-environment thus augurs well for India’s business cycle as well as financial sector.

Overall Outlook

While near-term outlook is clouded owing to uncertainties of the pandemic, we believe that the medium-term looks brighter due to vaccination drive (largest in the world) being underway, global recovery likely to remain strong, India’s own macro vulnerabilities remaining low and domestic policy stance being most accommodative in a decade.

INDUSTRY STRUCTURE AND DEVELOPMENTS

NBFC Industry

While the initial lockdown affected functioning of the NBFCs, post festive season many NBFCs saw an improvement in their collection efficiency and restructuring requests were limited. They finished FY21 with first post COVID quarter of significant disbursement growth, some unwind in credit costs due to seasonal recoveries and significantly stronger outlook on growth/credit costs and are favourably placed for FY22. However, liability side challenges still persist for most NBFCs.

Retail Finance

Notwithstanding a subdued performance in FY21, India has one of the lowest credit penetration among larger economies and retail credit presents a large growth opportunity driven by long-term trends in democratisation of credit, rising household incomes and increased consumption.



Retail finance industry has undergone two phases in FY21. First half saw industry dealing with the repercussions of lockdown and its impact on economy where preserving books became a necessity. Second half witnessed rebuilding of business. Lenders adopted a cautious approach in first half of year with disbursements to targeted customers, predominantly under ECLGS scheme launched by government. For large housing finance companies, margin benefits were limited by a competitive loan pricing environment, but robust mortgage and SME segment loan growth will continue into FY22.

Asset Reconstruction Industry

The (ARC) industry has come a long way since inception and evolved from a recovery oriented agency mechanism to an attractive investment business for revival of financially broken but potentially viable business entities to earn reasonable risk adjusted return.

During FY21 though the supply in terms of NPAs was not a constraint, banks were not enthusiastic to sell under SR structure. For providing relief to pandemic hit businesses IBC was suspended in June 2020, eventually upto March 2021, making unavailable the NCLT route to the industry.

In the budget for FY22, the Finance Minister announced setting up of asset reconstruction companies (ARCs) to take over bad assets from banks. RBI has announced setting up of a task force to review the regulatory framework governing ARCs and further action is awaited.

During FY21, top six ARCs in India acquired loans at an acquisition price (SRs issued) of ~₹85 billion with their own investment of ~₹20 billion and had an AuM of ~₹863 billion as on March 31, 2021. Their recoveries were ~₹125 billion with redemptions of ~₹92 billion during the year.

Wealth Management

Financialisation of assets, democratisation of wealth, Indian demographics and increasing sophistication are some of the key emerging trends in the Indian Wealth Management industry.

With the investors increasingly becoming more sophisticated coupled with low interest rates and increased investment choices, they are willing to explore the unexplored. Simultaneously, UHNIs and Affluent clients are keen to look at advanced investment strategies and turn towards more personalised investment advisory services in their quest for higher yields which augurs well for the industry.

Capital Markets

After a brutal end to FY20, capital markets had a very strong FY21. Nifty returned more than 70% in FY21, one of the highest in a decade, because of strong global liquidity leading to ~USD 37 billion inflow in FY21, (last six years combined: ~USD 30 billion) and earnings revival despite a contraction in Nominal GDP.

For Debt Capital Markets, during the pandemic affected year RBI reduced repo rate to a low of 4% and introduced measures to infuse liquidity. As a result, overall issuances of debt was not impacted much in FY21. There was a rise of ~32% in volume to ~₹6.1 trillion in the private placement segment in FY21 while public issuance of bonds fell to ~₹105 billion in FY21 compared to ~₹150 billion in FY20 (Source: Prime Database).

Asset Management

Asset management industry in India offers mutual funds and alternative investment funds (AIFs). Mutual Funds' AuM recorded a robust growth of ~44% to stand at ₹32.17 trillion as on March 31, 2021 compared to ₹22.26 trillion as on March 31, 2020 due to a stellar recovery in the markets (Source: AMFI reports).

Alternative assets funds that focus on providing yields to investors are becoming mainstream in India. There is an increasing demand for such funds from offshore institutional investors like pension funds and insurance companies. Similarly, HNI investors and family offices in India, are also searching for yields as returns on traditional debt products in India have reduced. Alternative Funds in the structured credit, stressed assets and real estate credit space in India saw inflows of ~USD 3.2 billion during the year and their AuM stands at ~USD 52 billion at the end of this year in India.



Life Insurance

With the impact of pandemic, insurers are grappling at many fronts. While the importance of life insurance amongst consumers has indeed risen, it has not necessarily converted into a purchase resulting in a muted growth for the industry.

The penetration of Life Insurance sector in India currently stands at 2.82% and per capita Insurance density of only USD 58 while global Life Insurance penetration stands at 3.35% with density of USD 379 (source: IRDAI Annual Report 2020). Individual Annualised Premium Equivalent (APE) growth of the industry was lower at 3% in FY21 compared to 6% in FY20 with APE of ~₹757 billion in FY21 compared to ~₹735 billion in FY20. The private sector life insurers recorded a growth of ~8% and their Individual APE market share increased marginally from ~57% to ~60% YoY (source: Life Insurance Council). We believe that the structural story for insurance remains intact and may receive a COVID-driven boost in focusing customer needs on protection.

General Insurance

General Insurance Industry continued its two decadal track record of growth with an increase of over 5% in FY21 YoY. The growth was driven by Health segment (13%), Fire segment (28%) while Motor segment marginally declined by 2%.

The year also witnessed high velocity of regulatory changes, particularly, interventions in the Health segment, in view of the ongoing pandemic to focus on ensuring comprehensive health insurance coverage and providing prompt service to customers battling COVID related expenses.

The pandemic also caused a largescale transition to 'work from home' for most industries including insurance. This was an accelerator for the digital transformation in the industry. The regulator allowed digital issuance, digital policies and digital communication. The progressive consumer friendly changes along with new players leveraging a tech-led model augur well for the industry and customers.

EDELWEISS OVERVIEW

Edelweiss was founded in November 1995 with an aspiration to building a quality organisation which would be guided by our values and beliefs and to create something for the long-haul. 25 years later, Edelweiss is one of India's largest financial services firms, helping over 2 million customers across the country accomplish their dreams and aspirations.

EDELWEISS STRATEGY

Edelweiss's growth over last 25 years is a result of persistent focus on building capabilities to service diverse customer segments with products customised to suit their needs, building leadership pool, developing culture and agility to adapt to the ever-changing environment. At the broader level, while our strategy continues to be to improve or build **sustainability, governance, management quality, scalability** and **profitability**, we will also see some new paradigms of focus – **process and institutionalisation, tech-oriented thinking, independent and self-reliant businesses** to build Edelweiss for the next 25 years.

EFSL FINANCIAL PERFORMANCE HIGHLIGHTS

During our journey so far, we have experienced various growth phases and downturn cycles. However, FY21 has been a journey of resilience, determination and persistency for Edelweiss. Even during such trying times as in this year, it is this determination and hard work that helped us complete the Edelweiss – PAG partnership in our wealth management business as also bring us back to profitable growth. As we gain scale, we are grateful to all stakeholders for helping us build this robust platform.



CONSOLIDATED RESULT – FY21

A summary of consolidated FY21 financial performance of EFSL and its comparison with FY20 performance is as under:

- **Total Revenue ₹108.49 billion** (₹96.03 billion for FY20), up 13%
- **Profit/(Loss) post Tax and Minority ₹2.65 billion** {₹(20.45) billion for FY20}
- **Group Net Worth ₹76.77 billion** (₹72.07 billion for FY20), up 7% (includes minority interest)
- **Diluted EPS ₹2.97** {₹(23.01) for FY20} (FV ₹1)
- **Book Value per Share ₹73.83** (₹68.90 at the end of FY20) (FV ₹1)

The group Net Worth is ₹85.42 billion as on March 31, 2021, including the amount of equity convertible instruments (CCDs). However, it excludes Edelweiss Wealth Management equity as it ceased to be our subsidiary with effect from March 26, 2021 consequent upon stake sale to PAG as discussed later in this Report.

Board of Directors have recommended a Final Dividend of ₹0.55 per share (FV ₹1) subject to the approval of the members at the ensuing AGM. Total Dividend for the year stands at ₹1.45 per share.

FINANCIAL HIGHLIGHTS

Income

Total revenue for FY21 was ₹108.49 billion compared to ₹96.03 billion for FY20, a growth of 13%. Out of this, interest income, which constitutes the largest component of the revenues, was ₹40.34 billion for FY21 (₹59.02 billion for FY20), down 32%. The drop in interest income is commensurate with the degrowth of our credit book during the year in line with our strategy to move credit business to a capital light business model.

Fee and commission revenue was lower at ₹16.54 billion for FY21 (₹20.99 billion for FY20) because of lower activity levels during the COVID-19 affected year despite scaling up of various advisory businesses. However, fee income for Q4FY21 is already above the pre COVID levels.

The Net Revenue for FY21 was ₹70.14 billion (₹48.10 billion for FY20), up 46% mainly due to higher revenues on the back of higher Net Gain on fair value changes and higher Other Income.

Insurance business continued to grow with a net premium of ₹13.25 billion for FY21 (₹10.57 billion for FY20), a growth of 25%.

Our long-term strategy of having presence in large and emerging opportunities in financial services in India has helped us diversify our earnings as well as withstand volatility in the markets.

Expenses

Total costs for FY21 was ₹107.03 billion (₹120.59 billion in FY20), down 11% as a result of our conscious efforts to rationalise costs during the year. Within this, we achieved overall fixed cost reduction of ~23% in FY21 over FY20 cost base.

Our largest component of costs, Finance cost, was lower at ₹38.34 billion for FY21 compared to ₹47.93 billion in FY20 due to lower borrowings in the year in line with the degrowth in our credit book. The cost of funding was only marginally lower in FY21, despite RBI reducing rates in the pandemic affected year, due to risk aversion of lenders towards NBFCs. At the end of FY21, borrowings were lower at ₹284.36 billion compared to ₹366.57 billion at the end of the previous year, degrowth of 22% consequent upon reduction in our credit book. During the year we continued to maintain adequate level of available liquidity of around 20% of our borrowings in view of volatile environment though it resulted in a negative carry as in the previous year.



Employee expenses increased by 15% in FY21 though fixed people cost declined by ~18% driven by process efficiencies. We continued to rationalise our work force keeping up with the new normal in the aftermath of the pandemic with our year end head count being ~8,518.

Operating costs fell by 29% in FY21, despite continued investment in scaling up our younger retail businesses, as a result of focus on improving efficiency.

As regards impairment cost on financial instruments and change in valuation of credit impaired loans, despite following our prudent and conservative approach of recognising these costs, we were able to contain these costs to ₹20.74 billion only for FY21, a significant drop of 42% YoY.

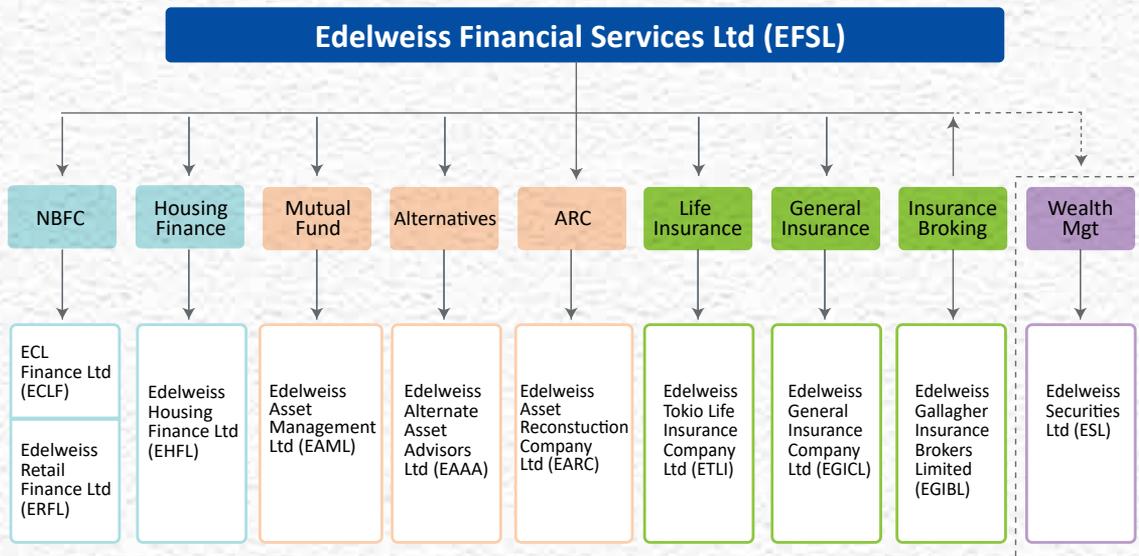
Thus, as a result of active cost management and focus on improving productivity and efficiency during FY21, we were able to reduce our total costs 11% YoY.

PROFIT AFTER TAX (PAT)

Profit/(Loss) post Tax and Minority for FY21 was ₹2.65 billion compared to ₹(20.45) billion for FY20. The improvement was mainly due to 13% growth in revenues, sale of stake in our Wealth Management business and 11% decline in expenses in FY21 YoY. At the same time, lower business opportunities in the pandemic affected year along with the cost of maintaining adequate available liquidity continued to impact our operations. While the impact of the second COVID-19 wave or the possibility of a third wave is uncertain at this moment, we are hopeful that we will continue to improve the results of our business operations in FY22.

Business-wise Analysis of Profitability

We are a diversified company across ten key entities as under:





The distribution of earnings among these businesses for the year FY21 is as under:

₹ in million

Businesses	Edelweiss Holding	Profit after Tax*
NBFC	100%	291
Housing Finance	100%	37
Mutual Fund	100%	48
Alternatives Asset Management	100%	138
Asset Reconstruction	60%	1,856
Insurance Broking	70%	146
Wealth Management	38.5%	2,451
BMU & Corporate		550
Total Ex-Insurance		5,517
Life Insurance	51%	(2,067)
General Insurance	100%	(910)
Total Consolidated		2,539

*The Profit after Tax numbers are including Minority Interest and are after inter-company eliminations within respective businesses. Potential investor stake of 15-20% in NBFC after CCD conversion; we have an option to increase our stake in Wealth Management to ~44%.

Our businesses have been resilient in these testing times of the pandemic. Customer assets have grown 35% YoY to stand at ₹2.81 trillion at the end of FY21 demonstrating the continued trust of our customers. While the Alternatives, Asset Reconstruction and Wealth Management business have maintained their industry leadership, our Mutual Fund, Retail Credit are growing franchisees. The Life Insurance and digitally powered General Insurance business continued to grow and gain market share, while recoveries in ARC continue to be strong. All our businesses are well-capitalised, with operationally independent and robust platforms and are poised for growth. As planned, our focus for FY21 has been on consolidation, fortification and strengthening with three clear priorities. We concluded the stake sale in our Wealth Management business, at a valuation of ₹44 billion – an endorsement of the quality of businesses we have built and the value we have created. We continued the transition to a capital light retail credit model with a focus on Housing and SME businesses. We have scaled down our wholesale lending book significantly over the last two years and we plan to further bring it down in FY23. We now have a stronger balance sheet with robust equity, lower debt and ample liquidity.

COVID-19 and Edelweiss:

- Digital operating model driving business growth
- Despite trying times, partnership with PAG for EWM inked out
- Proactive liquidity management despite volatility
- People practices swiftly adapted to the new normal of working from home with the help of technology
- We continue to prioritise safety and well-being of our employees through varied measures
- Edelweiss culture at the forefront – high levels of adaptability, resilience, ownership and commitment to serve the need of customers



Balance Sheet

We continued to strengthen and deleverage balance sheet during the year. Effective Balance Sheet size (Borrowings plus Net Worth) at the end of FY21 was ₹361.13 billion compared to ₹438.64 billion at the end of FY20. Total Net Worth including minority interest was higher at ₹76.77 billion as on March 31, 2021 compared to ₹72.07 billion as on March 31, 2020 due to Edelweiss Wealth Management (EWM) stake sale. Borrowings as on March 31, 2021 were lower at ₹284.36 billion (₹366.57 billion as on March 31, 2020) reflecting the degrowth in credit book.

Including the amount of equity convertible instruments (CCDs) in our networth and excluding the liquid treasury assets that we hold for liquidity management, the Net Gearing Ratio improves to 2.5 times as on March 31, 2021 compared to 3.5 times as on March 31, 2020.

Capital Raise during FY21

Edelweiss and PAG, the leading Asia-focused investment group, announced an investment by PAG in EWM. This partnership will result in unlocking long-term value for shareholders, strengthening equity base and accelerating business growth. PAG has made an investment of ~₹23.66 billion in EWM, including primary and secondary investment in March 2021.

Earlier, CDPQ had also invested in the equity of our main NBFC ECL Finance Ltd and EARC. Tokio Marine continues to be our strategic partner in life insurance business. With this, we now have self-reliant businesses with strategic partners, and which are well capitalised for future growth.

ANALYSIS OF SIGNIFICANT CHANGES IN FINANCIAL RATIOS

As per the SEBI Listing Obligations and Disclosure Requirements (LODR), we give below additional information in respect of financial parameters that are applicable to our company.

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

(a) Debt Equity Ratio



The Debt Equity Ratio as on March 31, 2021 stood at 3.7 times compared to 5.1 times as on March 31, 2020, an improvement of 27%. This was mainly due to higher networth and lower borrowings of ₹284.36 billion as on March 31, 2021 compared to ₹366.57 billion as on March 31, 2020. At the same time, Net Debt Equity Ratio as mentioned above as on March 31, 2021 stood at 2.5 times compared to 3.5 times a year ago.

(b) Profit before Tax Margin (%)



The Profit before Tax Margin for FY21 was 1.3% compared to being negative in FY20 due to the loss incurred during that year.

(c) Net Profit Margin (%)



The Profit after Tax Margin for FY21 was 2.4% compared to being negative for FY20 due to return to profitability as explained above.

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

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

Return on Net Worth, i.e. Return on Equity (RoE), on consolidated basis for FY21 was 4.4% compared to being negative for FY20. RoE has bounced back to positive territory due to company returning to net profit as explained above.



BUSINESS SEGMENT-WISE PERFORMANCE

Brief highlights of business segment-wise performance in FY21 are as under:

CREDIT BUSINESS

Our Credit business is built on a mix of diversified and scalable businesses with focus on scaling up retail credit besides having a smaller mid-corporate credit book.

Total credit book stands at ₹140.59 billion at the end of FY21 compared to ₹210.02 billion at the end of FY20, a degrowth of 33%. The book comprises of retail credit ₹68.13 billion and corporate credit ₹72.46 billion and excludes SRs held. The Net Interest Income representing the excess of interest income over interest expense for FY21 for our major NBFCs/HFC was at ₹650.69 million (ECLF), ₹833.85 million (ERFL) and ₹1,133.83 million (EHFL).

The asset quality of the credit book suffered some slippages in the aftermath of the COVID-19 pandemic with Net NPLs at 4.46% as on March 31, 2021 compared to 4.10% a year ago. The specific Provision Coverage Ratio (PCR) on Gross NPLs was higher at 47% at the end of FY21 compared to 23% at the end of FY20. Total Provision Cover including the expected credit loss provision on Stage I and II assets is flat at 103% at the end of this year compared to 104% at the end of FY20.

Credit Business

- Grow the retail book through a capital light model (Co-lending, on-lending, co-origination and securitisation) with focus on enhancing our digital and data capabilities
- Continue to reduce the wholesale book and ensure release of equity
- Maintain liquidity even through stressed scenarios
- Improve capital adequacy and reduce debt-equity ratio

CORPORATE CREDIT BUSINESS

Corporate credit business offers products like cash flow-based loans and structured collateralised credit to mid corporates and real estate finance to developers. In line with our stated strategy of reducing the credit book in ECL Finance and move this business to the fund, the total book size has been reduced to ₹72.46 billion in March 2021 compared to ₹100.20 billion in March 2020 and ₹180.55 billion in March 2019. We will continue to systematically bring down the corporate credit book in ECL Finance and release equity capital.

RETAIL CREDIT BUSINESS

As a part of our long-term strategy of diversification and to focus on large, scalable retail credit opportunities in India, we entered this business in 2011. The retail credit business offers retail mortgages, MSME finance and Agri & Rural finance.

Retail Mortgage Finance

Retail mortgage finance offers housing finance, small ticket housing loans, retail construction finance and loans against property through our HFC Edelweiss Housing Finance Limited (EHFL). EHFL had a peak disbursal track record of ₹30 billion in FY19 despite the IL&FS crisis in September 2018. Given the liquidity crunch thereafter which got accentuated by the pandemic, EHFL adopted a conservative approach focusing on liquidity management rather than asset growth during FY20 and first half of FY21.

In the hard times of COVID, we put in all possible efforts to demonstrate the value of customer centricity through various initiatives. Recovery efforts also led to extensive communication with almost all the customers which aided in portfolio management. Online channels for EMI payments were introduced to enable easier payments.

In the latter half of FY21, intensity was shifted from customer reachability to proactive engagement using Analytics based bounce prediction models and enhancing collection efforts. With the improvement in business environment, EHFL ramped up disbursals in Q4FY21. At the same time, we also pursued securitisation as an alternative source of funds with EHFL securitising assets of over ₹9 billion in FY21.



EHFL also achieved a significant progress in Technology and Analytics in FY21. Digital solutions for various underwriting stages were launched along with automation of critical dashboards such as risk, collection and legal. We also progressed in our digital transformation journey by adopting the cloud and embracing an Application Program Interface (API) first approach to be ready for future growth.

MSME Finance

MSME finance business caters to the underserved and highly scalable MSME market. The business has a book size of ₹14.10 billion at the end of FY21. Including other business loans, the book size is ₹16.66 billion at the end of FY21.

FY21 began with the pandemic induced lockdown, which impacted functioning of MSMEs. While it also impacted our lending to this segment, the workforce quickly oriented itself to drive collection efficiency and help alleviate customer pain points by reaching out to them.

During the year, we invested heavily into building capabilities, supporting our clients and navigating the market uncertainties with minimal impact on our books by focusing on:

- Business processes transformation for better efficiency and customer centricity
- Digital transformation including building of a new lending platform using a combination of low code, agile and platform thinking
- Data analytics and building algorithms for better risk and collection modeling
- Adopting technology for secure connectivity
- Supporting our clients through ECLGS scheme loans for re-booting their businesses
- Being an early adopter of policies like co-origination/co-lending with banks

COVID-19 crisis has had a significant impact on the credit market. Businesses with strong fundamentals and agility will move ahead of the curve as the business outlook improves. This reflects in the good credit quality that our business has been able to sustain through the crisis. Going forward, our business will leverage data and technology even more intensely along with an asset light model to build a strong and profitable book.

Total Retail Credit Portfolio

Retail credit business (retail mortgages, SME and rural finance) has a total book of ₹63.26 billion at the end of FY21. In addition, Agri credit and other retail loans aggregate ₹4.87 billion at the end of FY21. Taken together, total retail credit portfolio stands at ₹68.13 billion compared to ₹109.82 billion at the end of FY20, a degrowth of 38%.

Retail credit accounted for 48% of total credit at the end of FY21 compared to 52% a year ago and is poised to increase its share further going forward.

ASSET MANAGEMENT BUSINESS

The Asset Management business provides clients with a comprehensive bouquet of investment solutions including bespoke alternative strategies and mutual funds.

Alternatives

AuM of our alternative assets funds including performing credit, stressed assets, real estate credit and infrastructure yield have grown by nearly 40% to over USD4 billion in FY21 and we continue to be a leading alternative asset manager in the country. During the year, despite the challenging environment, we announced the final close of ESOF III Fund, our performing

Asset Management Business:

- Alternatives AM: Dominant yield focused alternatives platform
- Alternatives AuMs have grown at over 60% CAGR in last five years to ₹300 billion
- Mutual Fund net equity inflows of ₹36 billion in FY21 compared to outflows of ₹550 billion for the industry



corporate credit fund, at ~USD900 million and EIYP I Fund, which focuses on buying operating infrastructure assets, at ~USD450 million. The ESOF III strategy has received investments from marquee investors like the Canadian Ontario Teachers' Pension Plan Board, Florida's State Board of Administration, Swedish Pension Fund - AP4, among others.

Given the strength and depth of our investment teams, we have managed to deploy ~USD 525 million across strategies in FY21.

Mutual Funds

Mutual Fund business manages an AuM of ~₹550 billion under 38 schemes across Equity, Debt and Liquid categories at the end of FY21, a growth of 127% over the AuM of ~₹242 billion a year ago. The business has improved its ranking to 15th from being 17th in FY20 and caters to ~420,000 unique investors, compared to ~275,000 at the end of FY20.

ASSET RECONSTRUCTION BUSINESS

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

EARC is the largest ARC in the country which manages stressed assets with AuM of ~₹408 billion. EARC adopts multi-pronged strategy for resolution of stressed assets with primary focus to 'Revive' or 'Reconstruct' operating assets with last mile funding needs. Based on asset specific complexities, settlement/enforcement of security interest/resolution through IBC are also adopted with an aim to optimise stakeholder benefits.

Our acquisitions continue to generally target operating assets which can be revived. During the year we invested ₹4.7 billion. The foray into the retail segment has progressed well and half of the investment during the year were in retail segment. Retail would be a focus area in the coming years. EARC has been able to maintain its market leadership with ~41% of market share. We have partnered with over 65 banks/NBFCs backed by our expertise on resolution of stressed assets. EARC has been able to recover more than ₹54 billion in FY21 and total of ~₹285 billion since inception.

INSURANCE BUSINESS

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

LIFE INSURANCE

Edelweiss Tokio Life Insurance (ETLI) is a joint venture between EFSL (51%) and Tokio Marine Holdings Inc (49%), one of the oldest and largest insurance companies in Japan. It was launched in July 2011 with a capital of ₹5.50 billion – among the highest start-up capital for any Indian life insurer. The company serves over 330,000 customers through 116 branches and over 57,000 personal finance advisors as on March 31, 2021.

The awareness that has been generated in the aftermath of the pandemic has proved to be a growth catalyst for us as we have focused on strengthening our bouquet of protection and income products by adding several relevant innovative offerings. ETLI had the first mover-advantage in its flagship products which were the need of the hour for our customers during the year. We launched COVID Shield+, India's first individual COVID Life Insurance Policy through which we helped policyholders to secure their savings against the ongoing pandemic and several other income products and a well-received term product as well. The biggest success of the year was Active Income Plan, which currently accounts for one-third of the business mix. We also continued our efforts on enriching customer buying experience by tightening our processes and investing in technological solutions.

The Gross Premium income in FY21 was ₹12.48 billion compared to ₹10.48 billion in the previous year, a growth of 19%. The Collected Individual Annualised Premium Equivalent (APE) increased by 25% to ₹4.04 billion in FY21 and the CAGR since FY16 is 24% compared to 11% recorded by the industry. The 13th month persistency is at



76.5% in FY21 compared to 77.6% in FY20 and Individual Claims Settlement Ratio is at 97% in FY21 compared to 83% in FY20. The Embedded Value of the business, calculated on market consistent basis, stands at ₹12.56 billion as on March 31, 2021.

We are honoured to have been recognised as Life Insurer of the Year and have won awards for our product innovation and CSR efforts given by eminent industry consortiums and platforms.

GENERAL INSURANCE

Edelweiss General Insurance (EGIL) registered a robust ~49% increase in premium in FY21 YoY, which was the second fastest growth rate in the industry. This was a true validation of our digital operating model. What is even more heartening is that the growth was driven by Health-Retail and Motor; especially the latter which grew at 46% for us while the Industry declined at 2%.

We continue to expand our revenue and service partnerships across motor and health segments. We are also developing external distribution partnerships with the ecosystem as well as new-age internet economy players.

With a future ready insurance stack in place, we added capabilities to our architecture through addition of an Open API gateway, data lake, enhanced partner portals and new product customisation modules. This enables us to connect and integrate with our partners seamlessly.

We are engaging with partners and clients in adjacencies like preventive health and wellness as well as physical risk management. We are committed to expanding and scaling our health and motor portfolios through an ecosystem partnership approach.

Going by the encouraging response we received for our product, Edelweiss SWITCH, launched last year through the sandbox initiative, we have filed for more innovative products in the next tranche.

We are proud to have won top awards for our product innovation and technology adoption efforts given by eminent industry consortiums and platforms. We have won multiple awards for an innovative product like Edelweiss SWITCH and other technology initiatives undertaken.

Apart from bringing innovative solutions for customers and enhancing their experience with us, we endeavour to continuously improve operational efficiency using our digital platform and leveraging data analytics for risk selection and pricing and are hopeful that the coming years will see higher growth for us.

EDELWEISS WEALTH MANAGEMENT BUSINESS (EWM)

As one of India's fastest growing wealth management companies, we ranked second amongst the Indian wealth management businesses excluding banks (Source: Asian Private Banker League Tables for FY20). We cater to the evolving needs of ~2,600 Ultra High-Networth (UHNW) families and ~7,00,000 Affluent clients across all major locations in India with over ₹1,550 billion in Assets under Advice (AuA) at the end of FY21, a growth of 36% YoY. The AuA have demonstrated consistent growth at 43% CAGR since FY15.

Our offerings include:

- Family Governance, Wealth Structuring, Inheritance planning
- Investment Management across all asset classes
- Risk Management
- ESOP Financing and Margin Funding
- Insurance Advisory
- Philanthropy



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

- Bespoke Value Propositions through Transparency, Simplicity and Constant Communication
- Uniform and Seamless Advisory through Expert Relationship Managers (RMs) and Teams
- Relevant Product Innovations
- Smart and Contextual Digital Platforms for Ease and Agility in Transactions

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

- Our Customers
- Our People
- Our Digital Platforms
- Our Technology

• **Our Partners:**

- Pacific Alliance Group(PAG) - our partnership with PAG, one of the world’s largest Asia-focused investment groups, will unlock value for shareholders and accelerate business growth, powered by their capital, business expertise and global experience.
- PAG has made an investment of ~₹23.66 billion in EWM, including primary and secondary investment in March 2021. PAG is also acquiring the entire ownership of prior investors in EWM, Kora Management and Sanaka Capital, taking its stake to ~61.5%. Edelweiss will continue to hold ~38.5% stake in EWM, with the option to increase it up to ~44%. With this, EWM has ceased to be a subsidiary of EFSL with effect from March 26, 2021.

EWM Business:

- Equity raise and value unlocking in EWM through partnership with PAG
- Market dominant presence: We have continued to grow in terms of Net New Money, Fee Income, Franchise strength and number of customers
- AuA grew 36% and clients grew 22% in FY21 YoY
- AuA grew 5.3x in the last five years to touch ₹1.55 trillion by March '21

Edelweiss Investment Banking is a full service advisory platform with proven track record across products including Equity/Debt capital markets, M&A, Private Equity, Special Situations and Structured Finance. It continues to be among leaders and has executed 60+ equity and debt transactions in FY21 across marquee clients.

As a mid-size QIP player, we are ranked #1 in India for QIPs in the range of ₹1 billion to ₹10 billion in the last 5 years period from April 2016 to March 2021 with a market share of ~16% in terms of number of issues handled. We are also ranked joint second advisor in Venture Intelligence M&A league table for CY2020 by number of deals and ranked #1 private equity advisor in BSFI and Food & Beverages category.

Edelweiss Debt Capital Markets business maintained its Number 1 position in FY21 in public issuance of bonds for the 7th year running. We were lead arrangers to ~70% of the amount mobilised via this route (Source: Prime Database). In CP issuances, Edelweiss stood at 3rd position in FY21 with a market share of ~13% (Source: Prime Database).

BALANCE SHEET MANAGEMENT UNIT (BMU)

Overview

The BMU is akin to Corporate Treasury of a commercial bank. To that end, the BMU tracks daily cash flows and expected cash flows for near, medium and long-term. The unit also ensures maintenance of a robust liquidity pool at group and entity level and optimises the investment on these liquid assets. The team also focuses on optimisation of borrowing costs as well as capital allocation. These responsibilities are devolved at entity level to ensure compliance and efficiency.



Asset Liability Management Committee (ALCO)

Each business manages its ALCO in line with their own statutory regulations. The ALCO manages allocation of capital among businesses along with asset liability management. It also manages interest rate and liquidity risks.

Updates

Available Liquidity

BMU ensures that an adequate liquidity cushion is maintained at all times to take care of all maturing liabilities. For Edelweiss, what stood out in FY21 was robust liquidity management and focus on optimum revenue generation from liquid assets.

At the end of FY21, we maintained available liquidity of ~₹68 billion. This included overnight liquid assets of ~₹35 billion, high-quality liquid assets of over ₹29 billion which can be liquidated within a short span (if the need arises) and undrawn committed bank credit lines of ~₹4 billion. With this, a large part of the balance sheet is liquid and can be converted into cash in a short period of time.

We have been able to raise funds through multiple sources and have also raised equity of ~₹24 billion in FY21. We have more than enough liquidity to manage any contingencies as well as have a strong outlook towards future funding sources.

ALM Profile

We continue to diversify sources of borrowings and the type of instruments through which we borrow. With this focus, ~98% of our adjusted borrowings are in the form of Term Loans & NCDs. With the help of public issues and our retail borrowing programmes, we have also increased the proportion of funding through retail sources from ~23% to ~26% in the past one year of our adjusted borrowings. There has been a concerted effort to maintain a higher proportion of borrowings in medium to long-term buckets. Accordingly, long-term borrowings now stand at ~61% of the total borrowings.

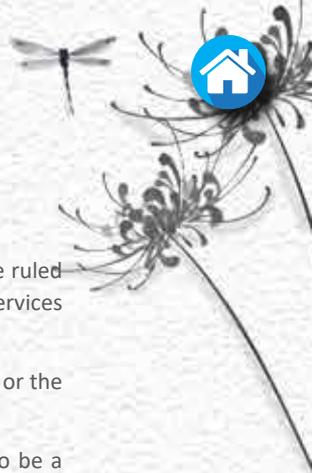
On the asset side, we executed a wholesale book sell down (~₹8 billion) to fortify available liquidity and we continue to reorient our balance sheet towards retail growth. All these steps have ensured that we maintain a positive ALM gap through all time buckets, individually as well as at consolidated level.

OPPORTUNITIES

Financial services in India continue to offer enormous and scalable opportunities for diversified companies like Edelweiss as under notwithstanding the recent economic downturn worsened by a prolonged pandemic as the long-term growth story of India remains intact:

- Democratisation of credit, aspirations of younger population, Government's push for affordable housing and increased availability of credit for SME sector will continue to present growth opportunities for companies like ours engaged in extending retail credit.
- The financialisation of Indian household savings, low credit penetration and demand for consumption are presenting newer opportunities in the areas like credit, wealth management, asset management and insurance which are our major businesses. In addition, persistent stress on asset quality of banks will continue to offer asset reconstruction opportunities where we are the market leaders.
- The monsoon is predicted to be normal for the third year in a row which will boost farm sentiments and improve overall prospects of an economic revival.





THREATS

While the economy is gradually coming out of the shadows of the pandemic, following threats cannot be ruled out and these, if they materialise, could reverse the current revival of the economy including financial services industry in India:

- While the current indications are that the second COVID-19 wave may be on the wane, its resurgence or the possibility of a third wave may reverse recovery of macro-economy, domestically as well as globally.
- If the current challenges for NBFCs to source liabilities do not resolve soon, growth will continue to be a challenge for the sector.
- Any abnormal surge in oil prices or weak monsoon or further delay in revival of capex cycle can also inhibit growth.

EDELWEISS OUTLOOK & STRATEGY

While the GDP growth forecast for FY22 is around 9%, threats as outlined above can quickly derail the current momentum of the economy. Though we are in the midst of another COVID-19 wave, we are also going through the biggest vaccination programme that the world has seen. Hopefully, impact of the second wave will not be as severe as the first one. Our confidence in the long-term India story continues to remain intact and growth opportunities will come back sooner than later.

EWM – New Beginnings

Last year has been a journey of resilience, determination and persistency for Edelweiss. It is this determination and hard work that helped us complete the Edelweiss – PAG partnership in our wealth management business. The wealth management business has a tremendous growth runway ahead and a global partner like PAG will help us take the business to the next level in this journey. The partnership will also result in unlocking long-term value for our shareholders and help further strengthen our capital base as we continue to scale up our leadership businesses while simultaneously investing in our younger retail businesses.

Edelweiss Group – On to the next 25!

For the Edelweiss group this year marks the culmination of the first quarter-century of our journey. In this journey, we have established and nurtured businesses to scale, with the sole objective of creating value for all our stakeholders. The PAG partnership is an endorsement of the quality of businesses we have built to scale over the years and the value we have created.

We are simultaneously working towards defining the contours of the Edelweiss of the future – the Edelweiss of the next 25 years. With this in mind, we have taken some decisions to compromise on profitability at the cost of reduced complexity. While this might seem counter-intuitive at a time when profitability has been otherwise impacted, the intention is to approach the next stage of Edelweiss and India’s growth journey with minimal complexity to enable an even stronger growth trajectory. While the basic contours of our organisation will remain the same – a focus on culture, people, nurturing and scaling businesses, we will also see some new paradigms of focus – process and institutionalisation, tech-oriented thinking, independent and self-sufficient businesses.

Edelweiss Outlook & Strategy

- Long-term India opportunity story remains intact
- PAG partnership to unlock value for shareholders
- Journey towards creating value for all stakeholders continues
- Focus on culture, people, nurturing and scaling businesses
- New paradigms of focus – processes, institutionalisation, and tech-oriented thinking
- Businesses to be independent and self sufficient



With the second wave of COVID-19 and the vaccination drive, FY22 comes with both uncertainty and hope. During the year, we will continue to focus on strengthening balance sheet and liquidity; Invest in our retail credit, asset management and Insurance businesses and progress on the EWM demerger, in preparation for listing by Q3FY23, thereby unlocking value for our shareholders. Robust equity, comfortable liquidity and agile operating platforms will give us a solid foundation as we look towards economic revival and growth in the years ahead.

GOVERNANCE

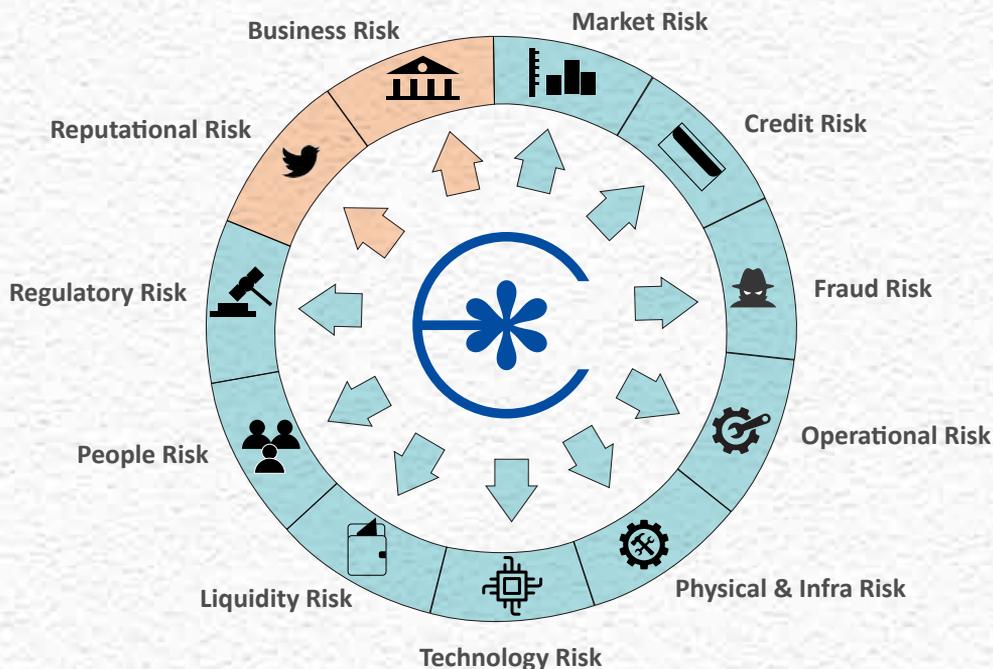
Governance is at the heart of everything we do and it transcends beyond compliance extending to ethics and values as well because we believe that well governed organisations tend to last longer. Governance to us means **Trust** covering Ethics & Integrity, **Legitimacy** encompassing Transparency, Authenticity and Fairness, **Accountability** including Decision making, Responsiveness, **Competence** highlighting Simplicity, and above all **Respect** for letter and Spirit of Law.

Our Board plays vital role in ensuring highest Governance level within the group by setting tone from top throughout the fabric of our organisation. Boards of the Group set higher standards on ethics, integrity, transparency and fairness leading us to build good framework for conduct, behaviour, and process oversights at all levels.

In order to promote good governance culture, we have self-defined rules for good behaviour and conduct at individual as well as at entity levels covering issues of Conflict of Interest, Insider Trading, Dealing with Sensitive Information etc. Learning from the recent past, we are refining some of the practices to facilitate smooth functioning while working from home through use of technology ensuring that best in class compliance standards are met always.

RISK MANAGEMENT

Respect for risk is an integral part of business at Edelweiss. The good risk management practices of the Group have facilitated navigating through environmentally turbulent times. Our Enterprise Risk Management (ERM) framework has helped us strategically benchmark our practices to the best in class. We have also put in place an in-house “**Eleven-risk framework**” to formalise the process of Assess, Avoid, Manage and Mitigate risks across businesses in a continuous manner.





A number of new initiatives were taken in these eleven risk areas during the year as under:

- For Regulatory risk, introduction of analytics to identify early warning signs has facilitated in effective implementation of pro-active mitigant measures.
- For Operational & Process risk, all businesses have identified their critical as well as non-critical processes with a thorough review of the standard operating procedures (SOPs).
- For Credit risk, a comprehensive framework for asset quality review was put in place and the recalibration of the expected credit loss (ECL) model has been concluded.
- Reputational risk has been factored in all business strategies and it is managed with effective crisis management approach and timely transparent response to all stakeholders.
- For Technology risk, significant progress has been made on IT security front to manage the risk emanating from the changing ecosystem.

The elaborate risk governance structure at Edelweiss includes Risk Committee of the Board of the listed company. In addition, key subsidiaries also have risk committee of their respective boards. At individual business level we have Investment Committees, Credit Committees, and Business Risk Groups to Access, Avoid, Manage and Mitigate various risks.

Last year the whole world has faced a tail risk event of COVID-19 pandemic. This event necessitated unique approaches to mitigate different types of risks. Our advance preparation along with technology enablement ensured all our businesses continued to operate seamlessly and serve customer deliverables. We are using all our learnings from the pandemic to manage various types of emerging and newer risks in our businesses.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Edelweiss group has institutionalised a strong compliance culture across all the businesses recognising that transparency and trust amongst all its stakeholders can be achieved only through this. We believe Compliance is the cornerstone of good corporate citizenship.

Internal Financial Controls

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

The Internal Control Framework of Edelweiss continue to follow the assurance practices like COSO framework, assurance on process efficiency and reliability of internal controls being aligned to risk identified in Risk Control Self-Assessment (RCSA) etc. to strengthen overall control.

Independent Audit and Assurance

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

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

Further, Statutory Auditors verify the systems and processes and confirm adequacy of the Internal Financial Controls over financial reporting.



TECHNOLOGY

Strong technology backbone

While the last year was unprecedented and challenging for most of the organisations worldwide, Edelweiss had an edge because of its strong technology backbone. Even with the pandemic hitting, we were able to ensure business continuity and provide seamless experience to our customers through the digital channels.

Technology resiliency

The key pillars of our technology resiliency have been:

**Cloud adoption:**

Migrating to the cloud ensured high availability, scalability and resiliency of our business applications with employees being able to securely access from anywhere, using any device and at any time

**Enterprise API gateway:**

This enabled us to leverage the partner ecosystem and accelerate the turnaround time for new product launches

**Unified collaboration suite:**

Deployment of a unified collaboration suite helped improve the employee productivity

**Intelligent automation:**

This enabled us to develop new experiences and deliver process changes rapidly through low code software development tools

**Artificial Intelligence:**

Leveraging advanced Machine Learning algorithms, we have deployed over 20 models for evaluating risks, performing AML checks, doing customer KYC, identifying frauds etc., thereby building efficiencies in our business

A few key initiatives

Project SWIFT: SWIFT is India's first, completely paperless onboarding platform for Alternative Investment Funds (AIFs). It is completely integrated with Aadhaar-based e-sign, e-stamp paper etc.

Virat: Virat is our renewed Mutual Fund transaction processing system which is among the fastest in the industry to process Mutual Fund transactions. We have also revamped our Mutual Funds website to bring out maximum transparency in our mutual fund schemes for the investor community.

Cloud-based Retail collection system: We have developed an end-to-end integrated collection system with mobile capabilities for our Assets Reconstruction business to improve efficiency.

Bolt: Bolt is a mobile application that enables self-inspection by workshops and customers alike through live streaming for our General Insurance business. Bolt's adoption remains high at 40% to 50% even now indicating changed preference of the users for tech-enabled solutions.

SWITCH Mobile App: With SWITCH app, we enabled Driver-based Insurance where customers pay only for the days they drive their vehicle and save on premium when they do not.

Digital Lending Platform (DLP): Digital Lending Platform for loan origination has accelerated the decision making and disbursement via smart eligibility checks, paperless functioning, and instant validation of applicant's credit worthiness.

Retail Trading platform: We overhauled our retail trading platform to ensure quick scaleup of our ability to push transactions into the exchange and have also started migrating our client-side platform offering to the cloud.



Information Security & IT Governance

In order to cater to the ever changing landscape post pandemic, we have moved away from the traditional castle-and-moat security model to Zero Trust Network Security model. This requires strict identity verification for every person and device trying to access resources on private corporate network. Going forward, enhancing the Cloud security framework and governance at Edelweiss Group will continue to be a priority area. Further, even during these trying times, we have been able to maintain 100% regulatory and policy compliance of all our IT security controls with zero downtime.

With respect to IT Governance, we intend to continue our focus on process standardisation and strengthen our governance practices to ensure the right balance of efficiency, risk and compliance.

HUMAN RESOURCES

Crisis begets opportunity and it is the strength of our people that has turned the pandemic and volatile economic environment into opportunity with their energy, persistence and agile thinking. Along with this, anchored to our guiding principles, our culture and values continue to guide our choices and keep us resilient.

People Practices

Our policies provide greater flexibility, equipping our employees to contribute with same or better productivity and to broaden their knowledge beyond their role. A significant component of our value-based culture is also commitment to acknowledge and appreciate efforts of employees through extensive recognition programmes.

Workplace

Our offices are reimaged and repurposed to support work from home and hybrid work feasibility enabling employees to connect, collaborate, manage work interactions with a mix of remote, onsite and hybrid workforce, as well as with the clients.

Well-being

We continued to remain grounded in our culture of care and our commitment to employee safety and well-being. During this pandemic, we made medical coverage for COVID-19 accessible early on for all employees and their dependent family members. As a family, through round-the-clock support from our Incident Room, working towards arranging for emergency services, employee outreach programmes and 24*7 counselling services, we hope to support our employees in the best possible way.

Leadership

In the changed context, virtual leadership emerged to ensure that plans, decisions, information and accomplishments are shared to motivate team members while sustaining connection, trust, and engagement with team members through frequent check-ins.

Our tiered Edelweiss Leadership Program in businesses continues to build capacities to nurture top talent in entry and mid-level. Focus on Senior leadership cohort continues to build a strong thinking body which acts as catalyst to shape our strategy. Over 5% of our employees are part of this pipeline.

Our ~8,518 people (including EWM), with ~23% of them being women, continue to be our strength as we embark on our journey of the next 25 years of Edelweiss.

EDELWEISS BRAND – BEUNLIMITED

Rising to the needs of the community we operate in and giving back in a meaningful way has been a constant endeavour at Edelweiss. COVID-19 brought to light the painful plight of migrant workers and domestic help community. As a responsible brand, Edelweiss took the lead and started a public service initiative #HelpYourHelp which attempts to educate and encourage individuals to empower this unorganised community over the long-haul, through a digital repository of 20+ Government welfare schemes.



The campaign also received stellar support from people from all walks of life. Our sports ambassadors during FY21 – Dipa Karmakar, Hima Das and Manika Batra were among the influencers who also pledged their support and encouraged others to follow with the hope that it will encourage the target group to chase their dreams and empower them to truly #BeUnlimited.

CUSTOMER EXPERIENCE

At Edelweiss, Customer Experience (CX) is regarded as a key pillar of business success in true spirit.

With this motto in sight, we have continued to build a culture of customer-centric businesses across the Group. To drive this agenda, we have also implemented wide ranging measures across the Group including digital upgrade. Through these efforts, we are responding to evolving customer needs and institutionalising these processes across the organisation, to ensure a superlative experience for all our customers, throughout the value chain.



Cautionary Statement

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



Integrated Reporting

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



STRATEGY AND RESOURCE ALLOCATION

Edelweiss as a business has used the pandemic as an accelerator of strategic decisions already taken. We are committed to creating and unlocking shareholder value via our diversified business model as we did by partnering with PAG for our Wealth Management business. We will continue to focus on liquidity management, manage asset quality and recoveries with focus on digital led business model and our responsibility to society.



RISKS AND OPPORTUNITIES

While the second wave of COVID-19 is on the wane, its resurgence or a third wave can impact growth along with a slower than expected recovery of the macro-economy. However, with the financialisation of household savings, democratisation of credit and emerging technology trends, the long-term India story remains promising. FY22 comes both with uncertainty and hope.



GOVERNANCE

Governance is at the heart of everything we do and transcends compliance. Our sustainability model is aligned to the United Nation's Sustainable Development Goals and revolves around contributing to society, protecting the environment and responsible governance.



PERFORMANCE IN FY21

Our businesses have been resilient in these testing times of the pandemic. While the Alternatives, Asset Reconstruction and Wealth Management business have maintained their industry leadership, our Mutual Fund, Retail Credit are growing franchisees. The Life Insurance and digitally powered General Insurance business continued to grow and gain market share, while recoveries in ARC continue to be strong. All our businesses are well-capitalised, with operationally independent and robust platforms.



ORGANISATIONAL OVERVIEW AND EXTERNAL ENVIRONMENT

This year marks the culmination of the first quarter-century of our journey. We are working towards defining the contours of the Edelweiss of the future. While the basic contours of our organisation will remain the same – a focus on culture, people, nurturing and scaling businesses, we will also see some new paradigms of focus – process and institutionalisation, tech-oriented thinking, independent and self-sufficient businesses. The environment is gradually improving and our businesses are poised for growth.



OUTLOOK

As we enter FY22, we will continue to focus on strengthening balance sheet and liquidity; Invest in our retail credit, asset management and Insurance businesses and progress on the EWM demerger. Robust equity, comfortable liquidity and agile operating platforms will give us a solid foundation as we look towards economic revival and growth in the years ahead.



BUSINESS MODEL

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



DIVIDEND DISTRIBUTION POLICY

Introduction:

The Securities and Exchange Board of India (SEBI), has mandated certain categories of listed companies to formulate a Dividend Distribution Policy ('Policy'). This Policy is in accordance with Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Objective:

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

Definitions:

Unless repugnant to the context:

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

"Company" shall mean Edelweiss Financial Services Limited

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

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

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

Regulatory Framework

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

Factors for considering Dividend:

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

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

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

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

Provision regarding class of shares:

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

Review/Amendment:

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

For and on behalf of the Board
Edelweiss Financial Services Limited

Rashesh Shah
Chairman & Managing Director
Mumbai, June 11, 2021 **DIN: 00008322**



REMUNERATION POLICY

Objective

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

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

The Objective of the policy is to ensure that :

- i. The level and composition of remuneration is reasonable and sufficient to attract & retain talent required to run the Company successfully;
- ii. Relationship of remuneration to performance is clear and meets appropriate benchmarks ; and
- iii. Remuneration to the Directors, KMPs and Senior level employees comprises a balance of fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals.

Remuneration of the Independent Directors and Non-executive Directors

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

Remuneration of the Managing Director and Executive Directors

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

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

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

Policy Review

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

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

For and on behalf of the Board
Edelweiss Financial Services Limited

Rashesh Shah
Chairman & Managing Director
Mumbai, June 11, 2021 **DIN: 00008322**



Annual Report on Corporate Social Responsibility Activities

[As prescribed under Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014]

1. Brief outline on CSR Policy of the Company.

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

2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation/Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. Venkatchalam Ramaswamy	Executive Director (Chairman of the Committee)	2	2
2	Mr. Himanshu Kaji	Executive Director	2	2
3	Mr. Rujan Panjwani	Executive Director	2	2
4	Mr. P. N. Venkatachalam	Independent Director	2	2

3. Web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company at www.edelweissfin.com.

4. Details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report):

Not Applicable

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any:

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be set-off for the financial year, if any (in ₹)
1	FY 2017-18		
2	FY 2018-19	Nil	Nil
3	FY 2019-20		
	Total	Nil	Nil

6. Average net profit of the Company as per section 135(5): ₹ 1,13,48,44,332

**Annexure to Board's Report (continued)**

7. (a) Two percent of average net profit of the Company as per section 135(5): ₹ 2,26,96,887
- (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: NIL
- (c) Amount required to be set off for the financial year, if any: NIL
- (d) Total CSR obligation for the financial year (7a+7b-7c): ₹ 2,26,96,887
8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (in ₹)	Amount Unspent				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
2,27,00,000	Nil	-	-	Nil	-

- (b) Details of CSR amount spent against ongoing projects for the financial year:

As per Annexure A to this Report

- (c) Details of CSR amount spent against other than ongoing projects for the financial year:

As per Annexure B to this Report

- (d) Amount spent in Administrative Overheads:

NIL

- (e) Amount spent on Impact Assessment, if applicable:

Not applicable

- (f) Total amount spent for the Financial Year (8b+8c+8d+8e):

During the year ended March 31, 2021, the Company has spent ₹ 2,27,00,000 on standalone basis and ₹ 29,78,58,000 on consolidated basis.

- (g) Excess amount for set off, if any:

Sl. No.	Particular	Amount (in ₹)
(i)	Two percent of average net profit of the Company as per section 135(5)	2,26,96,887
(ii)	Total amount spent for the financial year	2,27,00,000
(iii)	Excess amount spent for the financial year [(ii)-(i)]	3,113
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	-
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	-



9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	Amount spent in the reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years (in ₹)
				Name of the Fund	Amount (in ₹)	Date of transfer	
1	FY 2017-18						
2	FY 2018-19						
3	FY 2019-20						
	Total						Nil

- (b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (in ₹)	Amount spent on the project in the reporting Financial Year (in ₹)	Cumulative amount spent at the end of reporting Financial Year. (in ₹)	Status of the project - Completed/ Ongoing
-						Nil		
	Total					Nil		

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details):
- Date of creation or acquisition of the capital asset(s): None
 - Amount of CSR spent for creation or acquisition of capital asset: Nil
 - Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.: Not Applicable
 - Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset): Not Applicable
11. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per section 135(5): Not Applicable

Venkatchalam Ramaswamy
Executive Director (Chairman of the CSR Committee)
DIN: 00008509

Himanshu Kaji
Executive Director
DIN: 00009438

Date: June 11, 2021



Annexure to Board's Report (continued)

Annexure A

Details of CSR amount spent against ongoing projects for the financial year:

1	2	3	4		5		6	7	8	9	10	11	
			Local Area (Yes/No)	State	Location of the project	Project duration						Amount allocated for the project (in ₹)	Amount spent in the current financial year (in ₹)
1	Climate Change Adaptation Measures for promotion of Livelihood of Rural Tribal farmers through agri & allied sector interventions	Livelihood		Chhattisgarh	Balod	3	1,03,60,581	1,03,60,581	-	-	-		
2	Ensuring safety of women and realise the vision of 'a safe district for women is a safe district for all	Women Empowerment		Gujarat	Kutch	1	66,64,665	66,64,665	-	-	-		
3	Unnitiir Udaan	Women Empowerment	No	West Bengal	24 Parganas	3	14,93,100	14,93,100	-	-	No	EdeGive Foundation	CSR00000514
4	Water for Life and Livelihood	Livelihood		Orissa	Mayurbanj	3	18,81,605	18,81,605	-	-	-		
5	Building wealthy resilient and responsible farmers through Vrutti's 3-fold model	Livelihood		Tamil Nadu	Pudukottai	2	2,28,541	2,28,541	-	-	-		
6	Enhancing livelihoods through protective irrigation	Livelihood		Maharashtra	Nagpur	2	19,71,508	19,71,508	-	-	-		
	TOTAL						2,26,00,000	2,26,00,000					



Annexure- B

Details of CSR amount spent against other than ongoing projects for the financial year:

1	2	3	4	5		6	7	8
Sl. No.	Name of the project	Item from the list of activities in Schedule VII to the Act	Local Area (Yes/No)	Location of the project		Amount spent for the project (in ₹)	Mode of implementation - Direct (Yes/No)	Mode of implementation through implementing agency Name
				State	District			CSR registration number
1	On ground relief work	Reducing inequalities	Yes	Maharashtra	Mumbai	1,00,000	No	Ede Give Foundation
	TOTAL					1,00,000		-



Annexure to Board's Report (*continued*)

Annexure - IV

**Form No. MR-3
SECRETARIAL AUDIT REPORT
For the year ended 31st March, 2021**

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

To
The Members
Edelweiss Financial Services Limited,

We have conducted the Secretarial Audit of the compliance of the applicable statutory provisions and the adherence to good corporate practices by Edelweiss Financial Services Limited, having CIN: L99999MH1995PLC094641 (hereinafter called the 'Company') during the financial year from 1st April 2020 to 31st March 2021, ('the year'/'audit period'/'period under review').

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

We are issuing this report based on:

- (i) our **verification** of the books, papers, minutes books, soft copies, hard copies or scanned copies by email, information provided through virtual data room and other records maintained by the Company and furnished to us, forms/returns, documents etc. filed and other relevant records and procedures completed by the Company during the year ended 31st March 2021,
- (ii) Our **observations** during our visits to the office/s of the Company,
- (iii) **Compliance Certificates** confirming Compliance with all laws applicable to the Company given by the Key Managerial Personnel of the Company and taken on record by the Board of Directors, and
- (iv) **Representations** made, documents shown and information provided by the Company, its officers, agents, and authorised representatives during our conduct of the Secretarial Audit.

We hereby report that in our opinion, during the audit period the Company has, to the extent, in the manner and subject to the reporting made hereinafter:

- (i) complied with the statutory provisions listed below and
- (ii) has Board-processes and compliance mechanism in place.

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

1. Compliance with specific statutory provisions

1.1. We further report that:

- a. We have examined the books, papers, minute books and other records maintained by the Company and the forms, returns, reports, disclosures and information filed or disseminated during the year according to the applicable provisions/clauses of:
 - i. The Companies Act, 2013 ("the Act") and the Rules framed thereunder;
 - ii. The Securities Contracts (Regulation) Act, 1956 and the Rules framed thereunder;
 - iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
 - iv. The Foreign Exchange Management Act, 1999 and the Rules/Regulations framed thereunder (FEMA) to the



extent of Overseas Direct Investment, Foreign Direct Investment and External Commercial Borrowings, as applicable to the Company;

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

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

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

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

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

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

(f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.

The following Regulations were not applicable to the Company, during the year under review:

(g) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

(h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

(i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;

vi. The following regulations are specifically applicable to the Company:

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

vii. Listing agreements entered into by the Company with the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) (Agreements), pursuant to the requirements of the Listing Regulations.

viii. Secretarial Standards SS-1 and SS-2 respectively in relation to the meetings of the Board and General Meetings, issued by The Institute of Company Secretaries of India, which are mandatory in application.

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

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

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

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

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



Annexure to Board's Report (continued)

- c) The Secretarial Standards on meetings of the Board of Directors (SS-1) and Secretarial Standards on General Meetings (SS-2) mentioned under paragraph 1.1 (viii) above to the extent applicable to the meetings of the Board and its Committees held during the year and the 25th Annual General Meeting held on 28th September 2020. The Compliance with the provisions of the Rules made under the Act with regard to the meetings of the Board and its Committees held through Video Conferencing/Other Audio Visual Means (OAVM), during the period under review, was verified based on the minutes of the meetings provided by the Company;
- 1.3. We have also examined, on test-check basis, the relevant documents and records maintained by the Company according to the following regulation, applicable specifically to the Company:
- The Securities and Exchange Board of India (Merchant Banking) Regulations, 1992.
- 2. Board processes:**
- We further report that:
- 2.1 As on March 31, 2021, in terms of the provisions of the Act and the Listing Regulations, the Board of Directors of Company comprised of twelve members, as under:
- One Managing Director, one Executive Director and one Non-executive Non-Independent Director (Promoter Category);
 - Two Executive Directors;
 - Seven Non-executive Independent Directors, including a woman Director;
- 2.2 The processes relating to appointment and re-appointment of the Board of Directors and the Key Managerial Personnel during the year were carried out in compliance with the provisions of the Act and the Listing Regulations. During the year, the following appointment/re-appointments, resignations took place:
- (i) Re-appointment of Ms. Vidya Shah (DIN: 00274831) and Mr. Rujan Panjwani (DIN: 00237366) as directors, retiring by rotation, in accordance with the provisions of the Act, at the 25th AGM;
 - (ii) Re-appointment of Mr. Rujan Panjwani (DIN: 00237366) as an Executive Director for a further period of 5 years w.e.f. June 24, 2021 at the 25th AGM;
 - Resignation of Ms. Anita George (DIN: 00441131), as a Director of the Company, w.e.f. July 13, 2020;
 - Resignation of Mr. S. Ranganathan, as the Chief Financial Officer of the Company w. e. f. October 31, 2020;
 - Appointment of Mr. Sarju Simaria as the Chief Financial Officer of the Company, w.e.f. November 1, 2020;
 - Further the Board at its meeting held on March 25, 2021, accepted the resignation of Mr. B. Renganathan, Company Secretary of the Company and appointed Mr. Tarun Khurana as the Company Secretary. The changes were effective from April 23, 2021, as per information provided by the Company.
- 2.3 Adequate notice with Agenda and the detailed notes to Agenda of at least seven days was given to all the directors to enable them to plan their schedule for the meetings of the Board and the Committees constituted by the Board and where the meetings were held at shorter notice, due compliance was ensured, as required under the Act and Secretarial Standard relating to the Board Meetings.



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

2.5. The supplementary agenda notes which were circulated less than seven days before the meetings of the Board and its Committees were considered with the consent of the members of the Board or Committees, as the case may be, as required under SS-1.

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

3. Compliance mechanism

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

During the year under review, the Company has entered into related party transactions, including but not limited to sale/purchase of the investments to the related parties, in respect of which the Company has complied with the applicable provisions of the Act and the Listing Regulations.

4. Specific events/actions

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

4.1.1 The Company has allotted 13,89,075 Equity Shares of the face value of ₹ 1 each shares, to eligible employees, in pursuance of the employee stock option schemes of the Company.

4.1.2. As a source of mobilisation of funds for meeting the operations of the Company and its subsidiaries, the Company had sought the approval of the Shareholders by way of Special Resolution, at the 25th AGM, for offer,

issuance and allotment of Equity Shares and various other categories of Securities, in one or more tranches, from time to time, for an aggregate amount up to ₹ 1,500 crores, to the eligible investors.

4.1.3. The Company, vide its Notice of Postal Ballot dated May 21, 2020, had obtained the approval of the Shareholders by way of Special Resolution, for the following purposes:

- To increase the limit to make loans to any person or other bodies corporate; give any guarantee or provide security in connection with a loan to any other body corporate or person; and acquire by way of subscription, purchase or otherwise securities of any other body corporate, from ₹ 10,000 crores to ₹ 20,000 crores, under Section 186 of the Act.
- To approve divestment/pledge/dilution/disposal of the Company's investment(s)/asset(s)/undertaking(s).

4.1.4. During the year, the Company has

- (a) by way of Public Issue, offered, issued and allotted 20,00,000 Secured Redeemable Non-Convertible Debentures, of face value of ₹ 1,000 each ("NCDs"), at par, for an aggregate amount of ₹ 200 Crores and these NCDs have been listed at BSE Limited, w.e.f. January 11, 2021.
- (b) the Board of Directors of the Company has approved another Public issue involving issuance of 20,00,000 Secured Redeemable Non-Convertible debentures of face value of ₹ 1,000 each ("NCDs"), of different series, at par, with an option to retain over-subscription upto ₹ 200 crores aggregating to an amount of ₹ 400 Crores and in pursuance of the same, filed a Prospectus dated March 26, 2021. The issue was opened for subscription on April 1, 2021 and closed on April 23, 2021. We are



Annexure to Board's Report (continued)

informed by the Company that the NCDs allotted pursuant to this issue were listed at BSE Limited, w.e.f. May 3, 2021.

- (c) The Company has from time to time issued various series of listed/unlisted Non-convertible Debentures on private placement basis for an aggregate amount of ₹ 1,535.22 crores.

4.1.5. The Board of Directors of the Company, at their meeting held on March 25, 2021, declared an interim dividend of ₹ 0.90 per share on the equity shares of the face value of ₹ 1/- each, and payable to all beneficial members of the Company, as on the Record Date of April 8, 2021. The interim dividend has been paid within the prescribed time lines.

**For BNP & Associates
Company Secretaries
[Firm Regn. No. P2014MH037400]**

PR No. 637/2019

**Avinash Bagul
Partner
FCS No:5578/COP No:19862
UDIN : F005578C000447184**

Place : Mumbai
Dated: June 11, 2021

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



Annexure - A

To,
The Members,
Edelweiss Financial Services Limited

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

1. The Company's management is responsible for maintenance of secretarial records and compliance with the provisions of corporate and other applicable laws, rules, regulations and standards. Our responsibility is to express an opinion on the secretarial records produced for our audit.
2. We have followed such audit practices and processes as we considered appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records.
3. We have verified the secretarial records furnished to us on a test basis to see whether the correct facts are reflected therein. We also examined the compliance procedures followed by the Company on a test basis. We believe that the processes and practices we followed, provides a reasonable basis for our opinion.
4. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
5. We have obtained the management's representation about the compliance of laws, rules and regulations and happening of events wherever required.
6. Our Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

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

Avinash Bagul
Partner
FCS No:5578/COP No:19862
UDIN : F005578C000447184

Place : Mumbai
Dated: June 11, 2021



Annexure to Board's Report (continued)

**Form No. MR-3
SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2021

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
**The Members,
Edelweiss Tokio Life Insurance Company Limited**

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

Based on our verification of the Company books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2021, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2021 according to the relevant and applicable provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder, as may be applicable;
- (ii) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

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

- a) Insurance Act, 1938;
- b) Insurance Regulatory and Development Authority of India Act, 1999 ("IRDAI") and the rules, regulations, circulars, guidelines, instructions etc. issued by IRDAI;
- c) Prevention of Money Laundering Act (PMLA), 2002 as amended from time to time;
- d) Prevention of Money Laundering (Maintenance of Records) Rules, 2005 as amended from time to time; and
- e) IRDAI Corporate Governance Guidelines.

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

- 1. Secretarial Standards issued by The Institute of Company Secretaries of India; and
- 2. Listing Agreement/Regulations: The Company is an unlisted Company and therefore compliance with listing agreement/regulations is not applicable.

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



We further report that the Board of the Company is duly constituted with proper balance of Executive Director, Non-Executive Directors, Independent Directors and Woman Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act. During the year under review, Mr. Subhrajit Mukhopadhyay was appointed as an Executive Director w.e.f. August 10, 2020.

Adequate notice was given to all the Directors to schedule the Board meetings, agenda and detailed notes on agenda were sent at least seven days in advance, in certain cases meetings were held at a shorter notice and the Company has complied with the applicable provisions therefor and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation & deliberations at the meetings.

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

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

We further report that during the audit period,

- (i) At the Annual General Meeting held on August 27, 2020, the members approved the contribution of ₹ 24,27,305 (in thousands)

funds from Shareholders Account to the Policyholders Account.

- (ii) The Board of Directors at their meeting held on January 27, 2021, inter-alia, approved the re-appointment of Mr. Sumit Rai as Managing Director and Chief Executive Officer for a period of 3 years with effect from August 1, 2021 or the date when the IRDA approves.
- (iii) The Board of Directors at their meeting held on March 11, 2021, inter-alia, approved the proposal to issue 9.95% unlisted, unsecured, subordinated, redeemable, non-convertible debentures having face value of ₹ 1000 for an aggregate consideration of up to ₹ 100 crores on private placement, subject to approval for IRDAI. The application in this regard has been filed with IRDAI.

For M Siroya and Company
Company Secretaries

Mukesh Siroya
Proprietor
FCS No.: 5682
CP No.: 4157
UDIN: F005682C000343118

Date : May 19, 2021
Place : Mumbai

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



Annexure to Board's Report (continued)

Annexure A'

To,
**The Members,
Edelweiss Tokio Life Insurance Company Limited**

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these Secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management's representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of the procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
7. In view of the ongoing restrictions/ advisories issued by the Government of India/Maharashtra to contain the spread of Covid-19 pandemic on the movement of people, we have relied on electronic data for verification of the Company books, papers, minute books, forms and returns filed, and other records maintained by the Company.

For M Siroya and Company
Company Secretaries

Mukesh Siroya
Proprietor
FCS No.: 5682
CP No.: 4157

UDIN: F005682C000343118

Date : May 19, 2021
Place : Mumbai



**Disclosure pursuant to the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014**

The ratio of the remuneration of each Director to the median employee's remuneration and other details in terms of sub-section 12 of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended is as under:

Sr. No.	Disclosure Requirement	Disclosure Details			
		Directors	Title	Ratio	
1	Ratio of the Remuneration of each Director to the median remuneration of the employees of the Company for the financial year	Mr. Rashesh Shah	Chairman & Managing Director	10.31	
		Mr. Venkatchalam Ramaswamy	Vice Chairman & Executive Director	8.37	
		Mr. Himanshu Kaji	Executive Director	9.64	
		Mr. Rujan Panjwani	Executive Director	2.02	
During the year, the Independent Directors were paid commission of ₹ 0.50 million each, representing the ratio of 0.45 each.					
2	Percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the Financial year	Directors/ KMP	Title	% increase in remuneration	
		Mr. Rashesh Shah	Chairman & Managing Director	-9.27%	
		Mr. Venkatchalam Ramaswamy	Vice Chairman & Executive Director	-16.82%	
		Mr. Himanshu Kaji	Executive Director	-9.63%	
		Mr. Rujan Panjwani	Executive Director	-91.96%	
		There was an increase of -50% in the remuneration (commission) paid to Mr. P. N. Venkatachalam, Mr. Berjis Desai, Mr. Navtej S. Nandra, Mr. Kunnasagaran Chinniah and Mr. Biswamohan Mahapatra, the Independent Directors of the Company during FY 2020-21 as compared to FY 2019-20*			
		Mr. S Ranganathan (till October 31, 2020)	Chief Financial Officer	-78.26%	
Mr. Sarju Simaria (w.e.f. November 1, 2020)	Chief Financial Officer	Refer Note #			
	Mr. B Renganathan	Company Secretary	-29.26%		
3	Percentage increase in the median remuneration of employees in the Financial year	-13.46%			
4	Number of permanent employees on the rolls of the Company at the end of the year	69 permanent employees were on the rolls of the Company as on March 31, 2021			
5	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	The average increase in the remuneration for the managerial personnel is -52.50% and for non-managerial personnel is -35.20% (The employees joined/left the Company during the financial year 2020-21 are not considered for this purpose)			
6	Affirmations that the remuneration is as per the Remuneration Policy of the Company	It is affirmed that the remuneration paid is as per the Remuneration Policy of the Company			

*No commission was paid to Mr. Ashok Kini and Dr. Ashima Goyal, Independent Directors of the Company during the financial year 2019-20.

Mr. Sarju Simaria was appointed as the Chief Financial Officer of the Company during the financial year 2020-21, hence no remuneration was paid during the financial year 2019-20.

Ms. Vidya Shah, a Non-executive Non-Independent Director was not paid any remuneration during the financial year 2020-21.

For and on behalf of the Board
Edelweiss Financial Services Limited

Rashesh Shah
Chairman & Managing Director
DIN: 00008322

Mumbai, June 11, 2021

**Business Responsibility Report for the year 2020-21**

(Pursuant to regulation 34(2)(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"))

Section - A**General Information about the Company**

Sr. No.	Particulars	Reply
1	Corporate Identity Number (CIN) of the Company	L99999MH1995PLC094641
2	Name of the Company	Edelweiss Financial Services Limited
3	Registered Office address of the Company	Edelweiss House, Off. C.S.T Road, Kalina, Mumbai 400 098
4	Website	www.edelweissfin.com
5	E-mail ID	efsl.shareholders@edelweissfin.com
6	Financial Year reported	April 1, 2020 - March 31, 2021
7	Sector (s) that the Company is engaged in (Industrial activity code-wise)	Code: 649 – Investment Banking and Advisory Services 642 – Holding Company Activities
8	List three key products/services that the Company manufactures/provides (as in Balance Sheet)	Investment Banking & Advisory Services
9	Total number of locations where business activity is undertaken by the Company	
	(a) Number of International Locations (Provide details of major 5)	6 (Dubai, Hong Kong, Mauritius, New York, Singapore and London) through subsidiaries and associates of the Company.
	(b) Number of National Locations	138 cities through subsidiaries and associates of the Company.
10.	Market served by the Company- Local/State/ National/International	The Company serves the Indian markets and the international markets through its subsidiaries and associates.



Section - B

Financial details of the Company

Sr. No.	Particulars	Reply
1	Paid-up Capital (as on March 31, 2021)	₹ 935.80 million
2	Total Turnover/Income	₹ 1,08,488.50 million (on consolidated basis)
3	Total Profit After Taxes	₹ 2,539.20 million (on consolidated basis)
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	Please refer CSR Report annexed to the Board's Report.
5	List of activities in which expenditure in 4 above has been incurred	

Section – C

Other Details

Sr. No.	Particulars	Reply
1	Does the Company have any Subsidiary Company/ Companies?	Yes
2	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent Company? If yes, then indicate the number of such subsidiary Company(s)	Yes The Company is engaged in the Financial Services. The Company along with its subsidiaries carries out the Business Responsibilities and CSR activities.
3	Do any other entity/entities (e.g., suppliers, distributors etc.) that the Company does Business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	We encourage our associates & partners to engage/participate in Business Responsibility (BR) initiatives. We also endeavour to increase our coverage of our business partners and investee companies etc. to ensure that fair, sustainable, and responsible business practices are followed.



Annexure to Board's Report (*continued*)

Section - D

Business Responsibility Information

(1) Details of Director/Directors responsible for Business Responsibility

Sr. No.	Particulars	Reply
(a)	Details of the Director/Director responsible for implementation of the Business Responsibility Policy/policies	Name: Vidya Shah (DIN: 00274831) Designation: Non-executive Non-Independent Director, Chairperson-ESG Council
(b)	Details of the Business Responsibility head	Telephone No.: + 91 22- 40094400 e-mail ID: efsl.shareholders@edelweissfin.com

In fulfilling its obligation of BR and the CSR, the Company is guided by Edelweiss Guiding Principles which are provided in this Annual Report.

Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N)

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. These are as follows:

- P1 – Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.**
- P2 – Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.**
- P3 – Businesses should promote the well-being of all employees.**
- P4 – Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.**
- P5 – Businesses should respect and promote human rights.**
- P6 – Businesses should respect, protect, and make efforts to restore the environment.**
- P7 – Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.**
- P8 – Businesses should support inclusive growth and equitable development. [CSR Policy]**
- P9 – Businesses should engage with and provide value to their customers and consumers in a responsible manner.**



(a) Details of compliance (Reply in Y/N)

Sr. No.	Questions	P-1	P-2	P-3	P-4	P-5	P-6	P-7	P-8	P-9
1	Do you have a policy/policies for each principle stated in the NGV?	Y	N§	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	N§	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national/international standards? If yes, specify? (50 words)	Y	N§	Y	Y	Y	Y	Y	Y	Y
4	Has the policy being approved by the Board? If yes, has it been signed by MD/owner/CEO/appropriate Board Director?	Business Responsibility Policy encompassing all these principles has been approved. Additionally, we have separate policies that cover aspects related to governance, ethics, code of conduct, employee practices, environment, human rights etc.								
5	Does the Company have a specified committee of the Board/Director/ Official to oversee the implementation of the policy?	The policies have been approved and adopted by the Board/Internal Committee(s)/Managerial Personnel and are implemented and reviewed from time to time. Appropriate steps shall be taken to oversee the implementation of the policy.								
6	Indicate the link for the policy to be Viewed online?	The Policy is made available on the website of the Company at www.edelweissfin.com .								
7	Has the policy been formally Communicated to all relevant internal and external stakeholders?	Yes								
8	Does the Company have in-house structure to implement the policy/policies	An Internal Committee has been set up that monitors the progress, reviews and implements, various aspects related to environmental social and governance policies.								
9	Does the Company have a Grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Yes								
10	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	The Company may take appropriate steps in this regard.								

§: Considering the nature of business of the Company, Principle - 2 may not be strictly applicable. However, the Company endeavour to comply with all the applicable rules and regulations w.r.t. its services. We attempt to be transparent, fair in our advice and responsive to customer requirements and feedback.



Annexure to Board's Report (continued)

(b) If answer to the question at serial number 1 against any principle, is "No" Please explain why: (Tick up to 2 options): Not Applicable

Sr. No.	Questions	P-1	P-2*	P-3	P-4	P-5	P-6	P-7	P-8	P-9
1	The Company has not understood the Principles									
2	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3	The Company does not have financial or manpower resources available for the task									
4	It is planned to be done within next 6 months									
5	It is planned to be done within next 1 Year									
6	Any other reason (please specify)									

Not Applicable

* Considering the nature of business of the Company, Principle - 2 may not be strictly applicable. However, the Company endeavour to comply with all the applicable rules and regulations w.r.t. its services. We attempt to be transparent, fair in our advice and responsive to customer requirements and feedback.

3. Governance related to BR

Sr. No.	Particulars	Reply
1	Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year	Annually
2	Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	The Company has published an ESG/Sustainability Report for the FY 2020-21. The same is available on the website of the Company https://www.edelweissfin.com/investor-relations/



SECTION - E

Principle-wise Performance

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

It is an integral part of the Edelweiss Guiding Principle to conduct the business in a fair and transparent manner.

Sr. No.	Particulars	Reply
1	Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/No. Does it extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?	The Company has adopted various policies in relation to ethics, bribery and corruption viz. Anti Money Laundering Policy, Anti-Fraud Policy, Anti Bribery and Corruption Policy, Whistle Blower Policy etc. and the same are applicable to the Group Companies as well.
2	How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.	During the year under review No. of Complaints/Requests Received: 4 Resolved: 100% of the Complaints/Requests

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

#: The Company does not manufacture any goods and products and such no material impacts from consumption of its products or production of products from a raw material perspective are there.

Sr. No.	Particulars	Reply
1	List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.	Not Applicable
2	For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional): (a) Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain? (b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?	
3	Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.	
4	Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?	
5	Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.	



Annexure to Board's Report (continued)

Principle 3: Businesses should promote the wellbeing of all employees

Sr. No.	Particulars	Reply	
1	Please indicate the Total number of employees (including subsidiaries and associates)	8,518	
2	Please indicate the Total number of employees hired on temporary/contractual/casual basis. (including subsidiaries and associates)	2,353	
3	Please indicate the Number of permanent women employees. (including subsidiaries and associates)	1,965	
4	Please indicate the Number of permanent employees with disabilities	Not Applicable	
5	Do you have an employee association that is recognized by management.	No	
6	What percentage of your permanent employees is members of this recognized employee association?	Not Applicable	
7	Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.	The Company does not employ/hire child labour, forced labour or, involuntary labour.	
	Sr. Category No.	No. of complaints filed during the financial year	No. of complaints pending as on end of the financial year
1	Child labour/forced labour/involuntary labour	Not Applicable	Not Applicable
2	Sexual harassment	NIL	NIL
3	Discriminatory employment	NIL	NIL
8	What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?	Every employee of the Company undergoes necessary training.	
(a)	Permanent Employees		
(b)	Permanent Women Employees		
(c)	Casual/Temporary/Contractual Employees		
(d)	Employees with Disabilities		



Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

As an Edelweiss Guiding Principle the Company focuses on Growth for its stakeholders - clients, employees and shareholders.

Sr. No.	Particulars	Reply
1	Has the Company mapped its internal and external stakeholders?	Please refer CSR Report annexed to the Board's Report.
2	Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders.	
3	Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.	

Principle 5: Businesses should respect and promote human rights

Sr. No.	Particulars	Reply
1	Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?	Extends to the Company and the Group.
2	How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?	During the year under review, no complaint has been filed with respect to human rights violation from any stakeholder.



Annexure to Board's Report (continued)

Principle 6: Businesses should respect, protect, and make efforts to restore the environment

Sr. No.	Particulars	Reply
1	Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.	Not Applicable
2	Does the Company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.	(Considering the nature of business of the Company, principle - 6 may not be strictly applicable, however the Company has adopted an ESG Policy covering environmental aspects relating to reduction of our dependence on grid electricity and increase share of the renewable sources of energy, reduction of our water consumption, reduction in GHG emissions).
3	Does the Company identify and assess potential environmental risks? Y/N	
4	Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?	
5	Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.	
6	Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?	
7	Number of show cause/legal notices received from Central Pollution Control Board (CPCB)/State Pollution Control Board (SPCB) which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.	

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

Sr. No.	Particulars	Reply
1	Is your Company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with.	The Company is a member of the following chambers and associations: i) Federation of Indian Chambers of Commerce and Industry ii) Confederation of Indian Industry
2	Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/ No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)	Edelweiss group presents its views regularly on various regulatory changes in the light of the changing business environment.



Principle 8: Businesses should support inclusive growth and equitable development

Sr. No.	Particulars	Reply
1	<p>Does the Company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8?</p> <p>If yes details thereof.</p>	<p>The CSR activities/programmes support inclusive growth and equitable development.</p> <p>The Company being in the business of providing financial services, conducts various investor awareness programmes from time to time.</p> <p>Through our businesses, we also cater to financing needs of low and middle-income groups for affordable housing and small enterprise finance.</p> <p>Through EdelGive Foundation and our CSR activities, we primarily work on:</p> <ul style="list-style-type: none">a) Women Empowerment and gender Equalityb) Education at elementary and early childhood stagec) Livelihood initiatives
2	<p>Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?</p>	<p>The programmes/projects are undertaken through EdelGive Foundation - The CSR arm of the Group which works with various NGOs across the country</p>
3	<p>Have you done any impact assessment of your initiative?</p>	<p>Yes, the Company continuously monitors and assesses the impact of its CSR initiatives.</p>
4	<p>What is your Company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.</p>	<p>Please refer CSR Report annexed to the Board's Report.</p>
5	<p>Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.</p>	<p>Yes.</p> <p>(Please refer CSR Report and the details that has been published in our ESG/Sustainability report/the Annual Report of EdelGive Foundation)</p>



Annexure to Board's Report (continued)

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner

Sr. No.	Particulars	Reply
1	What percentage of customer complaints/consumer cases are pending as on the end of financial year.	Nil
2	Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A ./Remarks (additional information)	Not Applicable
3	Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.	No
4	Did your Company carry out any consumer survey/ consumer satisfaction trends?	Consumer surveys are taken at regular intervals.

For and on behalf of the Board
Edelweiss Financial Services Limited

Rashesh Shah
Chairman & Managing Director
DIN: 00008322

Mumbai, June 11, 2021



Corporate Governance Report

Company's Philosophy on Corporate Governance

At Edelweiss, we strongly uphold good governance practices to promote fairness, transparency, accountability and integrity. In line with this philosophy, Guiding Principles have been articulated and these forms integral part of Company's corporate governance practices. Processes have been designed to run the businesses responsibly and harmonize diversified interests of various stakeholders thereby enhancing stakeholder value.

Board of Directors

Composition, Meeting and Attendance

The Board of Directors (the Board) of the Company comprises of Executive and Non-Executive Directors and the same is in conformity with the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (the Listing Regulations) and the Companies Act, 2013 (the Act).

The annual calendar of the Board Meetings is agreed upon at the beginning of the year. The agenda for the Board Meetings is circulated in advance and is backed by comprehensive background information to enable the Board to take informed decisions. During the financial year 2020-21, the Board met 6 times i.e. on: May 21, 2020, July 4, 2020, August 27, 2020, October 30, 2020, February 13, 2021 and March 25, 2021.

The names and categories of the Directors on the Board, their attendance at the Board Meetings held during the financial year 2020-21 and at the last Annual General Meeting (AGM), the number of directorships and committee positions held by them in other public limited companies and the name of the other listed entities where he/she is a Director and category of directorships as on March 31, 2021, are as under:

Name and DIN of the Directors	Category	No. of Board Meetings Attended	Attendance at the last AGM held on September 28, 2020	No. of directorships in other Public Limited Companies\$	Name of other Listed entities where person is Director - Category of Directorship	Committee Position*	
						Member	Chairman
Mr. Rashesh Shah [Chairman] (DIN 00008322)	Executive (Promoter)	6	Yes	4	-	Nil	Nil
Mr. Venkatchalam Ramaswamy [Vice Chairman] (DIN 00008509)	Executive (Promoter)	6	Yes	5	-	2	Nil
Mr. Himanshu Kaji (DIN 00009438)	Executive	6	Yes	1	-	1	Nil
Mr. Rujan Panjwani (DIN 00237366)	Executive	6	Yes	4	-	1	Nil
Ms. Vidya Shah (DIN 00274831)	Non-Executive, Non-Independent (Promoter)	6	Yes	3	-	1	Nil
Mr. P. N. Venkatachalam (DIN 00499442)	Independent	6	Yes	6	Sundaram Finance Limited-Independent Director	8	2



Corporate Governance Report (continued)

Name and DIN of the Directors	Category	No. of Board Meetings Attended	Attendance at the last AGM held on September 28, 2020	No. of directorships in other Public Limited Companies§	Name of other Listed entities where person is Director - Category of Directorship	Committee Position*	
						Member	Chairman
Mr. Berjis Desai (DIN 00153675)	Independent	6	Yes	8	Refer #	6	2
Mr. Navtej S. Nandra (DIN 02282617)	Independent	6	Yes	3	-	2	Nil
Mr. Kunnasagar Chinniah (DIN 01590108)	Independent	5	Yes	5	Nirlon Limited-Nominee Director	3	1
Mr. Biswamohan Mahapatra (DIN 06990345)	Independent	6	Yes	5	-	3	1
Mr. Ashok Kini (DIN 00812946)	Independent	5	Yes	3	-	1	1
Dr. Ashima Goyal (DIN 00233635)	Independent	5	Yes	1	-	Nil	Nil
Ms. Anita M. George [^] (DIN 00441131)	Non-Executive, Non-Independent	2	-	-	-	-	-

§ Only Directorships of public limited companies incorporated in India have been considered and excludes private limited companies, section 8 companies and foreign companies.

*Only Audit Committee and Stakeholders' Relationship Committee, in other public limited companies, have been considered for the Committee position.

Independent Director on the Board of Deepak Fertilisers and Petrochemicals Corporation Limited, Praj Industries Limited, Man Infraconstruction Limited, Jubilant Foodworks Limited and also Non-executive Director on the Board of The Great Eastern Shipping Company Limited.

[^]Ms. Anita M. George resigned as Director from the Board with effect from July 13, 2020.

Except for Mr. Rashesh Shah and Ms. Vidya Shah, none of the Directors are related to each other.

The Members of the Company at the 25th AGM held on September 28, 2020, approved the re-appointment of Mr. Rujan Panjwani, as an Executive Director of the Company for a further period of 5 years with effect from June 24, 2021.

None of the Directors hold office in more than 10 public companies as prescribed under the Act. No Director holds Directorships in more than 7 listed companies. Further, none of the Non-executive Directors serve as Independent Director in more than 7 listed companies as required under the Listing Regulations. The Managing Director does not serve as an Independent Director in any listed company. None of the Directors on the Board is a member of more than 10 Committees and Chairperson of more than 5 Committees, across all public limited companies in which he/she is a Director. Independent Directors are Non-executive Directors as defined under the Listing Regulations and the Act along with Rules framed thereunder. In terms of the Listing Regulations, the Independent Directors have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties.



Based on the declarations received from the Independent Directors, the Board has confirmed that they meet the criteria of independence as prescribed under the Listing Regulations and that they are independent of the management. Further, the Independent Directors have, in terms of Section 150 of the Act read with Rule 6 of the Companies (Appointment & Qualification of Directors) Rules, 2014, confirmed that they have enrolled themselves in the Independent Directors' Databank maintained with the Indian Institute of Corporate Affairs. In the opinion of the Board, the Independent Directors are persons of integrity and possess relevant expertise, experience and proficiency as per the Act.

All the directors of the Company have confirmed that they are not disqualified for being appointed as directors pursuant to Section 164 of the Companies Act, 2013.

M/s. BNP & Associates, Company Secretaries, have issued a certificate certifying that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India (SEBI), the Ministry of Corporate Affairs and any such statutory authority.

Board skills/expertise/competence matrix

The Board have identified the following parameters with respect to the skill/expertise/competence that are available with the Board in the context of the business and sector for it to function effectively:

Directors	Industry Knowledge/ Experience			Technical Skills/Experience						Behavioural Competencies	
	Financial and Capital Markets	Understanding of laws and regulations	International Experience	Accounting and Finance	Risk Management	Strategic Management	Legal and Compliance	Information Technology	Governance	Leadership and Mentoring Skills	Interpersonal Relations
Mr. Rashesh Shah	*	*	*	*	*	*	-	*	*	*	*
Mr. Venkatchalam Ramaswamy	*	*	*	*	*	*	-	*	*	*	*
Mr. Himanshu Kaji	*	*	*	*	*	*	*	*	*	*	*
Mr. Rujan Panjwani	*	*	*	*	*	*	-	*	*	*	*
Ms. Vidya Shah	*	*	*	*	-	*	-	*	*	*	*
Mr. P. N. Venkatachalam	*	*	*	*	*	*	*	-	*	*	*
Mr. Berjis Desai	*	*	*	*	-	*	*	-	*	*	*
Mr. Navtej S. Nandra	*	*	*	-	*	*	-	*	*	*	*
Mr. Kunnasagan Chinniah	*	*	*	*	*	*	*	*	*	*	*
Mr. Biswamohan Mahapatra	*	*	*	*	*	*	*	*	*	*	*
Mr. Ashok Kini	*	*	*	*	*	*	*	-	*	*	*
Dr. Ashima Goyal	*	*	*	*	*	*	-	-	*	*	*



Corporate Governance Report (*continued*)

Committees of the Board:

A) Audit Committee

Meetings held:

During the Financial Year 2020-21, the Committee met 5 times on May 21, 2020; July 4, 2020; August 27, 2020; October 30, 2020 and February 13, 2021.

The Committee comprises of the Independent Directors only. The composition as on March 31, 2021 and attendance during the year ended March 31, 2021:

Name of the Member	No. of Meetings Attended
Mr. P. N. Venkatachalam – Chairman	5
Mr. Berjis Desai	5
Mr. Biswamohan Mahapatra	5
Mr. Kunnasagaran Chinniah	4

All the members have financial management expertise. The constitution and terms of reference of the Committee are in compliance with the requirements of the Act and the Listing Regulations.

Brief description of the terms of reference of the Audit Committee *inter alia* include:

- 1) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible
- 2) Recommendation for appointment, remuneration and terms of appointment of auditors of the Company
- 3) Approval of payment to the statutory auditors for any other service rendered by the statutory auditors
- 4) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval with particular reference to:
 - a. matters required to be included in the director's responsibility statement to be included in the Board's report in terms of clause (c) of sub section 3 of the section 134 of the Companies Act, 2013
 - b. changes if any, in the accounting policies and practices and reasons for the same
 - c. major accounting entries involving estimates based on the exercise of judgement by management
 - d. significant adjustments made in the financial statements arising out of audit findings
 - e. compliance with the listing and other legal requirements relating to financial statements
 - f. disclosure of any related party transactions
 - g. qualifications in the draft audit report.
- 5) Reviewing, with the management, the quarterly financial statements before submission to the Board for approval



- 6) Evaluation of internal financial controls and risk management systems
- 7) Reviewing, with the management, performance of statutory auditors and internal auditors, adequacy of the internal control systems
- 8) Discussion with internal auditors of any significant findings and follow up thereon
- 9) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain any area of concern
- 10) To review the functioning of the Whistle Blower/Vigil mechanism
- 11) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Auditors, Internal Auditors and the Chief Financial Officer are invited to attend the meetings of the Committee. The Company Secretary acts as the Secretary to the Committee.

Mr. P. N. Venkatachalam, the Chairman of the Committee, was present at the last AGM held on September 28, 2020.

B) Nomination and Remuneration Committee

Meetings held:

During the Financial Year 2020-21, the Committee met 3 times on June 26, 2020; October 30, 2020 and March 25, 2021.

The Committee comprises of the Independent Directors only. The composition as on March 31, 2021 and attendance during the year ended March 31, 2021:

Name of the Member	No. of Meetings Attended
Mr. Berjis Desai - Chairman	3
Mr. Kunnasagaran Chinniah	3
Mr. Navtej S. Nandra	3

Brief description of the terms of reference of the Nomination and Remuneration Committee inter alia includes:

- 1) Identifying the persons who can become Directors
- 2) Formulating the criteria for determining the qualifications, positive attributes etc. and independence of a Director
- 3) Recommending to the Board a policy relating to the remuneration for the Directors & Key Managerial Personnel
- 4) Recommend to the Board, all remuneration, in whatever form, payable to senior management
- 5) Specify the manner for effective annual evaluation of performance of the Board, its Committees and individual Directors.

The Company has formulated a Remuneration Policy which is annexed to the Board's Report.



Corporate Governance Report (continued)

Board Evaluation

During the year, in accordance with the Board Evaluation Policy and the Guidance Note on Board Evaluation issued by SEBI, an annual evaluation of its own performance and that of the Committees and Directors pursuant to the provisions of the Act and the Listing Regulations was carried out by the Board on various parameters which *inter alia* included composition, diversity, effectiveness, quality of discussion, contribution at the meetings, business acumen, strategic thinking, time commitment, relationship with the stakeholders, corporate governance practices, contribution of the Committees etc.

A separate meeting of the Independent Directors was held wherein the performance of the Non-Independent Directors, performance of the Board as a whole (including the Committees) and also that of the Chairman in terms of the provisions of the Act, the Listing Regulations and the Guidance Note issued by SEBI in this regard was discussed.

Familiarisation Programme

The Independent Directors are familiarised with their roles, rights, responsibilities etc. in relation to the nature of the financial services sector and the business model of the Company. The details are uploaded on the website of the Company at: www.edelweissfn.com.

Remuneration to the Directors

The Company pays sitting fee of ₹ 20,000 per meeting to the Independent Directors for attending the meetings of the Board and the Committees thereof. The commission is paid to the Non-executive Directors *inter alia* based on their attendance, contribution etc. at the Board and various Committee Meetings.

The details of the remuneration paid and shareholding of the Directors during the financial year ended March 31, 2021 are as under:

Name of the Director	(Amount ₹ in million)					
	Salary	Perquisites	Sitting Fees	Commission	Total	No. of Equity Shares held*
Mr. Rashesh Shah	11.48	-	-	-	11.48	14,56,01,730
Mr. Venkatchalam Ramaswamy	9.42	0.04	-	-	9.46	5,81,26,560
Mr. Himanshu Kaji	10.84	0.04	-	-	10.88	38,51,500
Mr. Rujan Panjwani	2.25	-	-	-	2.25	1,19,51,380
Ms. Vidya Shah	-	-	-	-	-	3,10,31,200
Mr. P. N. Venkatachalam	-	-	0.36	0.50	0.86	2,70,000
Mr. Berjis Desai	-	-	0.50	0.50	1.00	-
Mr. Navtej S. Nandra	-	-	0.28	0.50	0.78	79,74,180
Mr. Kunnasagan Chinniah	-	-	0.12	0.50	0.62	2,00,000
Mr. Biswamohan Mahapatra	-	-	0.34	0.50	0.84	-
Mr. Ashok Kini	-	-	0.12	0.50	0.62	-
Dr. Ashima Goyal	-	-	0.12	0.50	0.62	-

* Shareholding as on March 31, 2021. Shares held singly or as a first shareholder are only considered.

Ms. Anita M. George resigned as Director from the Board with effect from July 13, 2020. No remuneration was paid to her.

Service contract of the Managing Director and the Executive Directors is as approved by the Members and notice period is as per the Rules of the Company. Severance fees – NA.



C) Stakeholders' Relationship Committee

Meetings Held:

During the financial year 2020-21, the Committee met once on February 12, 2021.

The composition as on March 31, 2021 and attendance during the year ended March 31, 2021:

Name of the Member	No. of Meetings Attended
Mr. Berjis Desai – Chairman	1
Mr. Kunnasagaran Chinniah	-
Mr. Venkatchalam Ramaswamy	1

As on date of this Report, Mr. Tarun Khurana is the Company Secretary & Compliance Officer of the Company.

Based on the report received from the Registrar & Share Transfer Agents, the Company received 4 requests/complaints during the year ended March 31, 2021 which were satisfactorily resolved/replied. As on March 31, 2021 there were no pending requests/complaints.

Risk Management

The Risk Committee has framed and implemented a Risk Management Framework and Strategy. The Company did not have any exposure in commodity price and hedging activities during the year 2020-21.

General Body Meetings

The date, time and venue of the last three AGMs are given below:

Financial Year	Date	Time	Venue	No. of Special Resolutions passed
2019-2020	September 28, 2020	4.00 p.m.	Held through Video Conferencing/ Other Audio Visual Means	2
2018-2019	July 25, 2019	3.00 p.m.	Edelweiss House, Off C.S.T. Road, Kalina, Mumbai- 400 098	2
2017-2018	July 26, 2018	1.30 p.m.	Edelweiss House, Off C.S.T. Road, Kalina, Mumbai- 400 098	2

Vide Postal Ballot Notice dated May 21, 2020, the Company had sought the approval of the Members by way of Special Resolutions for:

- i) increasing the limit to make loans and investments, give guarantee and provide security from ₹ 10,000 crores to ₹ 20,000 crores; and
- ii) divestment/pledge/dilution/disposal of the Company's investment(s)/assets/undertaking(s).

The aforesaid Resolutions were passed on June 21, 2020.

The Postal Ballot exercise was conducted by the Scrutinizer, Mr. B. Narasimhan, M/s. BN & Associates, Company Secretaries.



Corporate Governance Report (continued)

Details of Voting Pattern for above mentioned Resolutions are as under:

Sr. No.	Resolution(s)	Votes cast in favour		Votes cast against	
		Number	%	Number	%
1	Increase in the limit to make loans and investments, give guarantee and provide security from ₹ 10,000 crores to ₹ 20,000 crores;	58,40,90,796	85.09	10,23,77,295	14.91
2	Approval of divestment/pledge/dilution/disposal of the Company's investment(s)/asset(s)/undertaking(s).	54,28,65,966	79.12	14,32,60,249	20.88

For further details please visit the website of the Company at www.edelweissfn.com

Resolution, if any, to be passed through Postal Ballot during the current financial year will be taken up as and when necessary. The Company conducts the Postal Ballot in the manner provided in Section 110 of the Act read with the Rules made thereunder and other applicable statutes, if any, for conducting the Postal Ballot.

Means of Communication

The financial results, press releases and the presentation made to the Investors/Analysts are submitted to the Stock Exchanges and also uploaded on the website of the Company at www.edelweissfn.com. The financial results are also published in the newspapers.

I. General Shareholder Information

i.	AGM: Date, time and venue/mode:	Friday, September 3, 2021 at 4 p.m. IST through Video Conferencing/Other Audio Visual Means (VC/OAVM)
ii.	Financial Year:	April 1, 2020 to March 31, 2021
iii.	Book Closure dates:	August 28, 2021 to September 2, 2021 (both days inclusive)
iv.	Dividend payment date:	September 7, 2021 to September 16, 2021

II. Listing of Securities on Stock Exchanges:

a. Equity Shares

The Equity Shares of the Company are listed on:

Sr. No.	Name of the Stock Exchange	Address of the Stock Exchange	Trading Symbol
i)	BSE Limited (BSE)	P J Towers, Dalal Street, Fort, Mumbai - 400 001.	BSE – 532922
ii)	National Stock Exchange of India Limited (NSE)	Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051.	NSE – EDELWEISS

The Company has paid the listing fees to the Stock Exchanges for the financial year 2021-22. ISIN with National Securities Depository Limited and Central Depository Services (India) Limited: INE532F01054



b. Non-convertible Debentures

The Company has issued secured Non-convertible Debentures (NCDs) on private placement and through public issuances. Some of the NCDs are listed on BSE.

The Company has paid the listing fees to BSE for the financial year 2021-22.

Debenture Trustee:

The details of the Debenture Trustees for the NCDs issued by the Company are given below:

Beacon Trusteeship Limited 4 C&D, Siddhivinayak Chambers, Gandhi Nagar, Opp. MIG Cricket Club Bandra (East), Mumbai – 400 051 Tel.: +91 22 26558759 Email: compliance@beacontrustee.co.in Website: www.beacontrustee.co.in	Catalyst Trusteeship Limited Windsor, 6 th Floor, Office No. 604, C.S.T. Road, Kalina, Santacruz (East), Mumbai – 400 098 Tel.: +91 22 49220555 Email: dt.mumbai@ctltrustee.com Website: www.catalysttrustee.com
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III. Market Price Data

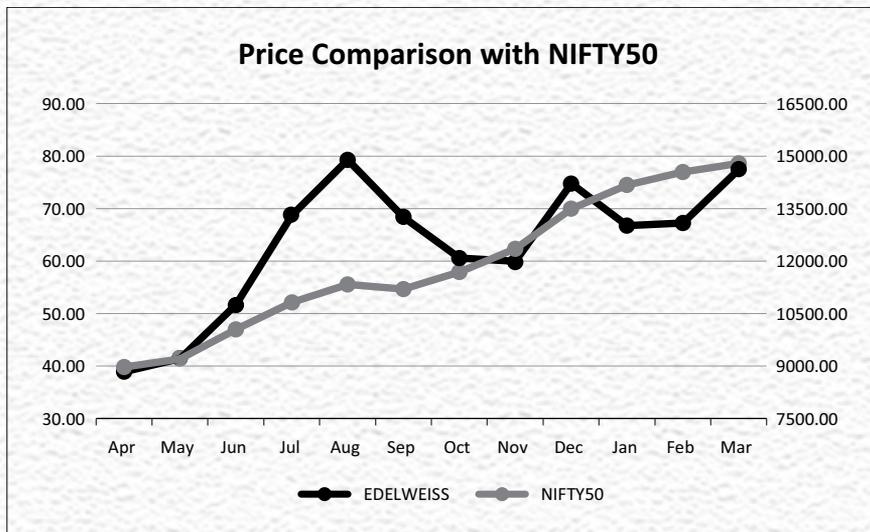
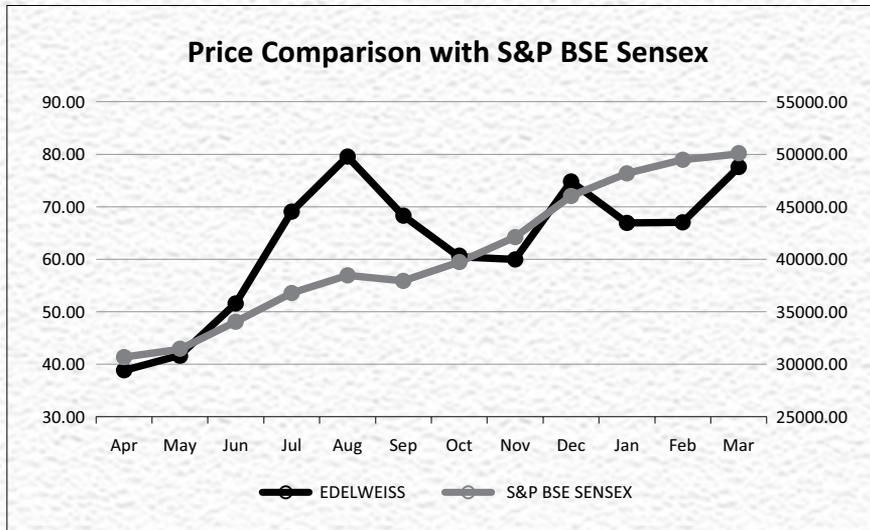
Stock Market price data for the financial year 2020-21 and high/low of market price of the Company's shares traded at BSE and NSE during each month in the financial year ended March 31, 2021 are as under:

Month	BSE			NSE		
	High (₹)	Low (₹)	No. of shares traded	High (₹)	Low (₹)	No. of shares traded
Apr-20	44.15	33.55	23,86,181	44.35	33.50	3,52,09,502
May-20	48.75	34.60	20,18,115	48.65	34.20	3,31,88,324
Jun-20	62.65	40.55	94,23,114	62.80	40.55	5,26,80,692
Jul-20	83.45	54.70	1,02,96,592	82.90	54.65	6,93,72,269
Aug-20	87.40	71.80	39,49,693	86.90	71.75	3,68,37,638
Sep-20	81.25	55.40	89,67,482	81.30	55.45	3,07,46,247
Oct-20	65.90	55.00	16,03,361	66.30	54.90	1,85,17,177
Nov-20	69.95	50.00	35,86,919	70.00	49.95	5,74,31,980
Dec-20	83.95	65.65	38,90,764	83.80	65.75	3,97,08,087
Jan-21	72.30	61.60	18,64,645	72.35	61.20	1,72,54,668
Feb-21	72.80	61.30	94,38,549	72.80	61.75	6,20,84,253
Mar-21	91.70	63.50	1,11,99,850	91.80	63.30	13,07,70,849



Corporate Governance Report (continued)

IV. Performance of share price in comparison with the broad – based indices viz., NSE Nifty & BSE Sensex:



Price: Average of High & Low

V. Registrar & Share Transfer Agent:

a. Equity Shares

Link Intime India Private Limited
 C 101, 247 Park, L.B.S Marg,
 Vikhroli (West),
 Mumbai - 400 083.
 Tel: +91 22 4918 6270
 Fax: +91 22 4918 6060
 e-mail: rnt.helpdesk@linkintime.co.in
 Website: www.linkintime.co.in



b. Non-Convertible Debentures

Link Intime India Private Limited C 101, 247 Park, L.B.S Marg, Vikhroli (West), Mumbai - 400 083 Tel: +91 22 4918 6270 Fax: +91 22 4918 6060 Email: rnt.helpdesk@linkintime.co.in Website: www.linkintime.co.in	KFin Technologies Private Limited Selenium Tower B, Plot 31-32, Financial District, Nanakramguda, Serilingampally, Hyderabad - 500 032 Tel: +91 40 6716 2222 Fax: +91 40 2343 1551 Email: einward.ris@kfintech.com Website: www.kfintech.com
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VI. Share Transfer System: The Company's shares are compulsorily traded in electronic form in demat mode on BSE and NSE. 99.94% of the outstanding equity shares of the Company are held in demat mode. Transfer of equity shares in electronic form are effected through the depositories without any involvement of the Company.

VII. Distribution of shareholding as on March 31, 2021

No. of Equity Shares	No. of Shareholders	% of Share holders	Total No. of shares held	% of Shares held
1 - 500	1,53,661	88.2308	164,27,771	1.7555
501 - 1000	9,127	5.2406	72,97,147	0.7797
1001 - 2000	5,071	2.9117	77,16,768	0.8246
2001 - 3000	1,836	1.0542	47,07,620	0.5031
3001 - 4000	861	0.4944	30,96,422	0.3309
4001 - 5000	763	0.4381	36,20,475	0.3869
5001 - 10000	1,265	0.7264	92,57,514	0.9893
10001 and above	1,574	0.9038	88,36,74,360	94.4300
Total	1,74,158	100	93,57,98,077	100

Shareholding Pattern as on March 31, 2021

Sr. No.	Category	No. of Shares	% of Holding
1)	Promoters and Promoters Group	307,684,490	32.88
2)	Mutual Funds/FIs/Banks/Insurance Companies	42,220,462	4.51
3)	FII's/FPI's	300,517,094	32.11
4)	NRIs/Foreign Nationals/Foreign Bodies Corporate	26,691,310	2.85
5)	Public and Others	213,787,941	22.85
6)	Non Promoter- Non Public	44,896,780	4.80
	Total	93,57,98,077	100

VIII. Dematerialisation of shares: As on March 31, 2021, 93,52,16,967 equity shares representing 99.94% of the outstanding equity shares of the Company were held in dematerialised form and 5,81,110 equity shares representing 0.06% of the outstanding equity shares of the Company were held in physical form. At the end of each quarter, reconciliation of share capital audit is conducted by a Practicing Company Secretary to reconcile the total issued capital, listed capital and capital held by the Depositories in dematerialised form and is submitted to the stock exchanges.

IX. Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity:

The Company has not issued GDRs/ADRs/Warrants or any other instrument convertible into equity.



Corporate Governance Report (continued)

X. Details of equity shares lying in the suspense account pursuant to the Listing Regulations:

Sr. No.	Particulars	Details	
		No. of Shareholders	No. of equity shares
1)	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year	94	7,530
2)	Number of shareholders who approached the Company for transfer of shares from the suspense account during the year	-	-
3)	Number of shareholders to whom shares were transferred from the suspense account during the year	-	-
4)	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year	94	7,530

The voting rights on the above shares shall remain frozen till the rightful owner of such shares claims the same.

XI. Plant locations : Not Applicable

XII. Credit ratings : The credit ratings obtained by the Company during the year 2020-21 are as under:

Rating agency	Rating	Instruments	Date of revision (if any)	Revised Rating
Brickwork Rating	BWR AA Outlook: Negative	Non-convertible Debentures	November 9, 2020	BWR AA- Outlook: Stable
	BWR PP-MLD AA- Outlook: Stable	Principal Protected Market Linked Debentures	-	-
CARE	CARE A+ Outlook: Stable	Non-convertible Debentures	-	-
	CARE A1+	Short term borrowing	-	-
CRISIL	CRISIL A1+	Short term borrowing	-	-
Acuite	ACUITE AA Outlook: Negative	Non-convertible Debentures	-	-

Other Disclosures

- The Company did not enter into any materially significant related party transactions having a potential conflict with the interest of the Company at large. Transactions with the related parties are disclosed in the financial statements.
- The financial statements (both consolidated and standalone) have been prepared in accordance with the applicable Accounting Standards.
- SEBI had passed an Adjudication Order dated March 31, 2016 (the Order), in the matter of IPO of Electrosteel Steels Limited, levied a penalty of ₹ 1 crore on the Company, along with other two Merchant Bankers (the Merchant Bankers), which was to be paid jointly and severally. The Merchant Bankers had filed an Appeal before Securities Appellate Tribunal (SAT) against the Order. SAT vide its order dated November 14, 2019, had reduced the penalty amount from ₹ 1 crore to ₹ 50 lakhs. The penalty of ₹ 50 lakhs imposed on the Merchant Bankers was paid jointly by the Merchant Bankers out of which the Company has paid ₹ 16.67 lakhs towards its share on December 3, 2019.



- iv. The Company has a Whistle Blower Policy/Vigil Mechanism to report concerns about unethical behaviour, actual or suspected fraud or violation of our code of conduct and confirms that no personnel have been denied access to the Audit Committee.
- v. Code for Prohibition of Insider Trading of the Company, the Policy for determining Material Subsidiaries and the Policy on Related Party Transactions are available at: www.edelweissfin.com.
- vi. There have been no instances where the Board has not accepted recommendation of any Committee of the Board, during the financial year.
- vii. The statutory auditors of the Company, M/s. S. R. Batliboi & Co, LLP, the Auditors were paid a consolidated amount of ₹ 10.76 crores by the Company and its subsidiaries for all the services provided by them.
- viii. Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:
 - a) Number of complaints filed during the Financial Year: Nil
 - b) Number of complaints disposed of during the Financial Year: Nil
 - c) Number of complaints pending as on end of the Financial Year: Nil.
- ix. The Company has complied with the corporate governance requirements as prescribed in Regulations 17 to 27, 46(2) (b) to (i) and Schedule V of Chapter IV of the Listing Regulations.
- x. The Company has adopted the discretionary requirements as specified in Part E of Schedule II - The financial statements are accompanied with an unmodified audit report.
- xi. **CEO/CFO Certification**
The CEO and the CFO have certified to the Board, the requirements of the Listing Regulations, with regard to financial statements.
- xii. **Compliance Certificate**
Pursuant to the Listing Regulations, a certificate issued by M/s. BNP & Associates, Company Secretaries, certifying the compliance by the Company with the provisions of the Corporate Governance forms part of this Report.

Address for correspondence:

For any assistance, request or instruction regarding transfer or transmission of securities, dematerialisation of securities, change of address, non-receipt of annual report, dividend warrant and any other query relating to the securities of the Company, the investors may write to:

The Company Secretary Edelweiss Financial Services Limited Edelweiss House, Off C.S.T. Road, Kalina, Mumbai – 400 098 Tel: +91 22 4009 4400 Fax: +91 22 4086 3610 Email: efsl.shareholders@edelweissfin.com Website: www.edelweissfin.com	Link Intime India Private Limited C 101, 247 Park, L.B.S Marg, Vikhroli (West), Mumbai - 400 083 Tel: +91 22 4918 6270 Fax: +91 22 4918 6060 Email: rnt.helpdesk@linkintime.co.in Website: www.linkintime.co.in	KFin Technologies Private Limited Selenium Tower B, Plot 31-32, Financial District, Nanakramguda, Serilingampally, Hyderabad-500 032 Tel: +91 40 6716 2222 Fax: +91 40 2343 1551 Email: einward.ris@kfintech.com Website: www.kfintech.com
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Corporate Governance Report (continued)

Declaration by the Chairman & Managing Director under SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 regarding adherence to the Edelweiss Code of Conduct

In accordance with SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, it is hereby confirmed that for the financial year ended March 31, 2021, the Directors and the Senior Management Personnel of the Company have affirmed compliance with the Edelweiss Code of Conduct.

For **Edelweiss Financial Services Limited**

Rashesh Shah
Chairman & Managing Director
DIN: 00008322

Mumbai, June 11, 2021



CERTIFICATE OF COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To
The Members of
Edelweiss Financial Services Limited

We have examined the compliance of conditions of Corporate Governance by Edelweiss Financial Services Limited (“the Company”), for the financial year ended March 31, 2021, as prescribed in the Regulations 17 to 27, 46 (2) (b) to (i), and Para C, D and E of Schedule V of Chapter IV of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

We state that the compliance of conditions of Corporate Governance is the responsibility of the management and our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion, and to the best of our information and according to the explanations, given to us, we certify that the Company has complied with the conditions of Corporate Governance, as stipulated in the aforesaid provisions of the Listing Regulations.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or the effectiveness with which the management has conducted the affairs of the Company.

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

Name: Avinash Bagul
Partner
FCS No: 5578/COP No:19862
UDIN: F005578C000447239

Place : Mumbai
Date : June 11, 2021



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Edelweiss Financial Services Limited
Consolidated Financial Statements
for the year ended 31 March 2021



Independent Auditor's Report

To the Members of Edelweiss Financial Services Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Edelweiss Financial Services Limited (hereinafter referred to as "the Holding Company"), its subsidiaries and trusts (the Holding Company, its subsidiaries and its trusts together referred to as "the Group") and its associate comprising of the consolidated Balance sheet as at March 31 2021, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the Consolidated Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, trusts and associate, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associate as at March 31, 2021, their consolidated profit including other comprehensive loss, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 57 to the Consolidated Financial Statements, which describes the economic and social disruption as a result of COVID-19 pandemic of the Group's business and financial metrics including the Group's estimates of impairment of loans, financial assets, investment properties, investments, intangible assets (including goodwill) and in case of life insurance business, estimate of claims which are highly dependent on uncertain future developments.

Our opinion is not modified in respect of the above matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements for the financial year ended March 31, 2021. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the Consolidated Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Consolidated Financial Statements. The results of audit procedures performed by us and by other auditors of components not audited by us, as reported by them in their audit reports furnished to us by the management, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Consolidated Financial Statements.



Independent Auditor’s Report (Continued)

Key audit matters	How our audit addressed the key audit matter
<p>Impairment of receivables from financing and other business (as described in note 5.6, 13, 13.1, 14, 14.1 & 56.7 of the Consolidated Financial Statements)</p> <p>The Group’s impairment provision for receivables from financing business is based on the expected credit loss approach laid down under Ind AS 109.</p> <p>Ind AS 109 requires the Group to provide for impairment of its financial assets as at the reporting date using the expected credit loss (ECL) approach. ECL involves an estimation of probability-weighted loss on financial instruments over their life, considering reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions which could impact the credit quality of the Group’s financial assets (loan portfolio).</p> <p>In the process, a significant degree of judgement has been applied by the management for:</p> <ul style="list-style-type: none"> a) Staging of financial assets (i.e. classification in ‘significant increase in credit risk’ (“SICR”) and ‘default’ categories); b) Grouping of the loan portfolio under homogenous pools in order to determine probability of default on a collective basis; c) Assigning internal rating grades to customers for which external rating is not available d) Calibrating external ratings-linked probability of default to align with past default rates e) Applying assumptions regarding the probability of various scenarios and discounting rates for different loan products f) Estimation of management overlay for macro-economic factors bearing a correlation with the credit quality of the loans. <p>Further, pursuant to the “Resolution Framework for COVID-19-related Stress” issued by RBI on August 6, 2020, the subsidiary Companies has offered a one-time restructuring (“OTR”) facility to borrowers impacted by COVID-19 pandemic. Such restructured loans have been classified into various stages and provided for based on subsidiary companies’ management’s assessment of changes in credit risk of such loans since initial recognition.</p> <p>The Group has recorded a management overlay as part of its ECL, to reflect among other things an increased risk of deterioration in macro-economic factors caused by COVID-19 pandemic. In accordance with the guidance in Ind AS 109, the management overlay estimate takes into account reasonable and supportable information.</p> <p>In view of such high degree of management’s judgement involved in estimation of ECL, accentuated by the COVID-19 pandemic, it is considered as a key audit matter.</p>	<p>The audit procedures, including those reported in the auditor’s report of respective subsidiary companies, comprised the following:</p> <ul style="list-style-type: none"> a) Read and assessed the Group’s accounting policy for impairment of financial assets and its 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. b) Read and assessed the Group’s policy with respect to OTR and tested the implementation of such policy on a sample basis. c) Tested the design and operating effectiveness of the controls for staging of loans based on their past-due status. Tested samples of performing (stage 1) loans to assess whether any loss indicators were present requiring them to be classified under stage 2 or 3. d) Performed procedures to test the inputs used in the ECL computation, on a sample basis. e) Tested assumptions used by the management in determining the overlay for macro-economic factors (including COVID-19 pandemic). f) Assessed the additional considerations applied by the management for staging of loans as SICR or default categories in view of Company’s policy on OTR. g) Tested the arithmetical accuracy of computation of ECL provision performed by the Company in spreadsheets. h) Assessed disclosures included in the Consolidated Financial Statements in respect of expected credit losses including the specific disclosures made with regards to the management’s evaluation of the uncertainties arising from COVID-19 and its impact on ECL estimation.



Independent Auditor's Report (Continued)

Key audit matters	How our audit addressed the key audit matter
<p>IT systems and controls</p> <p>The reliability and security of IT systems play a key role in the financial reporting process of the Group. The Group's key financial accounting and reporting processes are highly automated, whereby any gaps in the IT control environment could result in a material misstatement of the financial accounting and reporting records.</p> <p>Therefore, the assessment of the general IT controls and the application controls specific to the accounting and preparation of financial information is considered to be a key audit matter.</p>	<p>The audit procedures assisted by our IT specialists, including those reported in the auditor's report of respective subsidiary companies, comprised the following:</p> <ul style="list-style-type: none"> a) Tested the design and operating effectiveness of the Company's IT access controls over the information systems that are important to financial reporting and various interfaces, configuration and other identified application controls. b) Tested IT general controls (logical access, changes management and aspects of IT operational controls). This included testing requests for access to systems were reviewed and authorized. c) Tested the periodic review of access rights. Also tested requests of changes to systems for approval and authorization. d) In addition to the above, tested the design and operating effectiveness of certain automated controls that were considered as key internal controls. e) Tested the design and operating effectiveness of compensating controls in case deficiencies were identified and, where necessary, extended the scope of our substantive audit procedures.
<p>Valuation of Investments in Security Receipts (SR) for Edelweiss Assets Reconstruction Company Limited</p>	
<p>(as described in note 5.11, 14 and 55 of the Consolidated Financial Statements)</p>	
<p>In the Group's financial statements, total investment in SR amounts to Rs. 37,478.90 million as disclosed in the Consolidated Financial Statements.</p> <p>These investments are classified as fair value through the profit and loss. In accordance with Ind AS 113 Fair Value measurement (Ind AS 113), the objective of a fair value measurement is to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions.</p> <p>The fair value of SRs is determined through discounted cash flow method which involves management judgement using level 3 inputs such as projection of future cash flows and expenses.</p> <p>Further, the recoverability from the underlying assets of SRs could be impacted due to the COVID-19 situation. The management has done an assessment to ascertain future recoverability estimates of the underlying assets. In making these assessments, the management has used several estimates, assumptions and sources of information (both internal and external) available as at the date of these financial statements. These assumptions, estimates and information used by the management have an inherent uncertainty of the impact of COVID-19 and the actual results may differ from the estimates and assumptions made.</p>	<p>The audit procedures, including those reported in the auditor's report of a subsidiary company, comprised the following:</p> <ul style="list-style-type: none"> a) Obtained and read the financial statements of a subsidiary Company to identify whether accounting policies and disclosure for valuation of Investments in Security Receipts and its compliance with Ind AS 109 are included in the consolidated financial statement of the Group. b) Audit procedures included an assessment of internal controls over measurement of fair value and evaluating the methodologies, inputs, judgments made and assumptions used by management in determining fair values. c) Tested the operating effectiveness of the controls for the purpose of fair valuation of security receipts. d) Evaluated rationale of the models and accounting treatment applied. Compared observable inputs against independent sources and externally available market data for sample cases. e) Performed testing on a sample basis of key inputs as mentioned above to validate the reasonableness of the input values. f) Involved our valuation specialists for the understanding the valuation process and test the fair valuation of sample cases.



Independent Auditor’s Report (Continued)

Key audit matters	How our audit addressed the key audit matter
Given fair valuation of investments is significant to the Consolidated Financial Statements, the degree of management’s judgement involved in the estimate and uncertainty of impact of COVID-19 on the recoverability of the SRs, any error in the estimate could lead to material misstatement in the Consolidated Financial Statements of the Group. Accordingly, we have considered this area as a key audit matter.	<p>g) Compared the rating provided by independent rating agencies with fair valuation determined by the Company.</p> <p>h) Assessed the management’s assessment process to ascertain the impact of COVID-19 on the future recoverability estimates of the SRs along with key inputs used and judgements made. On a sample basis tested the assumptions and inputs used for this assessment with the help of our valuation experts. The future recoverability estimates are subject to significant uncertainty and the actual results may vary from the assumptions and estimates as events unfold.</p> <p>i) Assessed disclosures included in the standalone Financial Statements a subsidiary Company with respect to such fair valuation.</p>

Information Other than the Financial Statements and Auditor’s Report Thereon

The Holding Company’s Board of Directors is responsible for the other information. The other information comprises the information included in the Board report, but does not include the Consolidated Financial Statements and our auditor’s report thereon, which we obtained prior to the date of this auditors report, and the Annual report, which is expected to me made available to us after that date.

Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those Charged with Governance.

Responsibilities of Management for the Consolidated Financial Statements

The Holding Company’s Board of Directors is responsible for the preparation and presentation of these Consolidated Financial Statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including its associate in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and of its associate and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Holding Company, as aforesaid.



Independent Auditor's Report (*Continued*)

In preparing the Consolidated Financial Statements, the respective Board of Directors of the companies included in the Group and of its associate are responsible for assessing the ability of the Group and of its associate to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group and of its associate are also responsible for overseeing the financial reporting process of the Group and of its associate.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated 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 Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associate to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associate to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associate of which we are the independent auditors, to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the Consolidated Financial Statements of which we are the independent auditors. For the other entities included in the Consolidated Financial Statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.



Independent Auditor's Report (Continued)

We communicate with those charged with governance of the Holding Company and such other entities included in the Consolidated Financial Statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements for the financial year ended March 31, 2021 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

(a) We did not audit the financial statements and other financial information, in respect of:

- 28 subsidiaries, whose financial statements include total assets of Rs. 1,32,737.46 million as at March 31, 2021 and total revenues of Rs. 30,334.35 million and net cash inflow of Rs. 195.10 million for the year ended on that date. These financial statement and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management;
- 7 subsidiaries, whose financial statements include total revenues of Rs. 4,762.49 million and total net loss after tax of Rs. 94.80 million for the period from April 1, 2020 to March 26, 2021, as considered in the consolidated financial statement, whose financial statements, other financial information have been audited by other auditors and whose reports have been furnished to us by the Management;
- 6 companies forming part of the Group, whose statements include Group's share of net loss after tax of Rs. 3.52 million for the period from March 27, 2021 to March 31, 2021, as considered in the consolidated financial statement, whose financial statements, other financial information have been audited by other auditors and whose reports have been furnished to us by the Management.

Our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and 6 companies, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and 6 companies, is based solely on the report(s) of such other auditors.

- (b) The actuarial valuation of liabilities of Edelweiss Tokio Life Insurance Company Limited (ETLIFE) for life policies in force and for policies in respect of which premium has been discontinued but liability exists as at March 31, 2021 is the responsibility of ETLIFE's Appointed Actuary. The actuarial valuation of these liabilities for life policies in force and for policies in respect of which premium has been discontinued but liability exists as at March 31, 2021 has been duly certified by the ETLIFE's Appointed Actuary and in his opinion, the assumptions for such valuation are in accordance with Ind AS 104 "Insurance Contracts", Ind AS 109 "Financial Instruments", the guidelines and norms issued by the Insurance Regulatory and Development Authority of India ('IRDAI') and the Institute of Actuaries of India in concurrence with IRDAI. The auditors have relied upon the ETLIFE's Appointed Actuary's certificate for expressing their conclusion in this regard.



Independent Auditor's Report (*Continued*)

- (c) The actuarial valuation of liabilities Edelweiss General Insurance Company Limited (EGICL) for Incurred But Not Reported and Incurred But Not Enough Reported claims of EGICL as at March 31, 2021 is the responsibility of EGICL's Appointed Actuary. The actuarial valuation of these liabilities has been duly certified by the EGICL's Appointed Actuary and in his opinion, the assumptions for such valuation are in accordance with Ind AS 104 "Insurance Contracts", the guidelines and norms issued by the IRDAI and the Institute of Actuaries of India in concurrence with IRDAI. The auditors have relied on the EGICL's Appointed Actuary's certificate for expressing their conclusion in this regard.

Our opinion above on the Consolidated Financial Statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries and associate, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

- (a) We/the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements;
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the Consolidated Financial Statements;
- (d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) On the basis of the mail confirmation received from the directors of the Holding Company as on March 31, 2021 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies and associate companies, none of the directors of the Group's companies and its associate, incorporated in India, is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls with reference to Consolidated Financial Statements of the Holding Company and its subsidiary companies and associate companies, incorporated in India, refer to our separate Report in "Annexure 1" to this report;
- (g) In our opinion and based on the consideration of reports of other statutory auditors of the subsidiaries and associate, the managerial remuneration for the year ended March 31, 2021 has been paid / provided by the Holding Company, its subsidiaries and associate incorporated in India to their directors in accordance with the provisions of section 197 read with Schedule V to the Act;
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries and associate, as noted in the 'Other matter' paragraph:



Independent Auditor's Report (*Continued*)

- i. The Consolidated Financial Statements disclose the impact of pending litigations on its consolidated financial position of the Group and its associate in its Consolidated Financial Statements – Refer Note 50.1 to the Consolidated Financial Statements;
- ii. Provision has been made in the Consolidated Financial Statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 71 to the Consolidated Financial Statements in respect of such items as it relates to the Group and its associate;
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, its subsidiaries and associate, incorporated in India during the year ended March 31, 2021.

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

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per Shrawan Jalan

Partner

Membership Number:102102

UDIN: 21102102AAAAALA7288

Place of Signature: Mumbai

Date: June 11, 2021



Annexure 1 to the Independent Auditor's report of even date on the consolidated financial statements of Edelweiss Financial Services Limited

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

In conjunction with our audit of the Consolidated Financial Statements of Edelweiss Financial Services Limited (hereinafter referred to as the "Holding Company") as of and for the year ended March 31, 2021, we have audited the internal financial controls with reference to Consolidated Financial Statements of the Holding Company and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its associate, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the companies included in the Group and its associate, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Holding Company's internal financial controls with reference to Consolidated Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both, issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to Consolidated 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 with reference to Consolidated Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to Consolidated Financial Statements included obtaining an understanding of internal financial controls with reference to Consolidated Financial Statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to Consolidated Financial Statements.

Meaning of Internal Financial Controls With Reference to Consolidated Financial Statements

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



Annexure 1 to the Independent Auditor's report of even date on the consolidated financial statements of Edelweiss Financial Services Limited (*Continued*)

Inherent Limitations of Internal Financial Controls With Reference to Consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to Consolidated 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 with reference to Consolidated Financial Statements to future periods are subject to the risk that the internal financial controls with reference to Consolidated 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 Group and its associate, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls with reference to Consolidated Financial Statements and such internal financial controls with reference to Consolidated Financial Statements were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to Consolidated Financial Statements of the Holding Company, in so far as it relates to these 19 subsidiaries, which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiaries incorporated in India.

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

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per Shrawan Jalan

Partner

Membership Number: 102102

UDIN: 21102102AAAAA7288

Place of Signature: Mumbai

Date: June 11, 2021



Consolidated balance sheet as at 31 March 2021

(Currency: Indian rupees in millions)	Note	31-Mar-21	31-Mar-20
ASSETS			
Financial assets			
(a) Cash and cash equivalents	8	38,985.15	49,425.19
(b) Bank balances other than cash and cash equivalents	9	8,616.91	36,670.89
(c) Derivative financial instruments	10	2,902.03	5,321.87
(d) Stock in trade (Securities held for trading)	11	15,746.76	17,458.07
(e) Trade Receivables	12	5,060.49	13,052.38
(f) Loans	13	2,19,105.46	2,83,606.79
(g) Investments	14	1,14,763.02	82,666.02
(h) Other financial assets	15	12,628.07	8,302.33
Total financial assets		4,17,807.89	4,96,503.54
Non-financial assets			
(a) Inventories	16	-	436.09
(b) Reinsurance assets	60	3,393.36	2,944.42
(c) Current tax assets (net)		7,218.14	5,839.78
(d) Deferred tax assets (net)	17	9,584.99	9,564.75
(e) Investment property	18	3,394.63	4,457.27
(f) Property, Plant and Equipment	19	12,281.27	15,012.58
(g) Capital work in progress		7.93	111.56
(h) Intangible assets under development		124.17	320.79
(i) Goodwill on consolidation	19.1	663.35	1,723.41
(j) Other Intangible assets	19	1,467.74	2,255.79
(k) Other non-financial assets	20	3,806.66	3,633.23
Total Non-financial assets		41,942.24	46,299.67
TOTAL ASSETS		4,59,750.13	5,42,803.21
LIABILITIES			
Financial liabilities			
(a) Derivative financial instruments	10	1,845.51	3,812.48
(b) Trade Payables			
i. total outstanding dues of micro enterprises and small enterprises	21.1	1.22	2.21
ii. total outstanding dues of creditors other than micro enterprises and small enterprises	21.2	4,893.56	12,831.39
(c) Insurance claims payable		194.41	74.52
(d) Debt securities	22	1,74,858.54	2,07,585.06
(e) Borrowings (other than debt securities)	23	94,318.19	1,33,210.55
(f) Deposits	24	96.01	2,168.97
(g) Subordinated Liabilities	25	15,087.75	23,608.81
(h) Other financial liabilities	26	41,457.17	49,250.54
Total financial liabilities		3,32,752.36	4,32,544.53
Non-financial liabilities			
(a) Current tax liabilities (net)		253.00	906.30
(b) Provisions	27	1,118.55	351.11
(c) Policyholders' liabilities		43,549.30	30,076.82
(d) Deferred tax liabilities (net)	17	2,157.62	2,643.73
(e) Other non-financial liabilities	28	3,149.35	4,209.95
Total non-financial liabilities		50,227.82	38,187.91
TOTAL LIABILITIES		3,82,980.18	4,70,732.44
EQUITY			
(a) Equity Share capital	29	890.90	889.51
(b) Other equity	30	64,880.69	60,397.60
Equity attributable to owners of the parent		65,771.59	61,287.11
Equity attributable to Non-Controlling Interests		10,998.36	10,783.66
TOTAL EQUITY		76,769.95	72,070.77
TOTAL LIABILITIES AND EQUITY		4,59,750.13	5,42,803.21

The accompanying notes are an integral part of the Consolidated Financial Statements.

1 to 72

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 11 June 2021

For and on behalf of the Board of Directors

Rashesh Shah

Chairman, Managing Director & CEO

DIN: 00008322

Sarju Simaria

Chief Financial Officer

Mumbai 11 June 2021

Himanshu Kaji

Executive Director

DIN : 00009438

Tarun Khurana

SVP & Company Secretary



Consolidated Statement of Profit and Loss for year ended 31 March 2021

(Currency: Indian rupees in millions)	Note	For the year ended 31-Mar-21	For the year ended 31-Mar-20
Revenue from operations			
Interest income	31	40,344.01	59,019.46
Dividend Income		695.68	1,621.83
Fee and commission income	32	16,541.39	20,992.98
Net gain on fair value changes	33	22,208.98	1,949.58
Premium from insurance business (net)		13,246.40	10,567.76
Other operating revenue	34	537.14	981.53
Total revenue from operations		93,573.60	95,133.14
Other income	35	14,914.90	893.15
Total income		1,08,488.50	96,026.29
Expenses			
Finance costs	36	38,340.33	47,930.39
Impairment on financial instruments	38	12,609.16	26,902.65
Change in valuation of credit impaired loans		8,126.08	8,712.42
Employee benefits expense	37	16,159.12	14,073.01
Depreciation, amortisation and impairment on investment property	18 & 19	2,598.81	2,322.25
Change in insurance policy liability - actuarial		13,023.25	6,421.00
Policy benefits paid		2,763.00	1,589.21
Other expenses	39	13,406.16	12,641.88
Total expenses		1,07,025.91	1,20,592.81
Profit / (loss) before share in profit of associates and tax		1,462.59	(24,566.52)
Share in profit / (loss) of associates		(6.35)	-
Profit / (loss) before tax		1,456.24	(24,566.52)
Tax expense:	40		
Current tax		239.89	2,970.75
Deferred tax and Minimum alternate tax		(1,322.85)	(7,099.55)
Profit / (loss) for the year		2,539.20	(20,437.72)
Other Comprehensive Income / (loss)			
(A) (i) Items that will not be reclassified to profit or loss			
Re-measurements of the defined benefit plans		69.66	(46.74)
Equity Instruments through Other Comprehensive Income		-	(1,700.00)
Revaluation gain through Other Comprehensive Income		-	7,674.77
(ii) Income tax relating to items that will not be reclassified to profit or loss		35.92	(2,531.91)
Subtotal (A)		105.58	3,396.12
(B) (i) Items that will be reclassified to profit or loss			
Debt Instruments through Other Comprehensive Income		(53.06)	863.64
Exchange differences in translating the financial statements of foreign operations		(72.34)	466.66
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
Subtotal (B)		(125.40)	1,330.30
Share in profit / (loss) of associate (C)		1.85	-
Other comprehensive income / (loss) (A+B+C)		(17.97)	4,726.42
Total comprehensive income / (loss)		2,521.23	(15,711.30)
Profit / (loss) for the year attributable to:			
Owners of the parent		2,653.36	(20,452.45)
Non-controlling interests		(114.16)	14.73
Other comprehensive income / (loss) for the year attributable to:			
Owners of the parent		11.88	4,241.54
Non-controlling interests		(29.85)	484.88
Total comprehensive income / (loss) for the year attributable to:			
Owners of the parent		2,665.24	(16,210.91)
Non-controlling interests		(144.01)	499.61
Earnings per share (Face value ₹ 1 each)			
- Basic	42	2.98	(23.01)
- Diluted		2.97	(23.01)

The accompanying notes are an integral part of the Consolidated Financial Statements

1 to 72

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

For and on behalf of the Board of Directors

Rashesh Shah

Chairman, Managing Director & CEO

DIN: 00008322

Sarju Simaria

Chief Financial Officer

Mumbai 11 June 2021

Himanshu Kaji

Executive Director

DIN : 00009438

Tarun Khurana

SVP & Company Secretary

Mumbai 11 June 2021



Consolidated Statement of Cash Flow for the year ended 31 March 2021

(Currency : Indian rupees in millions)	For the year ended 31-Mar-21	For the year ended 31-Mar-20
A Cash flow from operating activities		
Profit / (Loss) before tax	1,456.24	(24,566.52)
Adjustments for:		
Depreciation, amortisation and impairment on investment property	2,598.81	2,322.25
Expense on employee stock option plans	333.75	390.79
Impairment of Goodwill	432.94	19.31
Impairment on financial instruments	3,212.56	14,047.16
Change in valuation of credit impaired loans	8,126.08	8,712.42
Interest on income tax refund	(184.37)	(304.73)
Dividend Income	(695.68)	(1,621.83)
(Profit) / loss on sale of property, plant and equipment (net) ¹	221.61	(4.59)
(Profit) / loss on sale of investment property (net) ¹	(157.33)	-
Realised fair value (gain) / loss on financial instruments	(38,686.78)	(12,332.09)
Unrealised fair value (gain) / loss on financial instruments	2,642.86	10,382.51
Provision for policyholders liability	13,023.25	6,421.00
Finance costs	9,460.94	8,815.95
Operating cash flow before working capital changes	1,784.88	12,281.63
Adjustments for:		
Decrease / (increase) in trade receivables	7,991.89	14,661.58
Decrease / (increase) in stock-in-trade and Inventory	2,047.28	22,933.83
Decrease / (increase) in Other financial/non financial assets	(4,973.96)	(2,598.30)
Decrease / (increase) in Derivative Financial Instruments	(16.65)	(1,498.00)
Decrease / (increase) in loans	49,414.69	77,557.50
Increase / (decrease) in trade payables	(9,338.95)	(6,919.23)
Increase / (decrease) in insurance claim payable	119.89	28.91
Increase / (decrease) in other financial liabilities	(9,445.91)	9,069.43
Increase / (decrease) in Provisions	(5.14)	(20.40)
Increase / (decrease) in provision for policyholders' liabilities	449.23	(836.97)
Increase / (decrease) in other non-financial liabilities	(1,060.59)	944.06
Cash generated from / (used in) operations	36,966.66	1,25,604.04
Income taxes paid (net of refund)	(2,386.40)	(4,619.94)
Net cash generated from / (used in) operating activities - A	34,580.26	1,20,984.10
B Cash flow from investing activities		
Purchase of property, plant and equipment and intangibles	(692.70)	(1,211.27)
Proceeds from sale of property, plant and equipment	2,053.90	87.09
(Purchase) / sale of investment property ¹	857.96	(1,653.27)
(Purchase) / sale of investments ¹	9,880.31	6,422.95
Dividend on investments	695.68	1,621.83
(Investment) / Maturity of Bank deposits	28,053.97	(3,274.84)
Net cash generated from / (used in) investing activities - B	40,849.12	1,992.49



Consolidated Statement of Cash Flow for the year ended 31 March 2021 (Continued)

(Currency : Indian rupees in millions)	For the year ended 31-Mar-21	For the year ended 31-Mar-20
C Cash flow from financing activities		
Proceeds from issue of shares including premium and share application money	49.61	79.93
Investment by Non Controlling Interest	432.87	390.54
Proceeds / (repayment) from Debt securities ¹	(30,986.53)	(38,853.73)
Proceeds / (repayment) from Borrowings (other than debt securities) ¹	(38,892.36)	(57,242.06)
Proceeds / (repayment) from Deposits ¹	(2,072.96)	732.21
Proceeds / (repayment) from Subordinated Liabilities ¹	(8,521.06)	(67.77)
Dividend and dividend distribution tax paid	-	(368.89)
Lease payment	(136.17)	(785.29)
Effect of change in group interest	3,581.95	-
Finance cost paid	(9,324.77)	(8,594.55)
Net cash generated from / (used in) financing activities - C	(85,869.42)	(1,04,709.61)
Net increase in cash and cash equivalents (A+B+C)	(10,440.04)	18,266.98
Cash and cash equivalents as at the beginning of the year	49,425.19	31,158.21
Cash and cash equivalents as at the end of the year	38,985.15	49,425.19

Notes:

- Cash receipts and payments for transaction in which the turnover is quick, the amounts are large, and the maturities are short are presented on net basis in accordance with Ind AS-7 Statement of Cash Flows
- Cash Flow Statement has been prepared under the indirect method as set out in Ind AS 7 prescribed under the Companies (Indian Accounting Standards) Rules, 2015 under the Companies Act, 2013
- Net cash generated from/(used in) operating activities includes interest received ₹ 40,344.01 million (Previous year ₹ 59,019.46 million) and interest paid ₹ 28,879.40 million (Previous year ₹ 39,114.43 million)
- Refer note 49 for changes in liabilities arising from financing activities

As per our report of even date attached

For S. R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firms Registration Number: 301003E/E300005

per Shrawan Jalan

Partner

Membership No: 102102

Mumbai 11 June 2021

For and on behalf of the Board of Directors

Rashesh Shah

Chairman, Managing Director & CEO

DIN: 00008322

Sarju Simaria

Chief Financial Officer

Mumbai 11 June 2021

Himanshu Kaji

Executive Director

DIN : 00009438

Tarun Khurana

SVP & Company Secretary

Consolidated Statement of changes in equity

(Currency : Indian rupees in million)

A Equity share capital¹

Particulars	Amount
As at 31-Mar-19	887.77
Changes in equity share capital during FY 2019-20	1.74
As at 31-Mar-20	889.51
Changes in equity share capital during FY 2020-21	1.39
As at 31-Mar-21	890.90

1. Edelweiss Employees' Welfare Trust and Edelweiss Employees' Incentive and Welfare Trust are extension of Edelweiss Financial Services Limited standalone financial statements, these trusts are holding 4,48,96,780 number of equity shares amounting to ₹ 44.90 million (Previous year ₹ 44.90 million). These are treasury shares and deducted from total outstanding equity shares.
2. Refer note 29 for detailed quantitative information including investors holding more than 5% of equity share capital
3. The above two Welfare Trust (s) hold an aggregate 44,896,780 equity shares of the Company for incentive and welfare benefits for group employees as per extant applicable SEBI regulations. Pursuant to the exercise of right available under Regulation 29 of SEBI (Share Based Employee Benefits) Regulations, 2014, the Company has applied before the expiry date of 27 October 2019 for extension of the time limit for disposing of aforesaid equity shares. The said application is under consideration and approval for extension from SEBI is awaited as at date.

B. Other equity

Particulars	Reserves and Surplus										Total attributable to owners of the parent	Non-Controlling Interest					
	Share application money pending allotment	Capital Reserve	Capital Redemption Reserve	Capital Securities Premium Account	ESOP/Stock appreciation rights (SAR)	ESOP/Stock appreciation rights (SAR)	Special Reserve under section 45-29C of the IC of the National Housing Bank Act, 1987 1934	Reserve under section 29C of the National Housing Bank Act, 1987 1934	General reserve	Debt redemption reserve			Impairment Reserve	Retained earnings	Exchange differences on translating the financial statements of a foreign operation	Other Comprehensive Income through Comprehensive Income	Equity instruments through Other Comprehensive Income
Balance as at 31-Mar-19	6.15	8,060.23	166.74	29,473.29	460.59	7,503.94	537.22	916.82	10,341.12	-	18,215.34	175.66	-	-	24.93	75,882.03	10,380.11
Profit or (loss)	-	-	-	-	-	-	-	-	-	-	(20,452.45)	-	-	-	-	(20,452.45)	14.73
Other comprehensive income/(loss)	-	-	-	-	-	-	-	-	-	-	(36.28)	467.61	5,080.88	(1,700.00)	429.33	4,241.54	484.88
Total Comprehensive Income/(loss) for the year	-	-	-	-	-	-	-	-	-	-	(20,488.73)	467.61	5,080.88	(1,700.00)	429.33	(16,210.91)	499.61
Dividends to equity shareholders	-	-	-	-	-	-	-	-	-	-	(266.51)	-	-	-	-	(266.51)	-
Dividend distribution tax	-	-	-	-	-	-	-	-	-	-	(102.38)	-	-	-	-	(102.38)	-
Transfers to securities premium on exercise of ESOP	-	-	-	33.37	(33.37)	-	-	-	-	-	-	-	-	-	-	-	-
Issue of equity instruments on ESOP	(85.88)	-	-	84.14	-	-	-	-	-	-	-	-	-	-	-	(1.74)	-
Share application money received	79.92	-	-	-	-	-	-	-	-	-	-	-	-	-	-	79.92	-
ESOP Charge	-	-	-	-	242.03	-	-	-	-	-	-	-	-	-	-	242.03	-
Stock appreciation rights (SAR)	-	-	-	-	148.93	-	-	-	-	-	-	-	-	-	-	148.93	-
Transfers to / from retained earnings	-	-	106.88	-	-	-	-	(90.26)	(1,619.61)	-	1,602.99	-	-	-	-	-	-
Transfer Under 45-1C RBI	-	-	-	-	-	143.66	-	-	-	-	(143.66)	-	-	-	-	-	-
Transfer Under 29C NHB	-	-	-	-	-	-	3.12	-	-	-	(3.12)	-	-	-	-	-	-



Consolidated Statement of changes in equity (Continued)

(Currency : Indian rupees in million)

Particulars	Reserves and Surplus										Total attributable to owners of the parent	Non-Controlling Interest						
	Share application money pending allotment	Capital Reserve	Capital Redemption Reserve	Securities Premium Account	ESOP reserve/Stock appreciation rights (SAR)	Special Reserve under section 45-1C of the Reserve Bank of India Act, 1934	Reserve under section 29C of the National Housing Bank Act, 1987	General reserve	Debiture redemption reserve	Impairment Reserve			Retained earnings	Exchange differences on translating the financial statements of a foreign operation	Other Comprehensive Income through Revaluation Reserve through Comprehensive Income	Equity instruments through Other Comprehensive Income	Debt instruments through Other Comprehensive Income	
Transfer under Lease impact - IND AS (Refer note 50.2)	-	-	-	-	-	-	-	-	-	-	(209.55)	-	-	-	-	(209.55)	-	
Transfer under impairment reserve	-	-	-	-	-	-	-	-	-	1,577.37	(1,577.37)	-	-	-	-	-	-	(115.97)
Transaction with non-controlling interests	-	-	-	(528.31)	-	-	-	-	-	-	-	-	-	-	-	(528.31)	-	-
Transfer from securities premium	-	-	-	-	-	-	-	-	-	-	1,418.69	-	-	-	-	1,364.09	-	19.91
Effect of changes in group's interest	-	198.50	-	-	-	-	-	-	-	-	1,418.69	-	-	-	-	1,364.09	-	19.91
Balance as at 31-Mar-20	0.19	8,258.73	273.62	29,062.49	818.18	7,647.60	540.34	826.56	8,721.51	1,577.37	(1,554.30)	390.17	5,080.88	(1,700.00)	60,397.60	10,783.66	-	
Profit or (loss)	-	-	-	-	-	-	-	-	-	-	2,653.37	-	-	-	2,653.37	(114.16)	-	-
Other comprehensive income/(loss)	-	-	-	-	-	-	-	-	-	-	58.16	(72.31)	47.51	-	11.88	(29.85)	-	-
Total Comprehensive Income/(loss) for the year	-	-	-	-	-	-	-	-	-	-	2,711.53	(72.31)	47.51	-	2,665.25	(144.01)	-	-
Dividends to equity shareholders	-	-	-	-	-	-	-	-	-	-	(842.23)	-	-	-	(842.23)	-	-	-
Transfers to securities premium on exercise of ESOP	-	-	-	25.03	(25.03)	-	-	-	-	-	-	-	-	-	-	-	-	-
Issue of equity instruments on ESOP	(48.10)	-	-	46.71	-	-	-	-	-	-	-	-	-	-	(1.39)	-	-	-
Share application money received	49.61	-	-	-	-	-	-	-	-	-	-	-	-	-	49.61	-	-	-
ESOP Charge	-	-	-	-	139.42	-	-	-	-	-	-	-	-	-	139.42	-	-	-
Stock appreciation rights (SAR)	-	-	-	-	195.71	-	-	-	-	-	-	-	-	-	195.71	-	-	-
Transfer Under 29C RBI	-	-	-	-	-	71.60	-	-	-	-	(71.60)	-	-	-	-	-	-	-
Transfer Under 29C NHB	-	-	-	-	-	-	7.46	-	-	-	(7.46)	-	-	-	-	-	-	-
Transfer under impairment reserve	-	-	-	-	-	-	-	-	-	251.88	(251.88)	-	-	-	-	-	-	-
Transfer under Debenture Redemption Reserve	-	-	-	-	-	-	-	(1,955.90)	-	-	1,955.90	-	-	-	-	-	-	-
Transfer under Revaluation Reserve	-	-	-	-	-	-	-	-	-	-	241.14	-	(241.14)	-	-	-	-	-
Effect of changes in group's interest	-	198.06	(85.75)	-	-	(961.22)	-	(109.41)	-	-	3,886.58	(335.38)	(316.16)	-	2,276.72	358.71	-	-
Balance as at 31-Mar-21	1.70	8,456.79	187.87	29,134.23	1,128.28	6,757.98	547.80	717.15	6,765.61	1,829.25	6,067.68	(17.52)	4,571.09	(1,700.00)	64,880.69	10,998.36	-	-

1. Refer note 30 for information on nature of reserves maintained at Group level

As per our report of even date attached

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

per Shrawan Jalan
Partner
Membership No: 102102

Rashesh Shah
Chairman, Managing Director & CEO
DIN : 00008322

Sarju Simaria
Chief Financial Officer
Mumbai 11 June 2021

For and on behalf of the Board of Directors

Himanshu Kaji
Executive Director
DIN : 00009438

Tarun Khurana
SVP & Company Secretary





Notes to the consolidated financial statements

1. Background

The Company is principally engaged in providing investment banking services and holding company activities comprising of development, managerial and financial support to the business of Edelweiss group entities. The Company has its registered office at Edelweiss House, Off C.S.T. Road, Kalina, Mumbai, India.

2. Basis of preparation of consolidated financial statements

The consolidated financial statements relate to Edelweiss Financial Services Limited ('the Company') and its subsidiaries, trusts (together 'the Group') and associates. The Group is primarily engaged in (a) agency business, which includes Broking, advisory, product distribution and other fee based services, (b) Capital based business which includes Income from lending business, (c) Life insurance and General insurance business (d) Asset reconstruction business and (e) Treasury business includes income from trading and investment activities.

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time). These consolidated financial statements have been approved for issue by the Board of Directors of the Company on 11 June 2021.

These consolidated financial statements have been prepared on a historical cost basis, except for entities under liquidation/dissolution¹ and certain financial instruments such as financial asset measured at fair value through other comprehensive income (FVOCI) instruments, derivative financial instruments, fair value through Profit or Loss and other financial assets held for trading, certain property plant and equipment which have been measured at fair value. The consolidated financial statements are presented in Indian Rupees (INR) and all values are rounded to the nearest million, except when otherwise indicated.

3. Presentation of financial statements

The Group presents its balance sheet in order of liquidity in compliance with the Division III of the Schedule III to the Companies Act, 2013. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 48.

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

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

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

¹ Refer note 58



Notes to the consolidated financial statements (*Continued*)

4. Basis of consolidation:

The consolidated financial statements as on 31 March 2021, comprise the financial statements of the Company and its subsidiaries as at 31 March 2021 including any controlled structured entities. The Company consolidates a subsidiary when it controls it. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the Group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Group re-assesses whether or not it controls an investee, if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies. However, no subsidiaries, associates and consolidated structure entities have followed different accounting policies than those followed by the Group for the preparation of these consolidated financial statements.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on 31 March.

Consolidation procedure:

- a. Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.
- b. Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill, refer note no 5.25
- c. Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in assets, are eliminated in full). Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of Other Comprehensive Income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.



Notes to the consolidated financial statements (*Continued*)

4. Basis of consolidation: (*Continued*)

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction. With respect to put options granted by the Group to the holders of non-controlling interests in a subsidiary, where the Group does not have a present ownership interest in the shares subject to put, till the put remains unexercised, non-controlling continues to be recognised including allocation of profit or loss, other comprehensive income and other changes in equity of the subsidiary. However, at each reporting date, the non-controlling interest is derecognised as if it were acquired at that date and a financial liability is recognised and measured at its fair value. The difference between these two amounts is recognised as an equity transaction and attributed to owners of the parent.

Given the level of judgement required regarding consolidation of structured entities, these considerations are described further in the significant accounting judgements in Note 6.1(c). Disclosures for investment in subsidiaries, and structured entities are provided in Note 58.

The financial statements of all subsidiaries incorporated outside India are converted on the following basis: (a) Income and expenses are converted at the average rate of exchange applicable for the period/year and (b) All assets and liabilities are translated at the closing rate as on the Balance Sheet date. The exchange difference arising out of period/year end translation is debited or credited as “Foreign Exchange Translation Reserve” forming part of Other Comprehensive Income and accumulated as a separate component of other equity.

Investment in associates:

An associate is an entity over which the Group has the power to participate in the financial and operating policy decision of the investee, but it's not control or joint control over those policies.

The Group's investments in its associate is accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. The Statement of Profit and Loss reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the Statement of Changes in Equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

5. Significant accounting policies

5.1. Recognition of Interest, Dividend income and Donation income

Interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortised cost and debt instrument measured at FVOCI. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset.

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

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



Notes to the consolidated financial statements (*Continued*)

5. Significant accounting policies (*Continued*)

5.1. Recognition of Interest, Dividend income and Donation income (*Continued*)

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

For purchased or originated credit-impaired (POCI) financial assets, the Group calculates interest income by calculating the credit-adjusted EIR and applying that rate to the amortised cost of the asset. The credit-adjusted EIR is the interest rate that, at original recognition, discounts the estimated future cash flows (including credit losses) to the amortised cost of the POCI assets.

Dividend Income

Dividend income is recognised in profit or loss when the Group's right to receive payment of the dividend is established, it is probable that the economic benefits associated with the dividend will flow to the entity, and the amount of the dividend can be measured reliably.

Donation/grants received

General donations are recognised as income in the year of receipt in the statement of profit and loss. Amount received with a specific direction from donors towards a particular project for more than a financial year is recognized as income, only to the extent of cost incurred in that financial year and balance is recorded as liability. Amounts received with a specific direction from donors that such amounts shall form a part of Corpus of the Foundation are credited as Corpus Fund and disclosed as a liability in the Balance Sheet.

5.2 Financial Instruments

5.2.1 Date of recognition

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

5.2.2 Initial measurement of financial instruments

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

5.2.3 Day 1 profit or loss

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



Notes to the consolidated financial statements (*Continued*)

5. Significant accounting policies (*Continued*)

5.3 Classification of financial instruments

5.3.1 Financial assets:

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

- Amortised cost
- Fair value through other comprehensive income [FVOCI]
- Fair value through profit or loss [FVTPL]

The Group measures debt financial assets that meet the following conditions at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt financial instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the financial asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Other than above classification of amortised cost and FVOCI, all other financial assets are initially measured at fair value and subsequently measured at FVTPL.

5.3.1.1 Amortised cost and Effective interest method

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

5.3.1.2 Financial assets held for trading

The Group classifies financial assets as held for trading when they have been purchased or issued primarily for short-term profit making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there evidence of a recent pattern of short-term profit is taking. Held-for- trading assets and liabilities are recorded and measured in the balance sheet at fair value. Financial assets designated at FVTPL, please refer note 5.3.2.2



Notes to the consolidated financial statements (*Continued*)

5. Significant accounting policies (*Continued*)

5.3 Classification of financial instruments (*Continued*)

5.3.1.3 Financial asset measured at FVOCI

Unrealised gains or losses on debt instruments measured at FVOCI are recognised in other comprehensive income, and on derecognition of such instrument accumulated gains or losses are recycled to profit and loss statement. Interest income on such instrument is recognised in profit and loss statements as per EIR method.

5.3.1.4 Investment in equity instruments

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

5.3.2 Financial liabilities

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

5.3.2.1 Debt securities and other borrowed funds

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the instrument.

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

5.3.2.2 Financial assets and Financial liabilities at fair value through profit or loss

Financial assets and financial liabilities in this category are those that are not held for trading and have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value. Management only designates an instrument at FVTPL upon initial recognition when one of the following criterias 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.



Notes to the consolidated financial statements (*Continued*)

5. Significant accounting policies (*Continued*)

5.3 Classification of financial instruments (*Continued*)

5.3.2.2 Financial assets and Financial liabilities at fair value through profit or loss (*Continued*)

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

5.3.2.3 Financial guarantee:

Financial guarantees are contracts that require the Group to make specified payments to reimburse to holder for loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of a debt instrument.

Financial guarantee issued or commitments to provide a loan at below market interest rate are initially measured at fair value and the initial fair value is amortised over the life of the guarantee or the commitment. Subsequently they are measured at higher of this amortised amount and the amount of loss allowance.

5.3.2.4 Loan commitment

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

5.3.3 Financial liabilities and equity instruments

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

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

Repurchase of the Group's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Derivatives

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts and interest rate swaps.

Group has designed a risk strategy based to cover exposure on issuance of Benchmark Linked Debentures, by entering into a derivative contracts either to minimise the loss or to earn a minimum committed income by entering into a combination of derivative contracts (say for example purchased call and put options) with a wide range of strike prices. Above strategy has been approved by the risk committee and ensures that risk is fully or partially covered, hence support to reduce the risk exposure.

Derivatives are initially recognised at fair value and are subsequently re-measured at fair value through profit or loss. The resulting gain or loss is recognised in profit or loss immediately.



Notes to the consolidated financial statements (*Continued*)

5. Significant accounting policies (*Continued*)

5.3 Classification of financial instruments (*Continued*)

5.3.3 Financial liabilities and equity instruments (*Continued*)

Embedded derivatives

An embedded derivative is a component of a hybrid instrument that also includes a non-derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a standalone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, foreign exchange rate, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract.

Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments.

Forward Rate Agreement (FRA) and Interest Rate Futures (IRF)

The Company enters into interest rate derivative transactions i.e. Forward Rate Agreement (FRA) and Interest Rate Futures (IRF) to hedge the interest rate risk arising out of highly probable forecasted future cash inflows.

A Forward Rate Agreement ("FRA") is a forward contract to hedge the risk of movements in interest rates. In FRA contract, the Company fixes the yield on the government bond for the period till the maturity of the contract. The Company has entered into FRA to hedge interest rate risk on forecasted premium receivable from already written policies at future dates.

Forward Rate Agreement derivative contracts are over-the-counter (OTC) transactions, agreeing to buy notional value of a debt security at a specified future date, at a price determined at the time of the contract with an objective to lock in the price of an interest bearing security at a future date.

The Forward Rate Agreement (FRA) contract is valued at the difference between the market value of underlying bond at the spot reference yield taken from the SEBI approved rating agency and present value of contracted forward price of underlying bond including present value of intermediate coupon inflows from valuation date till FRA contract settlement date, at applicable INR-OIS rate curve.

Interest rate futures are standardized interest rate derivative contracts which are permitted by IRDAI to hedge risks on forecasted transactions. These are traded on a recognized stock exchange to buy or sell a notional security or any other interest-bearing instrument or an index of such instruments or interest rates at a specified future date, at a price determined at the time of the contract.

The instrument is classified as FVTPL securities and the net gain on fair value change is recognized in the Statement of Profit and Loss.

Derivatives Instruments are initially recognized at fair value at the date of entering into the derivative contracts and are subsequently re-measured to their fair value at the end of each reporting period. The Company follows Cash Flow Hedge accounting. Hedge effectiveness is ascertained at the inception of the hedge and periodically thereafter.



Notes to the consolidated financial statements (*Continued*)

5. Significant accounting policies (*Continued*)

5.3 Classification of financial instruments (*Continued*)

5.3.3 Financial liabilities and equity instruments (*Continued*)

Forward Rate Agreement (FRA) and Interest Rate Futures (IRF) (*Continued*)

At the inception of the hedge, the Company documents the relationship between the hedging instrument and the hedged item, the risk management objective, strategy for undertaking the hedge and the methods used to assess the hedge effectiveness. Hedge effectiveness is the degree to which changes in the fair value or cash flows of the hedged item that are attributable to a hedged risk are offset by changes in the fair value or cash flows of the hedging instrument. Hedge effectiveness is ascertained at the time of inception of the hedge and periodically thereafter at Balance Sheet date.

The portion of fair value gain/loss on the IRD that is determined to be an effective hedge is recognized directly in appropriate account i.e. 'Fair value gain/loss on derivatives' under the head Other Comprehensive Income and accumulated under the head of Cash Flow Hedge Reserve in the Balance Sheet and the portion of IRD fair value gain/loss that gets determined as ineffective hedge or ineffective portion of effective hedge, basis the hedge effectiveness assessment is recognized in the Statement of Profit and Loss.

The accumulated gains or losses that were recognised directly in the Hedge Reserve are reclassified into Statement of Profit and Loss, in the same period during which the income from hedged forecasted cash flows affect the Statement of Profit and Loss (such as in the periods that income on the investments acquired from underlying forecasted cashflow is recognized in the Statement of Profit and Loss). In the event that all or any portion of loss or gain, recognised directly in the Hedge Reserve is not expected to be recovered in future periods, the amount that is not expected to be recovered is reclassified to the Statement of Profit and Loss. Gains or losses arising from hedge ineffectiveness, if any, are recognised in the Statement of Profit and Loss. Costs associated with derivative contracts are considered as at a point in time cost.

5.4 Reclassification of financial assets and financial liabilities

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

5.5 Derecognition of financial assets and financial liabilities

5.5.1 Derecognition of financial assets due to substantial modification of terms and conditions

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

When assessing whether or not to derecognise a financial asset, amongst others, the Group considers the following factors:

- Change in currency of the loan
- Introduction of an equity feature
- Change in counterparty

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



Notes to the consolidated financial statements (*Continued*)

5. Significant accounting policies (*Continued*)

5.5 Derecognition of financial assets and financial liabilities (*Continued*)

5.5.2 Derecognition of financial assets (other than due to substantial modification)

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

The Group has transferred the financial asset if, and only if, either:

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

Pass-through arrangements are transactions whereby the Group retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following conditions are met:

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

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

A transfer only qualifies for derecognition if either:

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

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

5.5.3 Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

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



Notes to the consolidated financial statements (*Continued*)

5. Significant accounting policies (*Continued*)

5.6 Impairment of financial assets

The Group records allowance for expected credit losses for all financial assets, other than financial assets held at FVTPL, together with loan commitment and financial guarantee contracts. Equity instruments are not subject to impairment.

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

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

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

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

For financial assets, ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. The Group recognises an impairment loss or reversal of impairment loss in the profit and loss statement with a corresponding adjustment to their carrying amount through a loss allowance account.

If a financial instrument includes both a loan (i.e. financial asset) and an undrawn commitment (i.e. loan commitment) component and the Group cannot separately identify the ECL on the loan commitment component from those on the financial asset component, the ECL on the loan commitment have been recognised together with the loss allowance for the financial asset. To the extent that the combined ECL exceed the gross carrying amount of the financial asset, the ECL have been recognised as a provision. Also, for other loan commitments and all financial guarantee contracts, the loss allowance has been recognised as a provision.



Notes to the consolidated financial statements (*Continued*)

5. Significant accounting policies (*Continued*)

5.7 Collateral valuation

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

To the extent possible, the Group uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models.

5.8 Collateral repossessed

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

In its normal course of business, the Group does not physically repossess properties or other assets in its retail portfolio, but engages external agents to recover funds, generally at auction, to settle outstanding debt. Any surplus funds are returned to the customers/obligors.

5.9 Write off

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

5.10 Forborne and modified loan

The Group sometimes makes concessions or modifications to the original terms of loans as a response to the borrower's financial difficulties, rather than taking possession or to otherwise enforce collection of collateral. The Group considers a loan forborne when such concessions or modifications are provided as a result of the borrower's present or expected financial difficulties and the Group would not have agreed to them if the borrower had been financially healthy. Indicators of financial difficulties include defaults on covenants, or significant concerns raised by the Credit Risk Department. Forbearance may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, any impairment is measured using the original EIR as calculated before the modification of terms. It is the Group's policy to monitor forborne loans to help ensure that future payments continue to be likely to occur. Derecognition decisions and classification between Stage 2 and Stage 3 are determined on a case-by-case basis. If these procedures identify a loss in relation to a loan, it is disclosed and managed as an impaired Stage 3 forborne asset, until it is collected or written off.



Notes to the consolidated financial statements (*Continued*)

5. Significant accounting policies (*Continued*)

5.11 Determination of fair value

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

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

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

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

- Level 1 financial instruments –Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Group has access at the measurement date. The Group considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.
- Level 2 financial instruments–Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life.
- Level 3 financial instruments –Those that include one or more unobservable input that is significant to the measurement as whole. For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. The Group periodically reviews its valuation techniques including the adopted methodologies and model calibrations.

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

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



Notes to the consolidated financial statements (*Continued*)

5. Significant accounting policies (*Continued*)

5.12 Revenue from contracts with customers

Revenue is measured at transaction price i.e. the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to the customer, excluding amounts collected on behalf of third parties. The Group consider the terms of the contract and its customary business practices to determine the transaction price. Where the consideration promised is variable, the Group excludes the estimates of variable consideration that are constrained. The Group applies the five-step approach for the recognition of revenue:

- I. Identification of contract
- II. Identification of the separate performance obligation in the contract
- III. Determination of transaction price
- IV. Allocation of transaction price to separate performance obligation and
- V. Recognition of revenue when (or as) each performance obligation is satisfied

The Group recognises revenue from the following sources:

- a. Fee income including investment banking, advisory fees and syndication fees, is accounted over the period as the customer simultaneously receives and consumes the benefits, as the services are rendered.
- b. Clearing fee income arises, when the performance obligation related to trade is executed and a valid contract is generated for the trade. Fee income is accounted for, at a point in time or over a period of time in accordance with the terms and contracts entered into between the Group and the counterparty.
- c. Brokerage income on securities and commodities broking business is recognised as per contracted rates at the execution of transactions on behalf of the customers on the trade date and is reflected net of related sub-brokerage expenses, goods and service tax ("GST"), transaction charges and stock exchange expenses. Brokerage income on insurance broking business is recognised on an accrual basis at the inception of the insurance policy once the policy is issued by the insurance company based on the terms agreed with the insurance companies and is exclusive of GST.
- d. Investment management fees are recognised net of GST over the tenure in accordance with the Investment Management Agreement with Edelweiss Mutual Fund ('the mutual fund') and comply with the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 based on average Assets Under Management ('AUM') confirmed by the mutual fund.
- e. Management fee from trusts declared by it for acquisition of financial assets and the same is accounted for over the tenure as per terms of the relevant trust deeds and offer document issued by the Trust. Further any upside share in excess realisation over acquisition price of financial asset is recognised at point in time basis as per terms of the relevant trust deed/offer document. Redemption incentive and recovery incentive is accounted over the period on cash basis, i.e. as and when received by the Group, based on terms of the relevant trust deeds and offer document issued by the Trust.
- f. Portfolio management fees are recognised over the tenure in accordance with portfolio management agreement entered with respective clients.
- g. Interest on delayed payments, warehousing charges and rental income are recognised as revenue on certainty of realisation.



Notes to the consolidated financial statements (*Continued*)

5. Significant accounting policies (*Continued*)

5.12 Revenue from contracts with customers (*Continued*)

- h. Agency commission/procurement income is recorded in pursuant to terms and conditions mentioned in scope of work or agreement.
- i. Real estate advisory fee income is recognised basis the terms and conditions mentioned in the agreement.
- j. Revenue from fund management services (excluding mutual fund business) is recognised over the tenure in accordance with the terms and conditions of the investment management agreement between the Group and the Fund for which the Group acts as a fund manager.
- k. Revenue from rendering of trustee services is recognised in accordance with the terms and conditions of the Compensation Agreement between the trustee company and the fund. The amount recognised as revenue is exclusive of GST.
- l. Commodities sales are accounted as per the terms of agreement with parties.
- m. Sale during the course of import by transfer of documents of title i.e. high seas sale is booked upon transfer of documents of title to the goods in favour of buyer before the goods cross the custom frontiers of India.
- n. The Group recognises incremental costs of obtaining a contract with a customer as an asset if it expects to recover those costs. This asset is amortised to profit or loss on a systematic basis consistent with the transfer to the customer of the goods or services to which the asset relates.
- o. Lease rentals are recognised as income in Statement of Profit and Loss on a straight-line basis over the lease term. Costs related to operating and maintenance of investment property is recognised as expense.
- p. Insurance and other claims are recognised as revenue on certainty of realisation.
- q. Profit or loss on sale of investments is recognised on trade date basis.

5.13 Leases

Group as a lessee

The Group has applied IND AS 116 using the partial retrospective approach.

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration. The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right of use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.



Notes to the consolidated financial statements (*Continued*)

5. Significant accounting policies (*Continued*)

5.13 Leases (*Continued*)

Lease Liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short term lease

The Group has elected not to recognise right of use asset and lease liabilities for short term leases of property that has lease term of 12 months or less. The Company recognises lease payment associated with these leases as an expense on a straight-line basis over lease term.

Group as lessor

The Group's accounting policy under Ind AS 116 has not changed from the comparative period. As a lessor the Group classifies its leases as either operating or finance leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset and classified as an operating lease if it does not.

5.14 Earnings per share

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

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

5.15 Foreign currency transactions

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

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



Notes to the consolidated financial statements (*Continued*)

5. Significant accounting policies (*Continued*)

5.16 Retirement and other employee benefit

Provident fund and national pension scheme

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

Gratuity

The Group's gratuity scheme is a defined benefit plan. The Group's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that the employees have earned in return for their service in the current and prior periods, that benefit is discounted to determine its present value, and the fair value of any plan assets, if any, is deducted. The present value of the obligation under such benefit plan is determined based on independent actuarial valuation using the Projected Unit Credit Method. Benefits in respect of gratuity are funded with an Insurance company approved by Insurance Regulatory and Development Authority (IRDA).

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

Remeasurements are not reclassified to profit or loss in subsequent periods Compensated Absences.

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

5.17 Share-based payment arrangements

Equity-settled share-based payments to employees are granted by the ultimate parent Company. These are measured by reference to the fair value of the equity instruments at the grant date. These includes Stock Appreciation Rights (SARs) where the right to receive the difference between the SAR price and the market price of equity shares of the ultimate parent Company on the date of exercise, either by way of cash or issuance of equity shares of the ultimate parent Company, is at the discretion of the ultimate parent Company. These are classified as equity settled share-based transaction.

The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the 'ESOP reserve'. In cases where the share options granted vest in instalments over the vesting period, the Group treats each instalment as a separate grant, because each instalment has a different vesting period, and hence the fair value of each instalment differs.



Notes to the consolidated financial statements (*Continued*)

5. Significant accounting policies (*Continued*)

5.18 Property, plant and equipment and right – of – use assets

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

Subsequent costs incurred on an item of property, plant and equipment is recognised in the carrying amount thereof when those costs meet the recognition criteria as mentioned above. Repairs and maintenance are recognised in profit or loss as incurred.

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

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

Estimated useful lives of the assets are as follows:

Nature of assets	Estimated useful life
Building (other than Factory Building)	60 years
Plant and Equipments	15 years
Furniture and fixtures	10 years
Vehicles	8 years
Vessel (Boat)	13 years
Office Equipment	5 years
Computers - Servers and networks	6 years
Computers - End user devices, such as desktops, laptops, etc.	3 years
Solar power plant	15 years

Change in accounting policy for land and buildings from 31st March 2020

Land and buildings are subsequently shown at fair value based on periodic valuations by external independent valuers, less subsequent depreciation for buildings. Valuations will be carried out on a regular basis, unless the management consider it appropriate to have an earlier revaluation, such that the carrying amount of property does not differ materially from that which would be determined using fair values at the end of the reporting period. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset (Refer note no. 19 for details).

Subsequent measurement of land and building under revaluation model

Increases in the carrying amount arising on revaluation of land and buildings are credited to other comprehensive income and shown as a revaluation reserve in shareholders' equity. An exception is a gain on revaluation that reverses a revaluation decrease (impairment) on the same asset previously recognised as an expense. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against the revaluation reserve directly in equity; all other decreases are charged to profit or loss. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.



Notes to the consolidated financial statements (*Continued*)

5. Significant accounting policies (*Continued*)

5.18 Property, plant and equipment and right – of – use assets (*Continued*)

Right-of-use assets are presented together with property and equipment in the statement of financial position – refer to the accounting policy 5.13. Right-of-use assets are depreciated on a straight-line basis over the lease term.

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

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

5.19 Intangible assets

The Group's intangible assets mainly include the value of computer software and management rights. An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Group.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets with finite lives are amortised over the useful economic life.

5.20 Impairment of non-financial assets

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

5.21 Cash and cash equivalents

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

5.22 Provisions and other contingent liabilities

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



Notes to the consolidated financial statements (*Continued*)

5. Significant accounting policies (*Continued*)

5.22 Provisions and other contingent liabilities (*Continued*)

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

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

5.23 Income tax expenses

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

5.23.1 Current tax

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

5.23.2 Deferred tax

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

Deferred tax assets are also recognised with respect to carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

It is probable that taxable profit will be available against which a deductible temporary difference, unused tax loss or unused tax credit can be utilised when there are sufficient taxable temporary differences which are expected to reverse in the period of reversal of deductible temporary difference or in periods in which a tax loss can be carried forward or back. When this is not the case, deferred tax asset is recognised to the extent it is probable that:

- the entity will have sufficient taxable profit in the same period as reversal of deductible temporary difference or periods in which a tax loss can be carried forward or back; or
- tax planning opportunities are available that will create taxable profit in appropriate periods.

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



Notes to the consolidated financial statements (*Continued*)

5. Significant accounting policies (*Continued*)

5.23 Income tax expenses (*Continued*)

5.23.2 Deferred tax (*Continued*)

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

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

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

Minimum alternate tax (MAT)

MAT paid in a year is charged to the statement of profit and loss as current tax. The Group recognises unused MAT credit as a deferred tax asset only to the extent that it is probable that the Group will be able to utilise during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Group recognises deferred tax asset (MAT credit) as an asset, the said asset is created by way of credit to the statement of profit and loss. The Group reviews the MAT asset at each reporting date and writes down the asset to the extent that it is not probable that the Group will be able to utilise it during the specified period.

5.24 Investment properties

Properties, including those under construction, held to earn rentals and/or capital appreciation are classified as investment property and are measured and reported at cost, including transaction costs.

Depreciation is recognised using straight line method so as to write off the cost of the investment property less their residual values over their useful lives specified in Schedule II to the Companies Act, 2013 or in the case of assets where the useful life was determined by technical evaluation, over the useful life so determined. Depreciation method is reviewed at each financial year end to reflect the expected pattern of consumption of the future benefits embodied in the investment property. The estimated useful life and residual values are also reviewed at each financial year end and the effect of any change in the estimates of useful life/residual value is accounted on prospective basis.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of property is recognised in the Statement of Profit and Loss in the same period.



Notes to the consolidated financial statements (*Continued*)

5. Significant accounting policies (*Continued*)

5.25 Business Combination

The acquisition method of accounting is used for business combinations by the Group. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values with certain limited exceptions. Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is tested for impairment annually or more frequently if impairment indicators exist. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Business combination under common control

Common control business combinations include transactions, such as transfer of subsidiaries or businesses, between entities within a group. Group has accounted all such transactions based on pooling of interest method, which is as below:-

- The assets and liabilities of the combining entities are reflected at their carrying amounts.
- No adjustments are made to reflect fair values, or recognise any new assets or liabilities.
- The financial information in the financial statements in respect of prior periods are restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination.

The identity of the reserves shall be preserved and shall appear in the financial statements of the transferee in the same form in which they appeared in the financial statements of the transferor. The difference, if any, between the amount recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor shall be transferred to capital reserve.

5.26 Inventories:

Inventories are valued at weighted average cost or net realisable value whichever is lower.

5.27 Significant accounting policies of life insurance business (Edelweiss Tokio Life Insurance Company Limited ("ETLIFE")):

a. Product classification

Insurance contract

Insurance contracts are those contracts when ETLIFE has accepted significant insurance risk from the policyholders by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders.

As a general guideline, ETLIFE determines whether it has significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur. Such contract remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire. Contracts can be classified as insurance contracts after inception if insurance risk becomes significant.



Notes to the consolidated financial statements (*Continued*)

5. Significant accounting policies (*Continued*)

5.27 Significant accounting policies of life insurance business (Edelweiss Tokio Life Insurance Company Limited (“ETLIFE”): (*Continued*)

a. Product classification (*Continued*)

Investment contract

Investment contracts are those contracts which are not insurance contract. Investment contracts are those contracts that transfer financial risk with no significant insurance risk. Investment contracts can, however, be reclassified as insurance contracts after inception if insurance risk becomes significant. Some insurance and investment contracts contain a discretionary participation feature (DPF), which is a contractual right to receive additional benefits as a supplement to guaranteed benefits.

Insurance and investment contracts are further classified as with DPF, Linked Business and Others. Insurance contracts and investment contracts with DPF are measured and accounted under existing accounting practices at the date of transition to Ind AS which is in accordance with Ind AS 104.

b. Revenue recognition

- Premium Income

Premium income on insurance contracts and investment contracts with DPF are recognised as income when due from policyholders. For regular premium contracts, receivables are recognised at the date when payments are due.

In respect of linked business, premium income is recognised when the associated units are allotted. Top up premiums paid by unit-linked policyholders are considered as single premium and recognised as income when the associated units are created.

Where policies lapse due to non-receipt of premiums, then all the related premium income accrued but not received from the date they are deemed to have lapsed is offset against premiums. Premium on lapsed policies is recognised as income on receipt basis on reinstatement or revival of these policies.

- Reinsurance premium ceded

Reinsurance premium ceded is accounted at the time of recognition of premium income in accordance with the treaty or in principle arrangement/agreement with the reinsurers.

- Income from Unit Linked Policies

Income from unit-linked policies, which include fund management charges, policy administration charges, mortality charges and other charges, wherever applicable, are recovered from the unit-linked funds in accordance with the terms and conditions of the policies issued and are recognised as and when due.

- Fee management charges of investment contract

Investments contract policyholders are charged fees for policy administration, investment management, surrenders or other contract services. The fees may be fixed amounts or vary with the amounts being managed and will generally be charged as an adjustment to the policyholder's balance. The fees are recognised as revenue in the period in which they are collected unless they relate to services to be provided in future periods, in which case they are deferred and recognised as and when the services are provided.

- Interest income on policy loans is recognised using effective interest rate method



Notes to the consolidated financial statements (*Continued*)

5. Significant accounting policies (*Continued*)

5.27 Significant accounting policies of life insurance business (Edelweiss Tokio Life Insurance Company Limited (“ETLIFE”): (*Continued*)

c. Acquisition costs

Acquisition cost which are primarily relatable to the acquisition of insurance and investment contracts with DPF are expensed in the period in which they are incurred.

For investment contracts with or without DPF, acquisition costs that are directly attributable to securing an investment contract are deferred and amortised over the period in which the service is provided.

Benefits paid:

Benefits paid consists of the policy benefit and claim settlement costs, if any.

- Non-linked business

Death, rider, withdrawals and surrender claims are accounted for on receipt of intimation. Maturity, survival benefit and annuities are accounted when due.

- Linked-business

Death and rider are accounted for on receipt of intimation. Maturity claims and survival benefit are accounted for on due basis. Surrenders and withdrawals are accounted for on receipt of intimation. Amount payable on lapsed/discontinued policies are accounted for on expiry of lock in period of these policies.

- Reinsurance

Reinsurance claims receivable are accounted for in the same period as the related claim.

d. Reinsurance ceded

ETLIFE cedes reinsurance in the normal course of business, with retention limits varying by line of business. Premiums ceded and claims reimbursed are presented on a gross basis in the statement of profit and loss.

Reinsurance assets primarily include balances due from reinsurance companies for ceded insurance. Amounts recoverable from reinsurers are estimated in a manner consistent with the underlying contract liabilities, outstanding claims provisions or settled claims associated with the reinsured policies and in accordance with the relevant reinsurance contract.

Reinsurance assets are reviewed for impairment at each reporting date, or more frequently, when an indication of impairment arises during the reporting period. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the company may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measurable impact on the amounts that the company will receive from the reinsurer. The impairment loss is recorded in the statement of Profit or loss.



Notes to the consolidated financial statements (*Continued*)

5. Significant accounting policies (*Continued*)

5.27 Significant accounting policies of life insurance business (Edelweiss Tokio Life Insurance Company Limited (“ETLIFE”): (*Continued*))

e. Liability adequacy test

ETLIFE assesses at the end of each reporting period whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If that assessment shows that the carrying amount of its insurance liabilities is inadequate in the light of the estimated future cash flows, the entire deficiency shall be recognised in the statement of profit or loss.

f. Policyholder Liability

Insurance contract and investment contract with DPF.

Insurance and investment contract with DPF claims / liabilities are measured using the accounting policies consistent with those adopted previously under existing accounting practices.

Hence, the policyholder liabilities are calculated in accordance with the accepted actuarial practice, requirements of Insurance Act, 1938 and amendments thereafter, applicable regulations notified by the Insurance Regulatory and Development Authority of India (IRDAI), and Actuarial Practice Standards issued by the Institute of Actuaries of India.

g. Investment contracts without DPF

Liability in respect of investment contracts is recognised in accordance with Ind AS, taking into account accepted actuarial practices.

h. Unclaimed amount of policyholders

- Assets held for unclaimed amount of policyholders is created and maintained in accordance with the requirement of IRDAI Regulations and Investment Regulations, 2016 as amended from time to time.
- Unclaimed amount of policyholders’ assets grouped under other financial assets is invested in money market instruments and / or fixed deposits of scheduled banks which are valued at amortised cost.
- Income on unclaimed amount of policyholders is credited to respective unclaimed account and is accounted for on an accrual basis.
- Amount payable on account of income earned on assets held for unclaimed amount of policyholders is accounted for on an accrual basis and is disclosed net of fund management charges.
- Unclaimed amount of policyholders’ liability grouped under trade payables is determined on the basis of NAV of the units outstanding as at the valuation date.
- Amounts remaining unclaimed for a period of 10 years together with all respective accretions to the fund as per the above mentioned regulations are deposited into the Senior Citizen Welfare Fund (SCWF).



Notes to the consolidated financial statements (*Continued*)

5. Significant accounting policies (*Continued*)

5.28 Significant accounting policies of General insurance business (Edelweiss General Insurance Company Limited “EGICL”)

Revenue recognition in general insurance business

- Premium Income

Premium income including reinsurance accepted (net of goods and service tax), is recognised as income at the commencement of risk over the contract period or the period of risk, whichever is appropriate, on a gross basis and for instalment basis, it is recognised on instalment due dates. Reinstatement premium is recorded as and when such premiums are recovered. Any subsequent revisions to premium are recognised in the year in which they occur over the remaining period of risk or contract period, as applicable. Adjustments to premium income arising on cancellation of policies are recognised in the period in which they are cancelled. Premium received in advance represents premium received prior to the commencement of the risk.

- Reinsurance Ceded

Insurance premium on ceding of the risk is recognised in the period in which the risk commences in accordance with reinsurance arrangements with the reinsurers. Any subsequent revisions to, refunds or cancellations of premiums are recognised in the year in which they occur. Premium on excess of loss reinsurance cover is accounted as per the terms of the reinsurance arrangements. Adjustment to reinsurance premium arising on cancellation of policies is recognised in the period in which they are cancelled.

- Commission income from reinsurance ceded

Commission from reinsurance ceded is recognised as income on ceding of reinsurance premium in the period of ceding of risk. Profit commission under reinsurance treaties, wherever applicable, is recognised as income in the year of final determination of profits as confirmed by reinsurers and combined with commission on reinsurance ceded.

- Reserve for Unexpired Risk

Reserve for unexpired risk represent that part of net written premium which is attributable to and allocated to the succeeding accounting periods. Reserve for unexpired risk is calculated on net written premium on all unexpired policies at the balance sheet date based on 1/365th method for all segments, other than Health insurance policies with Health 241 Add ON cover. In Marine Hull business it is subject to a minimum of 100%.

In Health insurance policies with Health 241 Add ON cover; the unexpired risk is calculated on net written premium on all unexpired policies at the balance sheet date based on:

- a. 1/730 basis where there is no claim reported in the 1st year of policy
- b. 1/365 basis where the claim is reported in the 1st year of policy



Notes to the consolidated financial statements (*Continued*)

5. Significant accounting policies (*Continued*)

5.28 Significant accounting policies of General insurance business (Edelweiss General Insurance Company Limited - "EGICL") (*Continued*)

- Claims Incurred

Claims incurred comprise of claims paid (net of salvage and other recoveries), change in estimated liability for outstanding claims made following a loss occurrence reported and estimated liability for claims Incurred But Not Reported (IBNR) and claims Incurred But Not Enough Reported (IBNER). Further, claims incurred also include specific claim settlement costs comprising survey fees, legal expenses and other directly attributable costs. Claims (net of amounts receivable from reinsurers/coinsurers) are recognised on the date of intimation based on internal management estimates or on estimates from surveyors/insured in the respective revenue account(s).

Estimated liability for outstanding claims at balance sheet date is recorded net of claims recoverable from / payable to co-insurers / reinsurers, salvage to the extent there is certainty of realisation and other recoveries. Estimated liability for outstanding claims is determined by the management on the basis of ultimate amounts likely to be paid on each claim, established by the management in light of past experience and progressively modified for changes as appropriate, on availability of further information and in cases where claim payment period exceeds four years based on actuarial valuation. These estimates include claim settlement costs likely to be incurred to settle outstanding claims.

IBNR reserves are provisions for claims that may have been incurred during the accounting period but have not been reported or claimed. The IBNR provision also includes provision, for claims that have been incurred but are not enough reported (IBNER). The provision for IBNR and IBNER is based on actuarial estimate duly certified by the Appointed Actuary of EGICL. The actuarial estimate is derived in accordance with relevant IRDAI regulations and Guidance Note GN 21 issued by the Institute of Actuaries of India. The Appointed Actuary has certified that the methodology and assumptions used to estimate the liability are appropriate and in accordance with guidelines and norms issued by the Institute of Actuaries of India in concurrence with the IRDAI regulations.

- Premium deficiency

Premium deficiency ('PDR') is recognised at segmental revenue account level, when the sum of expected net claim costs, related expenses and maintenance costs (related to claims handling) exceed the reserve for unexpired risks. The premium deficiency is calculated and duly certified by the Appointed Actuary.

6. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 5, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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



Notes to the consolidated financial statements (*Continued*)

6. Critical accounting judgements and key sources of estimation uncertainty (*Continued*)

6.1. Critical judgements in applying accounting policies

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

a. Business model assessment

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

b. Significant increase in credit risk

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

c. Consolidation of structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. In the context of the Group, structured entities comprise securitisation trusts in asset reconstruction business, mutual fund schemes and alternative investment funds / schemes thereof. The Group consolidates the structured entities that it controls. When making this judgement, the Group also considers voting and similar rights available to itself and other parties, who may limit the Group's ability to control, including rights to appoint, reassign or remove members of the structured entity's key management personnel who have the ability to direct the relevant activities, the exposure to variability of returns and whether the Group has the ability to use its power to affect the amount of the Group's returns i.e. the variability of returns in relation to the total returns of the investee entity.

d. Determining lease term for lease contracts with renewal and termination option

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.



Notes to the consolidated financial statements (*Continued*)

6. Critical accounting judgements and key sources of estimation uncertainty (*Continued*)

6.1. Critical judgements in applying accounting policies (*Continued*)

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain, whether or not, to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation of the leased asset).

6.2 Key sources of estimation uncertainty

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

a. Fair value of financial instruments

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

For Investments made into Security receipts (SRs), Group uses discounted cash flow model, given that the SRs are less liquid instruments. Expected cash flow levels including timing of cash flows are estimated by using quantitative and qualitative measures regarding the characteristics of the underlying assets including default rates, nature and value of collaterals, manner of resolution and other economic drivers. For any valuation which are based on models, Judgements and estimates are applied, which include considerations of liquidity, credit risk (both own and counterparty), funding value adjustments, correlation and volatility.

b. Impairment of financial assets

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

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

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



Notes to the consolidated financial statements (*Continued*)

6. Critical accounting judgements and key sources of estimation uncertainty (*Continued*)

6.2 Key sources of estimation uncertainty (*Continued*)

b. Impairment of financial assets (*Continued*)

- The Group's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a life-time expected credit loss and the qualitative assessment
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL models, including the various formulas and the choice of inputs
- Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EAD and LGD
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models

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

c. Effective interest rate method

The Group's EIR methodology, as explained in Note 5.1, recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given / taken and recognises the effect of characteristics of the product life cycle.

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well expected changes fee income/expense that are integral parts of the instrument.

d. Accounting for deferred taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

The Group has recognised deferred tax assets on carried forward tax losses with respect to certain subsidiaries where the Group believes that the said deferred tax assets shall be recoverable based on the estimated future taxable income which in turn is based on approved business plans and budgets. The losses are allowed to be carried forward to the years in which the Group expects that there will be sufficient taxable profits to offset these losses.

e. Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ('IBR') to measure lease liabilities. Incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

f. Asset liability management

Management has made an assessment of its ability to continue and is satisfied that it has the resources to continue in business for the foreseeable future.

7. Standards issued but not yet effective

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



Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

8. Cash and cash equivalents

	31-Mar-21	31-Mar-20
Cash in hand	35.23	4.81
Cheques in hand	231.91	44.41
Balances with banks: (refer note 1 below)		
- in Current accounts	24,311.51	28,234.79
- in fixed deposits with original maturity less than 3 months	14,406.50	21,141.18
Total	38,985.15	49,425.19

Note 1:

Pledged bank balance/fixed deposits aggregating to ₹ 802.35 million (previous year ₹ 4,623.07 million) against NCD issued.

9. Bank Balance other than cash and cash equivalents

	31-Mar-21	31-Mar-20
Fixed deposits at amortised cost (refer Note 1 below) (held as margin money or security against borrowings, guarantees)	8,608.72	36,657.89
In unpaid dividend accounts	8.19	13.00
Total	8,616.91	36,670.89

Note 1:

- Pledged fixed deposit aggregating to ₹ 2,258.48 million (previous year ₹ 6,284.86 million) with bank for securing credit facilities, obtaining bank guarantees, securitisation contracts and meeting margin requirement for trading in cross currency swaps and forward margin.
- Pledged fixed deposit aggregating to ₹ 16.94 million (previous year ₹ 18,228.05 million) with exchange to meet margin requirement.
- Pledged fixed deposit aggregating to ₹ 73.02 million (previous year ₹ 41.89 million) with VAT, CST and excise authorities.
- Pledged fixed deposit aggregating to ₹ Nil million (previous year ₹ 22.42 million) with exchange towards arbitration.
- Pledged fixed deposit aggregating to ₹ 41.88 million (previous year ₹ 56.39 million) with agriculture produce market committee for obtaining Mandi license.
- Pledged fixed deposit aggregating to ₹ 5.00 million (previous year ₹ 5.00 million) with IRDA.
- Earmarked with bank for a specific purpose ₹ Nil million (previous year ₹ 6,503.70 million) and therefore not available for immediate and general use.



Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

10. Derivative financial instruments

31-Mar-21		Notional amount (Units)	Fair value of asset (₹)	Notional amount (Units)	Fair value of liability (₹)
(i)	Currency derivatives				
	Spot and forwards	-	-	31,33,541	444.04
	Currency Futures	1,22,71,000	6.15	4,72,86,000	8.71
	Options purchased	10,08,16,879	125.54	-	-
	Options sold	-	-	12,06,74,406	116.87
	Less: amounts offset (refer note 10.1)	-	(6.15)	-	(569.62)
	Sub total (i)		125.54		-
(ii)	Interest rate derivatives				
	Forwards and Interest Rate Swaps	8,00,56,32,250	55.01	9,64,90,14,150	77.86
	Futures	32,000	0.01	35,02,000	0.36
	Less: amounts offset (refer note 10.1)	-	(0.01)	-	(0.36)
	Subtotal (ii)		55.01		77.86
(iii)	Equity linked derivatives				
	Stock Futures	1,67,33,835	106.30	1,53,21,173	91.53
	Options purchased	27,13,226	172.25	-	-
	Options sold (written)	-	-	23,25,726	31.73
	Less: amounts offset (refer note 10.1)	-	(106.30)	-	(91.53)
	Subtotal (iii)		172.25		31.73
(iv)	Index linked derivatives				
	Index Futures	2,24,944	18.97	4,66,775	16.36
	Options purchased	2,41,95,400	2,525.44	14,02,750	204.79
	Options sold (written)	-	-	2,21,97,475	367.90
	Less: amounts offset (refer note 10.1)	-	(18.97)	-	(226.48)
	Subtotal (iv)		2,525.44		362.57
(v)	Embedded derivatives				
	In market linked debentures	Not Applicable	23.79	Not Applicable	1,373.35
	Subtotal (v)		23.79		1,373.35
	Total		2,902.03		1,845.51
31-Mar-20		Notional amount (Units)	Fair value of asset (₹)	Notional amount (Units)	Fair value of liability (₹)
(i)	Currency derivatives				
	Spot and forwards	34,39,607	0.03	1,01,84,303	216.14
	Currency Futures	3,00,00,000	29.14	3,08,86,000	24.07
	Options purchased	29,46,21,000	485.50	-	-
	Options sold	-	-	29,91,85,000	527.23
	Less: amounts offset (refer note 10.1)	-	(29.16)	-	(767.44)
	Sub total (i)		485.51		-



Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

10. Derivative financial instruments (Continued)

31-Mar-20	Notional amount (Units)	Fair value of asset (₹)	Notional amount (Units)	Fair value of liability (₹)
(ii) Interest rate derivatives				
Forwards and Interest Rate Swaps	4,25,00,00,000	85.65	7,75,00,00,000	162.84
Futures	10,00,000	1.31	4,39,60,000	38.74
Less: amounts offset (refer note 10.1)	-	(1.31)	-	(38.74)
Subtotal (ii)		85.65		162.84
(iii) Equity linked derivatives				
Stock Futures	56,55,939	43.50	92,24,636	55.87
Swaps	-	-	1,45,550	0.24
Less: amounts offset (refer note 10.1)	-	(43.50)	-	(56.11)
Subtotal (iii)		-		-
(iv) Index linked derivatives				
Index Futures	2,99,045	10.23	14,71,365	154.86
Options purchased	1,13,32,750	2,112.95	-	-
Options sold (written)	-	-	2,28,60,665	3,331.92
Less: amounts offset (refer note 10.1)	-	(10.23)	-	(572.15)
Subtotal (iv)		2,112.95		2,914.63
(v) Embedded derivatives				
In market linked debentures	Not Applicable	2,637.76	Not Applicable	735.01
Subtotal (v)		2,637.76		735.01
Total		5,321.87		3,812.48

Notes

- Notional amounts in the above tables refer to number of underlying equity shares in case of stock futures and options, number of underlying index units in case of index-linked derivatives, number of underlying currency units in case of currency derivatives, number of underlying government securities / bonds in case of interest rate futures, amount of notional currency in case of interest rate swaps.
- Group has designed a risk based strategy to cover exposure on issued Benchmarked Linked Debentures, by entering into a derivative contracts either to minimise the loss or to earn a minimum committed income by entering into a combination of derivative contracts (say for example purchased call and put options) with a wide range of strike prices. Above strategy has been approved by the risk committee of respective subsidiary Companies in the Group and ensures that risk is fully or partially covered, which supports to reduce the risk exposure.

Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

10 Derivative financial instruments (Continued)

10.1 Offsetting:

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

Financial assets subject to offsetting, netting arrangements

As at 31 March 2021:

Financial assets subject to offsetting	Offsetting recognised in the balance sheet			Netting potential not recognised in balance sheet		Assets not subject to netting arrangements	Total assets	Maximum Exposure to Risk
	Gross asset before offset	Amount offset*	Net asset recognised in balance sheet	Financial liabilities offset	Collateral received			
Derivative financial assets	2,944.75	131.43	2,813.32	50.68	5.38	88.71	2,902.03	2,845.97
Cash settlement balances from clearing houses	158.11	-	158.11	-	-	-	158.11	158.11
Offset against the Margin (Refer to other financial asset Receivable from exchange / clearing house (net))	(158.11)	-	(158.11)	-	-	-	(158.11)	(158.11)
Margin placed with broker	652.18	0.30	651.88	-	-	-	651.88	651.88

Financial liabilities subject to offsetting	Offsetting recognised in the balance sheet			Netting potential not recognised in balance sheet		Liabilities not subject to netting arrangements	Total liabilities	Maximum Exposure to Risk
	Gross liability before offset	Amount offset*	Net liability recognised in balance sheet	Financial assets offset	Collateral paid			
Derivative financial liabilities	2,386.47	887.99	1,498.48	50.68	10.70	347.03	1,845.51	1,784.13



Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

10 Derivative financial instruments (Continued) 10.1 Offsetting: (Continued)

As at 31 March 2020:

Financial assets subject to offsetting	Offsetting recognised in the balance sheet		Netting potential not recognised in balance sheet		Assets not subject to netting arrangements	Total assets	Maximum Exposure to Risk		
	Gross asset before offset	Amount offset*	Net asset recognised in balance sheet	Financial liabilities				Collateral received	Assets after consideration of netting potential
Derivative financial assets	3,138.69	84.20	3,054.49	97.83	(54.82)	3,011.48	2,267.38	5,321.87	5,278.86
Cash settlement balances from clearing houses	160.02	-	160.02	-	-	160.02	-	160.02	160.02
Offset against the Margin (Refer to other financial asset)	(160.02)	-	(160.02)	-	-	(160.02)	-	(160.02)	(160.02)
Receivable from exchange / clearing house (net)									
Margin placed with broker	1,310.89	67.19	1,243.70	-	-	1,243.70	-	1,243.70	1,243.70

Financial liabilities subject to offsetting	Offsetting recognised in the balance sheet		Netting potential not recognised in balance sheet		Liabilities not subject to netting arrangements	Total liabilities	Maximum Exposure to Risk		
	Gross liability before offset	Amount offset*	Net liability recognised in balance sheet	Financial assets				Collateral paid	Liabilities after consideration of netting potential
Derivative financial liabilities	4,345.35	1,434.44	2,910.91	-	-	2,910.91	901.57	3,812.48	3,812.48

*As at the reporting date the amount of cash margin received that has been offset against gross derivative assets ₹ 131.43 million (Previous year ₹ 84.20 million). As at the reporting date the amount of cash margin paid that has been offset against gross derivative liability ₹ 887.99 million (Previous year ₹ 1,435.20 million).





Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

11. Stock in trade (Securities held for trading) at FVTPL

	31-Mar-21	31-Mar-20
Government Securities	8,636.63	7,462.91
Mutual Fund	1,136.21	6,500.47
Debt securities	246.93	707.83
Equity Shares	5,726.99	2,786.73
Preference Shares	-	0.13
Total	15,746.76	17,458.07
Investments in India	15,160.89	16,396.11
Investments outside India	585.87	1,061.96
Total	15,746.76	17,458.07

Note: Stock in trade pledged with exchange is amounting to ₹ 1,477.90 million (previous year ₹ 1,522.19 million).

12. Trade Receivables

	31-Mar-21	31-Mar-20
Receivables considered good - secured	103.17	3,121.42
Receivables considered good - unsecured	2,553.17	5,728.34
Receivables which have significant increase in credit risk	334.89	1,453.94
Receivables - credit impaired	4,235.66	5,068.92
Gross receivables	7,226.89	15,372.62
Provision for impairment - unsecured	(128.84)	(39.76)
Allowance for expected credit losses - Receivables which have significant increase in credit risk	(285.97)	(304.63)
Provision for impairment - credit impaired	(1,751.59)	(1,975.85)
Total receivables net of provision	5,060.49	13,052.38

Trade Receivables - Ageing

31-Mar-21	Days past due	0-90 days	91-180 days	>180 days	Total
	ECL rate	1.74%	15.23%	39.63%	
	Total Gross amount	1,623.14	339.73	5,264.02	7,226.89
	ECL - simplified approach	(28.26)	(51.76)	(2,086.38)	(2,166.40)
	Net carrying amount	1,594.88	287.97	3,177.64	5,060.49
31-Mar-20	Days past due	0-90 days	91-180 days	>180 days	Total
	ECL rate	0.74%	12.58%	34.25%	
	Total Gross amount	8,446.11	528.69	6,397.82	15,372.62
	ECL - simplified approach	(62.32)	(66.51)	(2,191.41)	(2,320.24)
	Net carrying amount	8,383.79	462.18	4,206.41	13,052.38

12.1 Reconciliation of impairment allowance on trade receivables:

Particulars	Amount
Impairment allowance measured as per simplified approach	
Impairment allowance as on 31-Mar-19	2,210.88
Add/ (less): asset originated or acquired (net)	109.36
Impairment allowance as on 31-Mar-20	2,320.24
Add/ (less): asset originated or acquired (net)	(153.84)
Impairment allowance as on 31-Mar-21	2,166.40



Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

13. Loans

Particulars	31-Mar-21			31-Mar-20		
	at amortised cost	at FVTPL	Total	at amortised cost	at FVTPL	Total
Term Loans						
Corporate and Retail Credit	2,45,717.42	2,089.30	2,47,806.72	2,95,439.63	5,479.21	3,00,918.84
Distressed Credit	13,223.15	-	13,223.15	12,882.28	-	12,882.28
Other Credit	154.43	-	154.43	140.13	-	140.13
Total Gross (A)	2,59,095.00	2,089.30	2,61,184.30	3,08,462.04	5,479.21	3,13,941.25
Less: Impairment loss allowance	42,078.84	-	42,078.84	30,334.46	-	30,334.46
Total (Net) (A)	2,17,016.16	2,089.30	2,19,105.46	2,78,127.58	5,479.21	2,83,606.79
Secured by tangible assets (Property including land, building and project receivables)	2,19,325.41	2,089.30	2,21,414.71	1,99,222.69	5,479.21	2,04,701.90
Secured by Inventories, fixed deposits and other marketable securities	16,610.60	-	16,610.60	83,799.24	-	83,799.24
Unsecured	23,158.99	-	23,158.99	25,440.11	-	25,440.11
Total Gross (B)	2,59,095.00	2,089.30	2,61,184.30	3,08,462.04	5,479.21	3,13,941.25
Less: Impairment loss allowance	42,078.84	-	42,078.84	30,334.46	-	30,334.46
Total (Net) (B)	2,17,016.16	2,089.30	2,19,105.46	2,78,127.58	5,479.21	2,83,606.79
Loans in India						
Public sector	-	-	-	-	-	-
Others	2,59,095.00	2,089.30	2,61,184.30	3,08,461.65	5,479.21	3,13,940.86
Total Gross (C)	2,59,095.00	2,089.30	2,61,184.30	3,08,461.65	5,479.21	3,13,940.86
Less: Impairment loss allowance	42,078.84	-	42,078.84	30,334.46	-	30,334.46
Total (Net) (C) (I)	2,17,016.16	2,089.30	2,19,105.46	2,78,127.19	5,479.21	2,83,606.40
Loans outside India	-	-	-	0.39	-	0.39
Less: Impairment loss allowance	-	-	-	-	-	-
Total (Net) (C) (II)	-	-	-	0.39	-	0.39
Total (C) (I) and (C) (II)	2,17,016.16	2,089.30	2,19,105.46	2,78,127.58	5,479.21	2,83,606.79



Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

13 Loans (Continued) 13.1 Credit Quality

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal grading and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Group's internal grading system are explained in Note 56.7 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 56.7

Loans at amortised cost

Particulars	31-Mar-21				31-Mar-20					
	Stage I	Stage II	Stage III ^{1,3}	POCI	Total	Stage I	Stage II	Stage III ^{1,3}	POCI	Total
Performing										
High grade	85,292.34	-	-	-	85,292.34	1,50,803.15	147.38	-	-	1,50,950.53
Standard grade	129.46	47,662.60	-	-	47,792.06	123.26	61,441.58	45.64	-	61,610.48
Non-performing										
Impaired	-	-	1,12,787.45	13,223.15	1,26,010.60	-	-	83,018.75	12,882.28	95,901.03
Total	85,421.80	47,662.60	1,12,787.45	13,223.15	2,59,095.00	1,50,926.41	61,588.96	83,064.39	12,882.28	3,08,462.04

Gross carrying amount and corresponding ECL reconciliation – Loans

Particulars	Non-credit impaired						Credit impaired							
	Stage I		Stage II		Stage III		Stage I		Stage II		Stage III		Total	
	Gross carrying amount	Allowance for ECL ²	Gross carrying amount	Allowance for ECL ²	Gross carrying amount	Allowance for ECL (Net of Allowance for ECL)	Gross carrying amount	Allowance for ECL						
Balance at 31 March 2019	3,12,340.85	2,712.59	39,831.24	1,552.21	18,369.08	5,058.56	16,968.59	3,87,509.76	9,323.36	-	-	-	-	-
Effect of acquisitions made during the year	14,063.46	-	3,607.85	-	4,979.04	-	-	22,650.35	-	-	-	-	-	-
Transfers:														
Transfers to 12 Month ECL (Stage 1)	1,505.67	43.20	(1,486.58)	(38.64)	(19.09)	(4.56)	-	-	-	-	-	-	-	-
Transfers to lifetime ECL (Stage 2)	(36,377.44)	(491.57)	36,422.89	498.92	(45.45)	(7.35)	-	-	-	-	-	-	-	-
Transfers to lifetime ECL-Credit impaired (Stage 3)	(45,563.42)	(746.49)	(25,073.88)	(729.84)	70,637.30	1,476.33	-	-	-	-	-	-	-	-
Net re-measurement of ECL arising from transfer of stage	-	147.42	-	4,413.08	-	6,007.93	-	-	-	-	-	-	-	10,568.43
Net new and further lending/ (repayments) (including write-off) and sale to ARC / AIF ³	(95,042.71)	329.25	8,287.44	1,067.49	(10,856.49)	9,045.93	(4,086.31)	(1,01,698.07)	10,442.67	-	-	-	-	-
Balance at 31 March 2020	1,50,926.41	1,994.40	61,588.96	6,763.22	83,064.39	21,576.84	12,882.28	3,08,462.04	30,334.46					



Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

13 Loans (Continued) 13.1 Credit Quality (Continued)

Gross carrying amount and corresponding ECL reconciliation – Loans

Particulars	Non-credit impaired			Credit impaired			POCI	Total
	Stage I	Stage II	Stage III	Stage I	Stage II	Stage III		
	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL ²	Carrying amount (Net of Allowance for ECL)	Gross carrying amount
Effect of acquisitions made during the year	47.01	-	-	-	-	-	-	47.01
Transfers:								
Transfers to 12 Month ECL (Stage 1)	4,691.44	810.59	(4,648.13)	(803.53)	(43.31)	(7.06)	-	-
Transfers to lifetime ECL (Stage 2)	(21,024.73)	(526.76)	24,688.92	1,177.83	(3,664.19)	(651.07)	-	-
Transfers to lifetime ECL-Credit impaired (Stage 3)	(10,621.36)	(25.46)	(19,472.21)	(737.78)	30,093.57	763.24	-	-
Net re-measurement of ECL arising from transfer of stage	-	(776.89)	-	481.75	-	8,753.15	-	8,458.01
Net new and further lending/(repayments) (including write-off) and sale to ARC / AIF ³	(38,596.97)	(195.57)	(14,494.94)	(2,487.22)	3,336.99	5,969.16	340.87	(49,414.05)
Balance at 31 March 2021	85,421.80	1,280.31	47,662.60	4,394.27	1,12,787.45	36,404.26	13,223.15	2,59,095.00
								42,078.84

1 This also includes stage III assets in EARC on distressed assets book, interest accrued on non-performing assets and stage III assets held by Group entities other than NBFCs on trade and general purpose advances.

2 Allowance under this category also includes provision on assets as mentioned in note 1 above.

3 Refer Note 54.



Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

14. Investments

31-Mar-21	Amortised cost	FVOCI	FVTPL	Designated at FVTPL	Others at Cost	Total
Security Receipts	-	-	37,478.90	-	-	37,478.90
Government Securities	-	13,671.98	1,256.67	8,125.37	-	23,054.02
Equity Shares	415.00	-	12,223.20	-	-	12,638.20
Debt securities	1,305.81	3,159.10	3,771.26	2,600.89	-	10,837.06
AIF Fund	-	11.28	9,953.39	-	-	9,964.67
Mutual Fund	-	-	2,053.87	-	-	2,053.87
Preference Shares	-	15.83	1,771.44	-	-	1,787.27
Associates - Equity Shares	-	-	-	-	16,755.80	16,755.80
others	-	-	1,184.65	-	-	1,184.65
Total	1,720.81	16,858.19	69,693.38	10,726.26	16,755.80	1,15,754.44
Investments in India	1,720.34	16,772.57	69,472.19	10,726.26	16,755.80	1,15,447.16
Investments outside India	0.47	85.62	221.19	-	-	307.28
Total	1,720.81	16,858.19	69,693.38	10,726.26	16,755.80	1,15,754.44
Less - Impairment Loss allowance	-	11.28	980.14	-	-	991.42
Total	1,720.81	16,846.91	68,713.24	10,726.26	16,755.80	1,14,763.02

31-Mar-20	Amortised cost	FVOCI	FVTPL	Designated at FVTPL	Others at Cost	Total
Security Receipts	-	-	42,646.81	-	-	42,646.81
Government Securities	-	11,653.91	923.51	5,549.92	-	18,127.34
Equity Shares	-	-	7,428.09	-	-	7,428.09
Debt securities	243.86	3,363.24	2,407.70	1,882.93	-	7,897.73
AIF Fund	-	13.10	4,275.39	-	-	4,288.49
Mutual Fund	-	-	762.08	-	-	762.08
Preference Shares	-	24.58	1,916.77	13.19	-	1,954.54
Total	243.86	15,054.83	60,360.35	7,446.04	-	83,105.08
Investments in India	243.86	14,795.53	60,151.61	7,446.04	-	82,637.04
Investments outside India	-	259.30	208.74	-	-	468.04
Total	243.86	15,054.83	60,360.35	7,446.04	-	83,105.08
Less - Impairment Loss allowance	-	439.06	-	-	-	439.06
Total	243.86	14,615.77	60,360.35	7,446.04	-	82,666.02

Note: Investments pledged with bank, exchange, brokers and against NCDs issued is amounting to ₹ 32,309.69 million(previous year ₹ 36,961.83 million)



Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

14. Investments (Continued)

14.1 Investments measured at FVOCI

Credit quality of assets

The table below shows the gross carrying amount of the Group's investments measured at FVOCI by credit risk, based on the Group's internal credit rating system and year-end stage classification. The amount presented are gross of impairment allowances. Details of the Group's internal grading system and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 56.7

31-Mar-21

Particulars	Gross carrying amount (Stage 1)	Gross carrying amount (Stage 2)	Gross carrying amount (Stage 3)	Gross carrying amount Total
High grade	16,183.92	-	-	16,183.92
Standard grade	-	-	-	-
Individually impaired	-	-	674.27	674.27
Total	16,183.92	-	674.27	16,858.19

31-Mar-20

Particulars	Gross carrying amount (Stage 1)	Gross carrying amount (Stage 2)	Gross carrying amount (Stage 3)	Gross carrying amount Total
High grade	14,204.35	-	-	14,204.35
Standard grade	31.23	-	-	31.23
Individually impaired	-	-	819.25	819.25
Total	14,235.58	-	819.25	15,054.83

Reconciliation of gross carrying amount and corresponding ECL for investments measured at FVOCI

Particulars	31-Mar-21			
	Gross Carrying Amount (Stage 1)	12 months ECL allowance (Stage 1)	Amount Gross Carrying (Stage 3)	12 months ECL allowance (Stage 3)
Gross carrying amount - opening balance	14,235.58	0.12	819.25	438.94
New assets originated or purchased	7,978.49	-	-	-
Assets derecognised or matured (excluding write offs) (including gains / losses thereon)	(7,108.47)	-	(156.26)	(24.45)
Interest income during the year	1,119.84	-	-	-
Foreign Exchange	(30.24)	-	-	-
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	(11.28)	-	11.28	11.28
Impact of year end ECL of exposures transferred between stages during the year	-	-	-	(437.17)
Gross carrying amount - closing balance	16,183.92	0.12	674.27	(11.40)



Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

14. Investments (Continued)

14.1 Investments measured at FVOCI (Continued)

Reconciliation of gross carrying amount and corresponding ECL for investments measured at FVOCI (Continued)

Particulars	31-Mar-20			
	Gross Carrying Amount (Stage 1)	12 months ECL allowance (Stage 1)	Gross Carrying Amount (Stage 3)	12 months ECL allowance (Stage 3)
Gross carrying amount - opening balance	12,826.50	21.50	-	-
New assets originated or purchased	9,141.61	0.15	-	-
Assets derecognised or matured (excluding write offs) (including gains / losses thereon)	(8,320.81)	-	-	-
Interest income during the year	1,387.04	-	-	-
Foreign Exchange	20.49	-	-	-
Transfer to Stage 1	-	0.06	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	(819.25)	(21.59)	819.25	21.59
Impact of year end ECL of exposures transferred between stages during the year	-	-	-	417.35
Gross carrying amount - closing balance	14,235.58	0.12	819.25	438.94

14.2 Investments measured at amortised cost

The table below shows the gross carrying amount of the Group's investments measured at amortised cost by credit risk, based on the Group's internal credit rating system and year-end stage classification. The amount presented are gross of impairment allowances. Details of the Group's internal grading system and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 56.7

Particulars	31-Mar-21 Gross carrying amount (Stage 1)	31-Mar-20 Gross carrying amount (Stage 1)
High grade	1,720.81	243.86
Standard grade	-	-
Individually impaired	-	-
Total	1,720.81	243.86

Reconciliation of gross carrying amount for investments measured at amortised cost

Particulars	31-Mar-21 Gross carrying amount (Stage 1)	31-Mar-20 Gross carrying amount (Stage 1)
Gross carrying amount - opening balance	243.86	569.80
New assets originated or purchased	1,27,154.93	42,520.30
Assets derecognised or matured (excluding write offs) (including gains / losses thereon)	(1,25,677.98)	(42,855.17)
Changes to contractual cash flows due to modifications not resulting in derecognition	-	8.93
Amounts written off	-	-
Transfer to Stage 1 (refer instruction above)	-	-
Transfer to Stage 2 (refer instruction above)	-	-
Transfer to Stage 3 (refer instruction above)	-	-
Gross carrying amount - closing balance	1,720.81	243.86



Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

14 Investments (Continued)

14.3 Equity investment measured at FVOCI

The Group had designated its equity investments at FVOCI, since it were held for strategic purpose. No dividend was recognized in respect of the such equity investments measured at FVOCI. The said investment were monitored on a continuous basis; however due to deterioration in the economic activity, the reduction in the fair value amounting to ₹ Nil million (Previous year ₹ 1,700.00 million) was recognized in OCI. Fair value of the Investment at the date of derecognition was ₹ Nil million (Previous year ₹ 1,305.00 million).

In order to protect against any further fair value loss/value erosion in respect of the said investment; such investment was derecognized by converting these CCDs into NCDs and settled at face value of ₹ Nil million (Previous year ₹ 1,305.00 million). The loss on the derecognition of such investment was ₹ Nil million (Previous year ₹ 1,700.00 million).

15. Other financial assets

Particulars	31-Mar-21	31-Mar-20
Receivable from Trust	6,252.87	1,712.00
Receivable towards margin trading facility	-	964.01
Receivable from exchange / clearing house (net)	448.43	2,841.35
Deposits placed with/ for exchange/ depositories	130.79	535.88
Margin placed with broker	2,859.51	688.74
Rental deposits	191.85	396.63
Deposits- others	79.38	157.46
Reinsurance receivables	364.34	83.51
Unclaimed amount of policyholders	29.57	34.86
Others	2,271.33	887.89
Total	12,628.07	8,302.33

16. Inventories

Particulars	31-Mar-21	31-Mar-20
Stock in trade commodities ¹	-	436.09
Total	-	436.09

¹ The above are agriculture commodity inventories. Refer note 23 for charge on inventories.

17. Deferred tax assets and liabilities

Deferred tax assets (net)	31-Mar-21	31-Mar-20
Provision for expected credit losses	2,317.78	3,912.40
Unused tax losses / credits	8,074.33	5,497.04
Employee benefits obligations	81.89	81.40
Fair valuation of Financial Assets	1,159.14	645.73
Fair valuation of Derivatives	(15.53)	782.22
Property, Plant and Equipment and Intangible assets	(917.91)	(731.41)
Adjustment of effective interest rate on Borrowings	(1,114.71)	(622.63)
Total	9,584.99	9,564.75

Deferred tax liabilities (net)	31-Mar-21	31-Mar-20
Fair valuation of Financial Assets	498.17	626.65
Adjustment of effective interest rate on Loans	102.63	181.57
Adjustment of effective interest rate on Borrowings	13.52	-
Property, Plant and Equipment and Intangible assets	1,468.12	1,853.64
ESOP Perquisite	(4.01)	(4.01)
Employee benefits obligations	(19.51)	(14.10)
Unused tax losses / credits	-	(0.02)
Special Reserve u/s 36(1)(viii)	98.70	-
Total	2,157.62	2,643.73

Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

18. Investment property

Particulars	Gross Block		Depreciation and impairment		Net Block	
	As at 01-Apr-20	As at 31-Mar-21	As at 01-Apr-20	As at 31-Mar-21	As at 31-Mar-21	As at 31-Mar-21
	As at 01-Apr-20	As at 31-Mar-21	As at 01-Apr-20	As at 31-Mar-21	As at 31-Mar-21	As at 31-Mar-21
	during the year	during the year	charge / (reversals) for the year	deductions/ adjustments during the year		
Investment Property						
Land	1408.62	1,408.62	-	-	18.27	1,390.35
Real Estate	3,445.13	2,676.00	348.69	-	671.72	2,004.28
Total	4,853.75	4,084.62	348.69	-	689.99	3,394.63
	Gross Block		Depreciation and impairment		Net Block	
	As at 01-Apr-19	As at 31-Mar-20	As at 01-Apr-19	As at 31-Mar-20	As at 31-Mar-20	As at 31-Mar-20
	during the year	during the year	charge / (reversals) for the year	deductions/ adjustments during the year		
Investment Property						
Land	228.35	1,408.62	-	-	18.27	1,390.35
Real Estate	2,953.83	3,445.13	323.03	17.51	378.21	3,066.92
Total	3,182.18	4,853.75	323.03	17.51	396.48	4,457.27
Fair value of investment properties						
Property					31-Mar-21	31-Mar-20
Land					2,256.94	2,256.94
Real estate property					2,004.28	3,157.85
Total					4,261.22	5,414.79





Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

19. Property, plant and equipment and intangibles

Particulars	Gross Block			Depreciation and amortisation			Net Block		
	As at 01-Apr-2020	Additions/ adjustments during the year	Deductions/ adjustments during the year	As at 31-Mar-2021	As at 01-Apr-2020	Charge for the year	Deductions/ adjustments during the year	As at 31-Mar-2021	As at 31-Mar-2021
a) Property, Plant and Equipments									
Land	236.79	-	-	236.79	-	-	-	-	236.79
Leasehold Land	0.63	-	0.63	0.63	0.63	-	0.63	-	-
Flat and Building	4,682.51	-	(302.73)	4,985.24	683.40	395.23	89.00	989.63	3,995.61
Revaluation on Flat and Building & Land	7,034.62	-	466.88	6,567.74	(640.15)	214.82	(21.20)	(404.13)	6,971.87
Right to use (ROU) - Flat and Building	2,687.59	252.57	1,568.56	1,371.60	623.73	442.14	351.86	714.01	657.59
Right to use (ROU) - Leasehold Premises	281.47	0.51	221.33	60.65	103.11	42.47	106.84	38.74	21.91
Plant and Equipment	197.14	82.79	31.67	248.26	115.09	84.05	35.58	163.56	84.70
Furniture and Fixtures	329.69	10.89	93.98	246.60	142.02	44.37	51.13	135.26	111.34
Vehicles	75.83	8.33	41.55	42.61	39.43	21.66	30.02	31.07	11.54
Office equipment	395.03	9.12	140.00	264.15	246.64	52.34	90.49	208.49	55.66
Vessel (Boat)	4.85	-	-	4.85	0.89	0.13	0.04	0.98	3.87
Computers	1,022.83	167.45	698.42	491.86	656.04	243.92	510.29	389.67	102.19
Solar Power Equipment	62.07	-	-	62.07	27.64	6.23	-	33.87	28.20
Total (A)	17,011.05	531.66	2,960.29	14,582.42	1,998.47	1,547.36	1,244.68	2,301.15	12,281.27
b) Intangibles									
Software	2,704.93	426.59	1,312.52	1,819.00	1,172.64	688.31	766.32	1,094.63	724.37
Trademark/ Design and Copyright/Asset Management Rights	756.55	34.32	-	790.87	33.05	14.45	-	47.50	743.37
Total (B)	3,461.48	460.91	1,312.52	2,609.87	1,205.69	702.76	766.32	1,142.13	1,467.74
Total (A+B)	20,472.53	992.57	4,272.81	17,192.29	3,204.16	2,250.12	2,011.00	3,443.28	13,749.01



Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

Particulars	Gross Block			Depreciation and amortisation			Net Block	
	As at 01-Apr-2019	Additions/ adjustments during the year	Deductions/ adjustments during the year	As at 31-Mar-2020	Charge for the year	Deductions/ adjustments during the year	As at 31-Mar-2020	As at 31-Mar-2020
a) Property, Plant and Equipments								
Land	236.79	-	-	236.79	-	-	-	236.79
Leasehold Land	43.14	-	42.51	0.63	0.01	0.08	0.63	-
Flat and Building (Refer Note 3)	4,613.90	192.78	124.17	4,682.51	224.13	18.42	683.40	3,999.11
Revaluation on Flat and Building & Land (Refer Note 1)	-	7,034.62	-	7,034.62	-	640.15	(640.15)	7,674.77
Right to use (ROU) - Flat and Building*	-	2,696.88	9.29	2,687.59	643.31	19.58	623.73	2,063.86
Leasehold Premises*	288.69	(288.69)	-	-	32.80	111.59	-	-
Right to use (ROU) - Leasehold Premises*	-	282.97	1.50	281.47	-	(103.11)	103.11	178.36
Plant and Equipment	74.69	122.45	-	197.14	46.12	-	115.09	82.05
Furniture and Fixtures	265.61	78.62	14.54	329.69	53.01	10.40	142.02	187.67
Vehicles	88.25	12.11	24.53	75.83	22.40	0.19	39.43	36.40
Office equipment	273.13	172.31	50.41	395.03	94.84	33.86	246.64	148.39
Vessel (Boat)	1.07	3.78	-	4.85	0.49	-	0.89	3.96
Computers	999.25	181.32	157.74	1,022.83	237.87	95.97	656.04	366.79
Solar Power Equipment	62.07	-	-	62.07	7.07	-	27.64	34.43
Total (A)	6,946.59	10,489.15	424.69	17,011.05	1,468.73	827.13	1,998.47	15,012.58
b) Intangibles								
Software	2,296.21	596.71	187.99	2,704.93	601.09	47.77	1,172.64	1,532.29
Trademark/ Design and Copyright/Asset Management Rights	668.42	88.13	-	756.55	23.75	53.43	33.05	723.50
Total (B)	2,964.63	684.84	187.99	3,461.48	624.84	101.20	1,205.69	2,255.79
Total (A+B)	9,911.22	11,173.99	612.68	20,472.53	1,981.71	928.33	3,204.16	17,268.37

*Transfer due to transition to Ind AS 116

Notes

- The Group decided to move to revaluation model from cost model for accounting class of asset (i.e. Flats and buildings) as at 31 March 2020. The management approved revaluation of owned flats and buildings classified under property plant and equipment after assessing the valuation made by duly appointed independent valuer. These valuations are determined basis open market values of similar property and its intrinsic value. Flats and buildings are fair valued and recognised gain of ₹ 7,674.77 million. The gross carrying value of flats and building is increased by ₹ 7,034.62 million after adjusting accumulated depreciation of ₹ 640.15 million. A revaluation surplus is accounted in other comprehensive income as revaluation reserves amounting to ₹ 5,139.92 million net of deferred tax liability of ₹ 2,534.83 million.
- Property, plant and equipment aggregating to ₹ 1,447.54 million (previous year ₹ 844.74 million) pledged against secured NCDs and term loans.
- Includes ₹ 12.37 million as asset held for sale.

Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

19.1. Goodwill on consolidation

Particulars	31-Mar-21	31-Mar-20
Balance at the beginning of the year	1,723.41	1,742.72
Add:- Goodwill arising on acquisitions	-	-
Less:- Goodwill derecognised / impaired	(1,060.06)	(19.31)
Balance at the end of year	663.35	1,723.41

The recoverable amount of subsidiaries/associates is based on its value in use. The value in use is estimated using discounted cash flows. Cash flows is estimated by capitalising the future maintainable cash flows by an appropriate capitalisation rate and then discounted using pre-tax discount rate. Operating margins and growth rates for the five year cash flow projections have been estimated based on past experience and after considering the financial budgets/forecasts provided by the management. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industry and have been based on historical data from both external and internal sources.

The management believes that any reasonably possible change in the key assumptions would not cause the carrying amount to exceed the recoverable amount.

19.2. Goodwill impairment assessment

Goodwill acquired through business combinations has been allocated to following cash-generating unit (CGU), for impairment testing, as follows:

A. Impairment testing of goodwill in Broking and distribution business:

For 31 March 2021 - Refer note 67

Particulars	31-Mar-20
Goodwill	1,020.21
Carrying value of CGU (including goodwill)	1,635.35
Recoverable amount of CGU	2,655.56

Key assumptions in computing value in use:

Particulars	31-Mar-20	Reasonably assumed possible change
Discount rate	13%	Increase/ decrease by 100 basis points
Total expected cash-flows for 5 years	5,370.00	Increase/ decrease by 500 basis points
The calculation of value in use is most sensitive to expected cash-flows and discount rate.		
Key assumptions	Basis of key assumptions and associated risk	Reasonably assumed possible change
Discount rates	Discount rates reflect the current market assessment of the risk associated.	Increase/ decrease by 100 basis points
Expected cash-flows	Based on the projected cash-flows and expected increase in profit in the coming years.	Increase/ decrease by 500 basis points



Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

19.2. Goodwill impairment assessment (Continued)

Sensitivity to changes in assumptions

Management performed a sensitivity analysis to assess impact of reasonable changes to key assumptions on statement of profit and loss keeping other assumptions constant that could cause the carrying value of the CGU to exceed its recoverable amount. These are summarised in the table below, which shows the details of the sensitivity of the above measures on the CGU's value in use (VIU):

Particulars	Goodwill		VIU		Discount rate		Expected cash-flows		
	Amount INR million	Amount INR million	Change bps	Impact INR million	Change bps	Impact INR million	Change bps	Impact INR million	
	1,020.21	3,490.00	100.00	(100.12)	(100.00)	111.07	500.00	(500.00)	(171.49)

B. Impairment testing of goodwill in Edelweiss House property

During the year ended 31 March 2021, goodwill amounting to ₹ 432.94 million is written off in the consolidated financial statement.

Particulars	31-Mar-20
Goodwill	432.94
Carrying amount of CGU (including goodwill)	3,534.64
Recoverable amount	8,771.19
Fair value less cost of disposal is taken as the recoverable amount and compared with the carrying amount (excluding revaluation gains) for impairment testing:	
Key assumptions in computing recoverable amount:	
Particulars	31-Mar-20
Basis of fair valuation:	
Total carpet area of building (sq. feet)	1,86,550.00
Fair value of property (INR per sq. feet)	49,492.53
Total Fair value (in million)	9,232.83
Less: Cost of disposal	(461.64)
Fair value less cost of disposal	8,771.19

Impairment assessment on goodwill is based on cashflow projection approved by Board of directors of respective subsidiaries. The above fair value falls within level 3 of the fair value hierarchy.

Note: Balance goodwill recognised in the consolidated financial statements are from various legal entities and are not material.





Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

20. Other non-financial assets

Particulars	31-Mar-21	31-Mar-20
Input tax credit	1,595.28	1,548.61
Prepaid expenses	1,877.84	1,016.56
Vendor Advances	191.22	384.93
Capital Advances	-	229.44
Advances to employees	9.56	29.48
Deposits - others	19.94	34.14
Other assets	112.82	390.07
Total	3,806.66	3,633.23

- 21.1** Trade Payables includes ₹ 1.22 million (Previous Year ₹ 2.21 million) payable to “Suppliers” registered under the Micro, Small and Medium Enterprises Development Act, 2006. Interest paid by the Group during the year to “Suppliers” registered under this Act is ₹ 0.003 million (Previous year: ₹ Nil million). The aforementioned is based on the responses received by the Group to its inquiries with suppliers with regard to applicability under the said Act.

21.2 Trade payables

Particulars	31-Mar-21	31-Mar-20
Total outstanding dues of creditors other than micro enterprises and small enterprises	4,893.56	12,831.39
Total	4,893.56	12,831.39

22. Debt securities

Particulars	31-Mar-21	31-Mar-20
Non-Convertible Debentures (at amortised cost)	1,51,894.75	1,83,792.44
Compulsory Convertible Debentures (at amortised cost)	9,443.98	11,042.44
Non-Convertible Debentures (designated at fair value through profit or loss)	8,750.76	10,779.73
Commercial paper (at amortised cost)	4,769.05	1,970.45
Total (refer Note 1 below)	1,74,858.54	2,07,585.06
(i) Debt securities in India	1,74,858.54	2,07,585.06
(ii) Debt securities outside India	-	-
Total	1,74,858.54	2,07,585.06

Note 1:

Out of the above, ₹ 14,971.91 million as at 31 March 2021 (Previous Year ₹ 16,179.72 million) are unsecured. For secured debt, the Group has provided collateral in the nature of Pari Passu charge of immovable property, receivable from financing business, securities held for trading, property (excluding intangible assets) and hypothecation of security receipts.



Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

22. Debt securities (Continued)

Debt Securities - as at 31 March 2021

Maturities	<1 years	1-3 years	> 3 years	Total
Rate of Interest				
7.00 - 7.99%	738.80	-	6,000.00	6,738.80
8.00 - 8.99%	13,780.25	2,820.65	1,657.88	18,258.78
9.00 - 9.99%	10,097.30	17,183.86	16,419.20	43,700.36
10.00 - 10.99%	14,070.00	4,075.62	8,583.70	26,729.32
11.00 - 11.99%	-	11,250.00	-	11,250.00
19.00 - 19.99%	210.00	420.00	2,870.00	3,500.00
22.00 - 22.99%	2,250.00	-	-	2,250.00
Zero Coupon Debentures	688.95	1,495.86	303.16	2,487.97
Various (benchmark linked)	13,457.63	18,637.96	7,176.42	39,272.01
Accrued Interest and EIR	-	-	-	11,227.32
Total*	55,292.93	55,883.95	43,010.36	1,65,414.56

* Compulsory Convertible Debentures amounting to ₹ 9,443.98 million not considered for maturity pattern.

Debt Securities - as at 31 March 2020

Maturities	<1 years	1-3 years	> 3 years	Total
Rate of Interest				
8.00 - 8.99%	5,848.58	7,529.58	12,948.14	26,326.30
9.00 - 9.99%	8,678.00	16,357.86	16,729.64	41,765.50
10.00 - 10.99%	2,067.45	16,086.82	12,170.38	30,324.65
11.00 - 11.99%	-	-	12,242.26	12,242.26
Zero Coupon Debentures	15,550.18	2,154.02	890.62	18,594.82
Various (benchmark linked)	11,894.70	22,592.11	20,602.56	55,089.37
Accrued Interest and EIR	-	-	-	12,199.72
Total*	44,038.91	64,720.39	75,583.60	1,96,542.62

* Compulsory Convertible Debentures amounting to ₹ 11,042.44 million not considered for maturity pattern.

23. Borrowings (other than debt securities) at amortised cost

Particulars	31-Mar-21	31-Mar-20
Secured		
Term loans		
(Secured against investments in debt securities and stock-in-trade and charge on receivables of financing business, inventories and corporate guarantee)		
from banks	66,551.55	86,522.48
from other parties	8,305.71	11,346.45
Bank overdraft	3,107.03	16,578.15
(Secured by pledge of fixed deposits, property, trade receivables and charge on receivables of financing business)		
Collateralised borrowing and lending obligation and Clearcorp repo order matching system (Secured by pledge of Government Securities)	8,103.90	7,752.70
Working capital demand loan (secured by charge on receivables from financing business, inventories and fixed deposits)	8,250.00	9,931.75
Unsecured		
Loans repayable on demand - from banks	-	1,079.02
	94,318.19	1,33,210.55
Borrowings in india	94,318.19	1,33,210.55
Borrowings outside india	-	-
Total	94,318.19	1,33,210.55



Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

23. Borrowings (other than debt securities) at amortised cost (Continued)

Following is the repayment terms of term loans:

Term loans from Banks - Secured as at 31 March 2021

Maturities	<1 years	1-3 years	> 3 years	TOTAL
Rate of Interest				
7.00 - 7.99%	363.09	601.19	247.05	1,211.33
8.00 - 8.99%	6,804.57	8,167.22	1,531.34	16,503.13
9.00 - 9.99%	19,739.32	18,037.66	2,919.45	40,696.43
10.00 - 10.99%	3,749.38	3,672.98	-	7,422.36
11.00 - 11.99%	494.40	312.49	46.88	853.77
14.00 - 14.99%	100.00	-	-	100.00
Accrued Interest and EIR	-	-	-	(235.47)
Total	31,250.76	30,791.54	4,744.72	66,551.55

Term loans from Banks - Secured as at 31 March 2020

Maturities	<1 years	1-3 years	> 3 years	TOTAL
Rate of Interest				
8.00 - 8.99%	11,982.87	17,823.68	660.42	30,466.97
9.00 - 9.99%	14,307.24	16,402.19	7,416.00	38,125.43
10.00 - 10.99%	6,925.65	8,702.45	1,085.06	16,713.16
11.00 - 11.99%	840.63	300.00	109.38	1,250.01
Accrued Interest and EIR	-	-	-	(33.09)
Total	34,056.39	43,228.32	9,270.86	86,522.48

Term loans from Others - Secured as at 31 March 2021

Maturities	<1 years	1-3 years	> 3 years	TOTAL
Rate of Interest				
4.00 - 4.99%	119.28	318.08	197.08	634.44
5.00 - 5.99%	650.00	-	-	650.00
6.00 - 6.99%	4.35	11.60	5.30	21.25
8.00 - 8.99%	37.68	54.79	41.01	133.48
9.00 - 9.99%	93.78	250.08	757.55	1,101.41
10.00 - 10.99%	2,767.00	2,824.00	175.00	5,766.00
Accrued Interest and EIR	-	-	-	(0.87)
Total	3,672.09	3,458.55	1,175.94	8,305.71

Term loans from Others - Secured as at 31 March 2020

Maturities	<1 years	1-3 years	> 3 years	TOTAL
Rate of Interest				
4.00 - 4.99%	119.28	318.08	356.12	793.48
6.00 - 6.99%	4.35	11.60	11.10	27.05
8.00 - 8.99%	639.72	1,446.73	70.39	2,156.84
9.00 - 9.99%	1,604.00	3,325.08	1,188.60	6,117.68
10.00 - 10.99%	586.74	841.00	-	1,427.74
11.00 - 11.99%	375.00	450.00	-	825.00
Accrued Interest and EIR	-	-	-	(1.34)
Total	3,329.09	6,392.49	1,626.21	11,346.45



Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

24. Deposits (at amortised cost)

Particulars	31-Mar-21	31-Mar-20
Inter Corporate Deposit - from others	96.01	2,168.97
Total	96.01	2,168.97

25. Subordinated liabilities (at amortised cost)

Unsecured	31-Mar-21	31-Mar-20
Non-convertible subordinated debt	13,925.28	18,816.11
Perpetual debt	1,151.00	1,162.64
Preference share capital	11.47	3,630.06
Total	15,087.75	23,608.81
Subordinated liabilities in india	15,087.75	23,608.81
Subordinated liabilities outside india	-	-
Total	15,087.75	23,608.81

Terms and condition related to subordinate liabilities:

Subordinated Liabilities – 31 March 2021

Maturities	<1 years	1-3 years	> 3 years	TOTAL
Rate of Interest				
9.00 - 9.99%	-	-	2,760.00	2,760.00
10.00 - 10.99%	-	-	3,370.23	3,370.23
11.00 - 11.99%	-	500.00	3,648.00	4,148.00
14.00 - 14.99%	-	11.47	-	11.47
Various (benchmark linked)	-	2,685.80	600.00	3,285.80
Accrued Interest and EIR	-	-	-	1,512.25
Total	-	3,197.27	10,378.23	15,087.75

Subordinated Liabilities – 31 March 2020

Maturities	<1 years	1-3 years	> 3 years	TOTAL
Rate of Interest				
9.00 - 9.99%	-	2,944.05	3,319.65	6,263.70
10.00 - 10.99%	-	-	3,420.73	3,420.73
11.00 - 11.99%	4,655.06	500.00	3,648.00	8,803.06
14.00 - 14.99%	-	300.68	310.38	611.06
Various (benchmark linked)	-	-	2,826.80	2,826.80
Accrued Interest and EIR	-	-	-	1,683.46
Total	4,655.06	3,744.73	13,525.56	23,608.81



Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

26. Other financial liabilities (at amortised cost unless otherwise specified)

Particulars	31-Mar-21	31-Mar-20
Payable to client (net) ¹	785.20	17,823.52
Payable to exchange / clearing house (net)	42.13	1,292.54
Book overdraft	542.18	44.56
Accrued salaries and benefits	3,575.91	487.35
Provision for short sale at fair value	529.70	1,372.17
Payable to contractors	-	356.59
Reinsurance payable	220.78	133.06
Deposits from sub-brokers	-	112.18
Rental deposits	75.74	24.02
Retention money payable	15.92	60.71
Unclaimed dividends	8.19	13.00
Security receipts held by outsiders	7,348.17	5,420.15
Derivative liability	2,239.47	2,036.58
Lease liability payable	800.22	2,398.43
Payable on account of securitisation	9,913.20	7,881.56
Financial liability associated to financial assets that are not derecognised	11,084.53	8,446.13
Other liabilities	4,275.83	1,347.99
Total	41,457.17	49,250.54

¹ includes deployed in the form of bank balances and fixed deposits.

27. Provisions

Particulars	31-Mar-21	31-Mar-20
Provision for employee benefits and related costs		
Gratuity	176.71	167.66
Compensated absences	67.66	124.31
Others (including interim dividend)	874.18	59.14
Total	1,118.55	351.11

28. Other non-financial liabilities

Particulars	31-Mar-21	31-Mar-20
Income received in advance	1,434.41	1,416.43
Statutory dues	1,102.86	1,255.15
Advances from customers	35.64	1,026.04
Proposal deposit from insurance business	273.22	172.25
Others	303.22	340.08
Total	3,149.35	4,209.95



Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

29. Equity share capital

Particulars	As at 31-Mar-2021		As at 31-Mar-2020	
	No of shares	Amount	No of shares	Amount
Authorised :				
Equity Shares of ₹ 1 each	1,23,00,00,000	1,230.00	1,23,00,00,000	1,230.00
Preference shares of ₹ 5 each	40,00,000	20.00	40,00,000	20.00
	1,23,40,00,000	1,250.00	1,23,40,00,000	1,250.00
Issued, Subscribed and Paid up:				
Equity Shares of ₹ 1 each	93,57,98,077	935.80	93,44,09,002	934.41
Less: Shares held by Edelweiss Employees Incentives and Welfare Trust (Refer note 1)	(73,01,510)	(7.30)	(73,01,510)	(7.30)
Less: Shares held by Edelweiss Employees Welfare Trust (Refer note 1)	(3,75,95,270)	(37.60)	(3,75,95,270)	(37.60)
	89,09,01,297	890.90	88,95,12,222	889.51

A. Reconciliation of number of shares (Before deducting treasury shares)

Particulars	As at 31-Mar-2021		As at 31-Mar-2020	
	No of shares	Amount	No of shares	Amount
Outstanding at the beginning of the year	93,44,09,002	934.41	93,26,69,564	932.67
Shares issued during the year:				
-Under Employee Stock Options Plans (ESOPs)	13,89,075	1.39	17,39,438	1.74
Outstanding at the end of the year	93,57,98,077	935.80	93,44,09,002	934.41

Note :

1. Edelweiss Employees Welfare Trust and Edelweiss Employees Incentive and Welfare Trust are extension of Edelweiss Financial Services Limited standalone financial statements and have been accordingly carried forward in consolidated financial statements., these trusts are holding 44,896,780 number of equity shares amounting to ₹ 44.90 million (Previous year ₹ 44.90 million). These are deducted from total outstanding equity shares.
2. The above two Employee Welfare Trust(s) hold an aggregate 44,896,780 equity shares of the Company for incentive and welfare benefits for group employees as per extant applicable SEBI regulations. Pursuant to the exercise of right available under Regulation 29 of SEBI (Share Based Employee Benefits) Regulations, 2014, the Company has applied before the expiry date of 27 October 2019 for extension of the time limit for disposing of aforesaid equity shares. The said application is under consideration and approval for extension from SEBI is awaited as at date.

B. Terms/rights attached to equity shares :

The Company has only one class of equity shares having a par value of ₹ 1 per share. Each holder of equity shares is entitled to one vote per share.

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



Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

29. Equity share capital (Continued)

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

Particulars	As at 31-Mar-2021		As at 31-Mar-2020	
	No of shares	% holding	No of shares	% holding
Rashesh Shah	14,56,01,730	15.56%	14,53,01,730	15.55%
Venkatchalam Ramaswamy	5,81,26,560	6.21%	5,80,26,560	6.21%
Bih Sa	4,82,57,748	5.16%	4,70,07,748	5.03%
	25,19,86,038	26.93%	25,03,36,038	26.79%

Note :

The Shareholding of Mr. Rashesh Chandrakant Shah and Mr. Venkatchalam A Ramaswamy in the Promoter and Promoter Group category does not include 300,000 equity shares and 100,000 equity shares purchased by them respectively on 31 March 2020, as the shares were credited to the respective demat accounts post 31 March 2020, as per the settlement cycle.

30. Other equity

Particulars	31-Mar-21	31-Mar-20
Share application money pending allotment	1.70	0.19
Capital reserve	8,456.79	8,258.73
Capital redemption reserve	187.87	273.62
Securities premium account	29,134.23	29,062.49
ESOP/SAR reserve	1,128.28	818.18
Special reserve under section 45-IC of the Reserve Bank of India Act, 1934	6,757.98	7,647.60
Reserve under section 29C of the National Housing Bank Act, 1987	547.80	540.34
General reserve	717.15	826.56
Debenture redemption reserve	6,765.61	8721.51
Impairment reserve	1,829.25	1,577.37
Retained earnings	6,067.68	(1,554.30)
Foreign exchange translation reserve	(17.52)	390.17
Revaluation reserve through other comprehensive income	4,571.09	5,080.88
Equity instruments through other comprehensive income	(1,700.00)	(1,700.00)
Debt instruments through other comprehensive income	432.78	454.26
	64,880.69	60,397.60

30.1 Capital reserve

Capital reserve represents the gains of capital nature which is not freely available for distribution.

30.2 Capital redemption reserve

The Group has recognised capital redemption reserve on buy back of equity share capital.

30.3 Securities premium reserve

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

30.4 Statutory reserve u/s 45-IC of The Reserve Bank of India Act, 1934

Every non-banking financial company shall create a reserve fund and transfer therein a sum not less than twenty per cent of its net profit every year as disclosed in the profit and loss account and before any dividend is declared.



Notes to the consolidated financial statements (*Continued*)

(Currency : Indian rupees in millions)

30. Other equity (*Continued*)

30.5 Statutory reserve u/s 29C of The National Housing Bank Act, 1987

In terms of Section 29C of the National Housing Bank Act, 1987 every housing finance institution which is a company is required to create a reserve fund and transfer therein a sum not less than twenty percent of its net profit every year as disclosed in the profit and loss account before any dividend is declared. Housing Finance Companies (HFCs), are permitted to withdraw from the said reserve fund, the excess amount credited (in excess of the statutory minimum of 20%) in the previous years for any business purposes subject to suitable disclosure in the balance sheet and in the case of HFCs which have transferred only the statutory minimum in the previous years to selectively permit them to withdraw from the reserve fund only for the purpose of provisioning for non-performing assets subject to the conditions that there is no debit balance in the profit and loss account and that the reason for such withdrawal are stated explicitly in the balance sheet.

30.6 General reserve

Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paid-up capital of the Company for that year, then the total dividend distribution is less than the total distributable results for that year. Consequent to introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of Companies Act, 2013.

30.7 Debenture redemption reserve

The Companies Act 2013 requires companies that issue debentures to create a debenture redemption reserve from annual profits until such debentures are redeemed. The Company is required to transfer a specified percentage (as provided in the Companies Act, 2013) of the outstanding redeemable debentures to debenture redemption reserve. The amounts credited to the debenture redemption reserve may not be utilised except to redeem debentures. On redemption of debentures, the amount may be transferred from debenture redemption reserve to retained earnings.

30.8 Impairment reserve

RBI notification on Implementation of Indian Accounting Standards, dated 13 March 2020 requires NBFC/ARC subsidiaries within Group are to recognised impairment reserves where impairment allowance under Ind AS 109 is lower than the provisioning required under IRACP (including standard asset provisioning)

30.9 Retained earnings

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

30.10 Foreign exchange translation reserve

The exchange differences arising out of year end translation of Group entities having functional currency other than Indian Rupees is debited or credited to this reserve.

30.11 Revaluation Reserve through other comprehensive income

Group has decided to change to revaluation model from cost model of accounting for a class of asset (i.e. flats and building) as at 31st March 2020. Similarly, group entities have also changed their existing model for Flats and building to align with the Group policy.

30.12 FVOCI equity investments

The Group has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the FVOCI equity investments within equity. The Group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised



Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

30. Other equity (Continued)

30.13 FVOCI debt investments

The Group recognises changes in the fair value of debt instruments held with business objective of collect and sell in other comprehensive income. These changes are accumulated within the FVOCI debt investments within equity. The Group transfers amounts from this reserve to the statement of profit and loss when the debt instrument is sold.

31. Interest income

For the year ended 31 March 2021

Particulars	Amortised cost	FVTPL	FVOCI	Total
Interest on loans	34,478.42	-	-	34,478.42
Interest income from investments	66.57	1,442.70	1,098.09	2,607.36
Interest on deposits with Banks	2,719.33	-	-	2,719.33
Other interest income	538.90	-	-	538.90
Total	37,803.22	1,442.70	1,098.09	40,344.01

For the year ended 31 March 2020

Particulars	Amortised cost	FVTPL	FVOCI	Total
Interest on loans	50,630.22	-	-	50,630.22
Interest income from investments	415.81	2,656.41	1,387.04	4,459.26
Interest on deposits with Banks	2,933.69	-	-	2,933.69
Other interest income	996.29	-	-	996.29
Total	54,976.01	2,656.41	1,387.04	59,019.46

32. Fee and commission income

Particulars	2020-21	2019-20
Income from broking	3,760.65	3,657.09
Advisory and other fees	12,780.74	17,335.89
Total	16,541.39	20,992.98

Below is the disaggregation of the revenue from contracts with customers and its reconciliation to amounts reported in statement of profit and loss:

Particulars	2020-21	2019-20
Service transferred at a point in time	6,335.85	7,798.21
Service transferred over time	10,205.54	13,194.77
Total revenue from contract with customers	16,541.39	20,992.98

33. Net gain on fair value changes

Particulars	2020-21	2019-20
Net gain /(loss) on financial instruments at fair value through profit or loss		
On trading portfolio		
Investment at FVTPL	7,915.59	(3,464.41)
Derivatives at FVTPL	5,637.64	1,375.09
Others		
Other financial instruments	8,655.75	4,038.90
Total Net gain/(loss) on fair value changes	22,208.98	1,949.58
Fair Value changes:		
Realised gain/(loss)	9,399.36	11,849.68
Unrealised gain/(loss)	12,809.62	(9,900.10)
Total	22,208.98	1,949.58



Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

34. Other operating revenue

Particulars	2020-21	2019-20
Warehousing income	411.42	712.35
Delayed payment charges	81.11	191.99
Income from training centre	12.02	39.49
Rental income	32.59	37.70
Total	537.14	981.53

35. Other income

Particulars	2020-21	2019-20
Donation income	299.61	243.41
Interest on income tax refund	184.37	304.73
Profit on sale of subsidiaries (net) (Refer Note 67)	13,992.27	-
Miscellaneous income	438.65	345.01
Total	14,914.90	893.15

36. Finance cost (at amortised cost unless otherwise stated)

Particulars	2020-21	2019-20
Interest on deposits	51.55	49.51
Interest on borrowings (other than debt securities)	11,660.20	18,458.16
Interest on debt securities	23,120.49	23,487.45
Interest on debt securities (at fair value through profit or loss)	509.43	2,717.00
Interest on subordinated liabilities	1,963.28	1,863.72
Other interest expense	1,035.38	1,354.55
Total	38,340.33	47,930.39

37. Employee benefits expense

Particulars	2020-21	2019-20
Salaries and wages	15,166.62	12,670.31
Contribution to provident and other funds	619.73	703.04
Expense on employee stock option scheme/stock appreciation rights	333.75	390.79
Staff welfare expenses	39.02	308.87
Total	16,159.12	14,073.01

38. Impairment on financial instruments

Particulars	2020-21	2019-20
On loans	11,782.86	26,375.73
On investments	980.14	417.56
On trade receivables	(153.84)	109.36
Total	12,609.16	26,902.65



Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

39. Other expenses

Particulars	2020-21	2019-20
Advertisement and business promotion	1,506.55	1,282.49
Auditors' remuneration (Refer note 39(a))	107.58	95.82
Commission and brokerage	1,437.39	1,229.06
Communication	401.89	490.91
Computer software and other expenses	1,142.71	815.47
Commission to non-executive directors	16.00	3.50
Contribution towards corporate social responsibility	477.93	484.28
Dematerialisation charges and stock exchange expenses	159.71	85.78
Directors' sitting fees	12.68	13.38
Insurance	64.24	76.70
Legal and professional fees	3,160.25	1,552.11
Membership and subscription	173.42	172.90
Mutual fund expenses	118.17	123.59
Office expenses	392.18	950.17
Printing and stationery	71.82	123.86
Rates and taxes	1,372.53	1,254.87
Rent and electricity charges	330.61	426.20
Repairs and maintenance - others	72.92	133.35
Security transaction tax	459.68	305.74
Seminar and conference expenses	22.74	193.29
Stamp duty	215.07	234.95
Travelling and conveyance	255.82	823.91
Warehousing charges	193.44	466.50
Selling and distribution expenses	515.15	952.55
Miscellaneous expenses	504.07	350.50
Loss on sale/ write-off of fixed assets (net)	221.61	-
Total	13,406.16	12,641.88

39. (a) Auditors' remuneration

Particulars	2020-21	2019-20
As Auditors	106.53	91.46
Towards reimbursement of expenses	1.05	4.36
Total	107.58	95.82



Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

40. Income tax

The components of income tax expense recognised in profit or loss for the years ended 31 March 2021 and 31 March 2020 are:

Particulars	2020-21	2019-20
Current tax	1,553.13	3,243.47
Adjustment in respect of current income tax of prior years	(1,313.24)	(272.72)
Deferred tax relating to origination and reversal of temporary differences	(2,301.74)	(6,796.28)
Deferred tax relating to unused tax losses and unused tax credits (including write-downs) (net)	978.89	(303.27)
Total tax expense	(1,082.96)	(4,128.80)
Total current tax	239.89	2,970.75
Total deferred tax	(1,322.85)	(7,099.55)

Pursuant to the introduction of Section 115BAA of the Income Tax Act, 1961, in FY 2020-21, 5 (Previous year - 15) subsidiaries Companies in the Group have opted for the reduced tax rate of 25.17% under the said Section. Accordingly these entities have recognised provision for income tax for the year ended March 31, 2021 and March 31, 2020 and have also re-measured their deferred tax asset/ liabilities (net) and derecognised MAT credit (wherever applicable) resulting in tax charge of ₹ 449.99 million (Previous year ₹ 43.76 million)

40.1. Reconciliation of the total tax expense

The tax expense shown in the statement of profit and loss differs from the tax expense that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the years ended 31 March 2021 and 31 March 2020 is, as follows:

Particulars	2020-21	2019-20
Profit / (Loss) before tax	1,462.59	(24,566.52)
Tax rate	25.17%	34.94%
Income tax expense calculated based on above tax rate	368.13	(8,584.52)
Adjustment in respect of income tax of prior years	(1,313.65)	(272.72)
Effect of income not subject to tax	(8,113.46)	(163.20)
Effect of non-deductible expenses	848.92	1,425.31
Impact of certain items being taxed at different rates	(26.09)	(43.76)
Impact of tax rate changes between two accounting periods	263.26	(68.23)
Write-down / reversal of write down of deferred tax assets on unused tax credits and unused tax losses (net)	(194.24)	873.05
Effect of non-recognition of deferred tax asset on current-period losses	7,570.43	1,344.28
Different tax rates of subsidiaries	(1,206.36)	1,375.56
Others	720.10	(14.57)
Tax expense recognised in profit or loss	(1,082.96)	(4,128.80)

Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

41. Components of deferred tax

The following table shows deferred tax recorded in the Balance sheet and changes recorded in the income tax expense:

31-Mar-21	Opening deferred tax asset/(liability)	Recognised in profit or loss	Recognised in other comprehensive income	Recognised directly in equity	Others	Total Movement	Closing deferred tax asset/(liability)
Provision for expected credit losses	3,730.83	(1,515.68)	-	-	-	(1,515.68)	2,215.15
Unused tax losses / credits	5,497.06	3,318.84	-	-	(741.57)	2,577.27	8,074.33
Employee benefits obligations	95.50	43.13	(10.48)	-	(26.75)	5.90	101.40
ESOP Perquisite	4.01	-	-	-	-	0	4.01
Fair valuation of Financial Assets	19.08	773.73	(0.20)	-	(131.64)	641.89	660.97
Fair valuation of Derivatives	782.22	(797.75)	-	-	-	(797.75)	(15.53)
Property, Plant and Equipment and Intangible assets	(2,585.05)	6.94	46.60	(24.39)	169.87	199.02	(2,386.03)
EIR adjustment on borrowings	(622.63)	(505.60)	-	-	-	(505.60)	(1,128.23)
Special Reserve u/s 36(1)(viii)	-	(0.76)	-	(97.94)	-	(98.70)	(98.70)
Total	6,921.02	1,322.85	35.92	(122.33)	(730.09)	506.35	7,427.37

31-Mar-20	Opening deferred tax asset/(liability)	Recognised in profit or loss	Recognised in other comprehensive income	Recognised directly in equity	Others	Total Movement	Closing deferred tax asset/(liability)
Provision for expected credit losses	2,885.07	878.63	-	-	(32.87)	845.76	3,730.83
Unused tax losses / credits	2,528.16	3,027.39	-	-	(58.49)	2,968.90	5,497.06
Employee benefits obligations	91.81	0.65	3.02	-	0.02	3.69	95.50
ESOP Perquisite	4.80	(0.79)	-	-	-	(0.79)	4.01
Fair valuation of Financial Assets	(2,463.96)	2,421.58	(0.10)	61.52	0.04	2,483.04	19.08
Fair valuation of Derivatives	(19.32)	801.54	-	-	-	801.54	782.22
Property, Plant and Equipment and Intangible assets	(67.09)	6.88	(2,534.83)	9.62	0.37	(2,517.96)	(2,585.05)
EIR adjustment on borrowings	(586.30)	(36.33)	-	-	-	(36.33)	(622.63)
Total	2,373.17	7,099.55	(2,531.91)	71.14	(90.93)	4,547.85	6,921.02

1. Recognition of deferred taxes are evaluated by Board in respective board meetings of Group companies.
2. **Deferred tax liabilities on undistributed profit:**
The Group has not created deferred tax liability on the undistributed earnings in the subsidiary companies in the consolidated financial statements considering its ability to control the timing of the reversal of temporary differences associated with such undistributed earnings and its probable that such difference will not reverse in the foreseeable future.





Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

41.1. Deductible temporary differences, unused tax losses and unused tax credits on which deferred tax asset is not recognised in balance sheet

As at 31-Mar-2021

Financial Year to which the loss related to	Deductible temporary differences		Unused tax losses						Unused tax credits		
	Amount	Expiry year-financial year	Unabsorbed depreciation		Unabsorbed long term capital losses		Unabsorbed business losses		Mat Credit		
			Amount	Expiry year-financial year	Amount	Expiry year-financial year	Amount	Expiry year-financial year	Amount	Expiry year-financial year	
FY 2020-21	4,487.92	Not applicable	64.49	No expiry	3,821.98	FY 2028-29	17,088.74	FY 2028-29	20,975.21	-	-
FY 2020-21	-	-	-	-	-	-	21.73	FY 2025-26	21.73	-	-
FY 2019-20	1,773.80	Not applicable	37.45	No expiry	-	-	8,506.08	FY 2027-28	8,543.53	-	-
FY 2019-20	-	-	-	-	-	-	10.08	FY 2024-25	10.08	-	-
FY 2018-19	55.32	Not applicable	52.85	No expiry	-	-	3,405.07	FY 2026-27	3,457.92	-	-
FY 2018-19	-	-	-	-	-	-	13.68	FY 2023-24	13.68	-	-
FY 2018-19	-	-	-	-	-	-	387.50	No expiry	387.50	-	-
FY 2017-18	84.56	Not applicable	20.01	No expiry	-	-	2,922.43	FY 2025-26	2,942.44	-	-
FY 2017-18	-	-	-	-	-	-	667.80	No expiry	667.80	-	-
FY 2016-17	-	-	1.66	No expiry	-	-	2,388.56	FY 2024-25	2,390.22	-	-
FY 2016-17	-	-	-	-	-	-	73.44	FY 2021-22	73.44	-	-
FY 2015-16	-	-	0.87	No expiry	-	-	1,686.29	FY 2023-24	1,687.16	-	-
FY 2014-15	-	-	-	-	-	-	604.13	FY 2022-23	604.13	-	-
FY 2013-14	-	-	-	-	-	-	650.59	FY 2021-22	650.59	-	-
Total	6,401.60		177.33		3,821.98		38,426.12		42,425.43		

Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

41.1. Deductible temporary differences, unused tax losses and unused tax credits on which deferred tax asset is not recognised in balance sheet (Continued)

As at 31-Mar-2020

Financial Year to which the loss related to	Deductible temporary differences		Unused tax losses						Unused tax credits			
	Amount	Expiry year-financial year	Unabsorbed depreciation		Unabsorbed long term capital losses		Unabsorbed business losses		Total Amount	Amount	Expiry year-financial year	Mat Credit
			Amount	Expiry year-financial year	Amount	Expiry year-financial year	Amount	Expiry year-financial year				
FY 2019-20	1,773.80	Not applicable	203.57	No expiry	-	-	5,277.76	FY 2027-28	5,481.33	-	-	-
FY 2019-20	-	-	-	-	-	-	10.08	FY 2024-25	10.08	-	-	-
FY 2018-19	55.32	Not applicable	52.57	No expiry	204.97	FY 2026-27	3,316.05	FY 2026-27	3,573.59	-	-	-
FY 2018-19	-	-	-	-	-	-	366.31	No Expiry	366.31	-	-	-
FY 2018-19	-	-	-	-	-	-	13.68	FY 2023-24	13.68	-	-	-
FY 2017-18	84.56	Not applicable	20.01	No expiry	-	-	2,758.01	FY 2025-26	2,778.02	-	-	-
FY 2017-18	-	-	-	-	-	-	731.26	No Expiry	731.26	-	-	-
FY 2016-17	-	-	4.73	No expiry	-	-	2,443.31	FY 2024-25	2,448.04	-	-	-
FY 2016-17	-	-	-	-	-	-	205.19	FY 2021-22	205.19	-	-	-
FY 2016-17	-	-	-	-	-	-	198.81	No Expiry	198.81	-	-	-
FY 2015-16	-	-	5.15	No expiry	-	-	1,807.30	FY 2023-24	1,812.45	-	-	-
FY 2015-16	-	-	-	-	-	-	218.92	FY 2020-21	218.92	-	-	-
FY 2014-15	-	-	1.79	No expiry	-	-	604.13	FY 2022-23	605.92	-	-	-
FY 2013-14	-	-	-	-	-	-	650.59	FY 2021-22	650.59	-	-	-
FY 2012-13	-	-	-	-	-	-	649.87	FY 2020-21	649.87	-	-	-
Total	1,913.68		287.82		204.97		19,251.27		19,744.06			





Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

42. Earnings per share (EPS)

In accordance with Indian Accounting Standard 33 – “Earnings Per Share” prescribed by Companies (Accounts) Rules, 2015, the computation of earnings per share is set out below:

Particulars	2020-21	2019-20
Profit /(loss) for the year attributable to owners of the parent	2,653.36	(20,452.45)
Weighted average number of equity shares for calculating basic EPS	88,99,51,721	88,87,13,129
Number of dilutive potential equity shares	37,99,386	55,75,693
Weighted average number of equity shares for calculating diluted EPS	89,37,51,107	89,42,88,822
Earnings per share (EPS) (Face value ₹ 1 each)		
Basic earnings share (in ₹)	2.98	(23.01)
Dilutive earning per share (in ₹)*	2.97	(23.01)

*For Financial year 2019-20 Impact of potential equity shares are anti-dilutive, hence restricted to Basic earning per share.

43. Segment information

The Group has made its consolidated segment reporting to meaningfully represent its business lines Agency, Capital business, Asset reconstruction business, Insurance & Treasury business. Agency includes broking, advisory, product distribution and other fee based businesses; Capital Based represents lending business; Asset reconstruction business represents purchase and resolution of distress assets; Insurance business represents life insurance business and general insurance business. Treasury business represents income from trading and investment activities.

Since the business operations of the Group are primarily concentrated in India, the Group is considered to operate only in the domestic segment.

Segment information	Particulars	Year Ended	
		31-Mar-21	31-Mar-20
1 Segment revenue (Total income)²			
	Agency	13,365.90	11,268.50
	Capital based	48,048.30	44,652.00
	Insurance business	20,709.50	12,462.50
	Asset reconstruction business	17,063.70	18,207.10
	Treasury	8,807.90	8,839.70
	Unallocated	486.85	596.49
	Total income	1,08,482.15	96,026.29
2 Segment results (Profit/(loss) before tax)			
	Agency	1,721.50	2,560.00
	Capital based	(3,490.10)	(27,901.00)
	Insurance business	(2,977.70)	(3,670.10)
	Asset reconstruction business	2,250.10	3,349.30
	Treasury	4,156.70	1,161.60
	Unallocated	(204.26)	(66.32)
	Total profit/(loss) before tax	1,456.24	(24,566.52)



Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

43. Segment information (Continued)

Segment information	Particulars	As at	
		31-Mar-21	31-Mar-20
3 Segment assets			
	Agency	7,326.60	45,287.70
	Capital based	2,90,082.00	3,39,434.90
	Insurance business	56,489.30	43,953.70
	Asset reconstruction business	60,665.00	65,949.10
	Treasury	27,238.50	32,773.60
	Unallocated	17,948.73	15,404.21
	Total assets	4,59,750.13	5,42,803.21
4 Segment liabilities			
	Agency	3,277.20	38,883.00
	Capital based	2,68,802.00	3,28,181.60
	Insurance business	49,937.90	35,212.60
	Asset reconstruction business	39,516.70	46,505.40
	Treasury	18,916.00	18,592.20
	Unallocated	2,530.38	3,357.64
	Total liabilities	3,82,980.18	4,70,732.44

1. Non-cash expenditure aggregated to ₹ 30,370.25 million for the year ended 31 March 2021 (Previous Year ₹ 42,295.45 million)
2. Segment revenue includes share in profit/(loss) in associates.

44. Transfer of Financials Asset

The following tables provide a summary of financial assets that have been transferred in such a way that part or all of the transferred financial assets do not qualify for derecognition, together with the associated liabilities

Particulars	2020-21	2019-20
Securitisations		
Carrying amount of transferred assets measured at amortised cost (Held as collateral)	9,136.85	7,701.95
Carrying amount of associated liabilities (Debt securities - measured at amortised cost)	8,495.41	7,426.86
Fair value of assets	8,972.13	7,918.57
Fair value of associated liabilities	8,509.85	7,566.82
Net position at fair value	462.28	351.75



Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

45. Unconsolidated structured entities

The Group has exposure to certain unconsolidated structured entities being securitisation trusts, alternative investment funds and similar funds. The Group is involved in setting up of these structured entities and generally, acts as the investment manager. However, the Group can be removed by certain specified majority of the investors. Further, the Group does not have significant exposure to variability of returns and its remuneration is commensurate to the services provided. Therefore, these structured entities are not consolidated by the Group.

The following tables show the carrying amount of the Group's recorded interest in its consolidated balance sheet as well as the maximum exposure to risk (as defined in below) due to these exposures in the unconsolidated structured entities:

Particulars	31-Mar-21			Maximum exposure ¹
	Securitisation trusts	Alternative Investment Funds	Total	
Loans	923.29	-	923.29	923.29
Trade Receivables	4,386.02	96.46	4,482.48	4,482.48
Investments at fair value through profit or loss	47,730.65	4,386.46	52,117.11	52,117.11
Total Assets	53,039.96	4,482.92	57,522.88	57,522.88
Off-balance sheet exposure	-	2,379.10	2,379.10	2,379.10
Size of the structured entity ¹	4,06,080.17	3,52,502.15	7,58,582.32	-
Income from the structured entity	5,939.40	1,932.18	7,871.58	-

Particulars	31-Mar-20			Maximum exposure ¹
	Securitisation trusts	Alternative Investment Funds	Total	
Loans	895.61	-	895.61	895.61
Trade Receivables	5,404.33	344.61	5,748.94	5,748.94
Investments at fair value through profit or loss	40,098.56	856.68	40,955.24	40,955.24
Total Assets	46,398.50	1,201.29	47,599.79	47,599.79
Off-balance sheet exposure	-	3,163.97	3,163.97	3,163.97
Size of the structured entity ¹	4,10,401.57	2,50,903.97	6,61,305.54	-
Income from the structured entity	9,686.31	1,520.82	11,207.13	-

¹ In the above table, the size of the structured entity refers to the corpus in case of securitisation trusts and to the assets under management in case of alternative investment funds. For loans, trade receivables and investments in structured entities, the carrying value reflects the Group's maximum exposure to loss.



Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

46. Disclosure of interest in other entities:

1. Details of non wholly subsidiaries that have material non-controlling interests.

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests held by non-controlling interests	Profit(loss) allocated to non-controlling interests	
			31-Mar-21	31-Mar-20
Edelweiss Asset Reconstruction Company Limited	India	40.16%	745.50	1,211.01
Edelweiss Tokio life insurance Company Limited	India	49.00%	(1,013.02)	(1,337.76)

Summarised financial information in respect of each of the Group's subsidiaries that have material non-controlling interests is set out below. The summarised financial information below represents amounts before intra-group eliminations.

Edelweiss Asset Reconstruction Company Limited	As at 31-Mar-2021	As at 31-Mar-2020
Financial assets	58,950.25	65,178.66
Non-financial assets	377.45	285.99
Financial liabilities	36,285.22	43,920.19
Non-financial liabilities	822.62	1,180.39
Equity attributable to owners of the company	15,516.48	14,222.26
Non-controlling interest	6,703.38	6,141.80

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Revenue from operations	8,673.60	11,653.16
Total income	8,673.82	11,660.45
Total expenses	6,221.57	8,174.38
Profit / (loss) before tax	2,452.25	3,486.07
Tax expense	595.93	470.61
Profit / (loss) for the year	1,856.32	3,015.46
Total comprehensive income / (loss)	1,855.79	3,014.74
Profit / (loss) for the year attributable to owners of the parent	1,110.82	1,804.45
Profit / (loss) for the year attributable non-controlling interests	745.50	1,211.01
Cash flows (used) / generated from operating activities	7,971.82	8,411.13
Cash flows (used) / generated from investing activities	3,272.35	8,656.56
Cash flows (used) / generated from financial activities	(13,034.00)	(10,975.85)
Net cash inflow/(outflow)	(1,789.83)	6,091.84



Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

46. Disclosure of interest in other entities: (Continued)

Edelweiss Tokio Life Insurance Company Limited	As at 31-Mar-2021	As at 31-Mar-2020
Financial assets	47,243.94	35,366.05
Non-financial assets	4,967.63	5,079.39
Financial liabilities	3,842.89	3,162.42
Non-financial liabilities	43,008.23	29,794.61
Equity attributable to owners of the company	2,733.83	3,819.09
Non-controlling interest	2,626.62	3,669.32

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Revenue from operations	18,635.59	11,865.28
Total income	18,663.14	11,881.84
Total expenses	20,730.52	14,611.96
Profit / (loss) before tax	(2,067.38)	(2,730.12)
Tax expense	-	-
Profit / (loss) for the year	(2,067.38)	(2,730.12)
Total comprehensive income / (loss)	(2,127.95)	(1,737.31)
Profit / (loss) for the year attributable to owners of the parent	(1,054.36)	(1,392.36)
Profit / (loss) for the year attributable non-controlling interests	(1,013.02)	(1,337.76)

Cash flows (used) / generated from operating activities	4,871.00	2,195.00
Cash flows (used) / generated from investing activities	(4,944.00)	(1,921.00)
Cash flows (used) / generated from financial activities	(116.00)	(122.00)
Net cash inflow/(outflow)	(189.00)	152.00

2. Details of associate

Edelweiss Securities Limited (w.e.f. 27 March 2021) - Refer Note 67	As at 31-Mar-2021
Financial assets	70,180.71
Non-financial assets	2,672.95
Financial liabilities	56,149.71
Non-financial liabilities	1,076.60
Total equity	15,627.35

Particulars	For the year ended 31 March 2021
Revenue from operations	12,901.13
Total income	12,984.06
Total expenses	11,315.77
Profit / (loss) before tax	1,668.29
Other exceptional items	(5,912.77)
Profit / (loss) before tax and after exceptional items	(4,244.48)
Tax expense	583.56
Profit / (loss) for the year	(4,828.04)
Total comprehensive income / (loss)	(4,679.03)

Share in profit / (loss) of associates	(6.35)
Share in profit / (loss) of associates in other comprehensive income	1.85

Cash flows (used) / generated from operating activities	(9,896.95)
Cash flows (used) / generated from investing activities	(931.95)
Cash flows (used) / generated from financial activities	7,335.92
Net cash inflow/(outflow)	(3,492.98)



Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

47. Retirement benefit plan

A) Defined contribution plan (Provident fund and National Pension Scheme):

Amount of ₹ 474.00 million (Previous year: ₹ 572.45 million) is recognised as expenses and included in "Employee benefit expense" in the statement of profit and loss

B) Defined benefit plan (Gratuity):

The following tables summarise the components of the net benefit expenses recognised in the statement of profit and loss and the funded and unfunded status and amount recognised in the balance sheet for the gratuity benefit plan.

Statement of profit and loss

Expenses recognised in the Statement of Profit and Loss:

Particulars	2020-21	2019-20
Current service cost	124.82	125.54
Interest on defined benefit obligation	10.09	10.36
Past service cost	2.28	2.40
Effect of Curtailment	-	(8.06)
Exchange rate adjustment	(0.06)	0.17
Total included in 'Employee benefits expense'	137.13	130.41

Movement in Other Comprehensive Income:

Particulars	2020-21	2019-20
Balance at start of year (Loss)/ Gain		
Re-measurements on define benefit obligation (DBO)	(74.75)	(26.58)
a. Actuarial (Loss)/ Gain from changes in financial assumptions	(14.80)	(46.80)
b. Actuarial (Loss)/ Gain from experience over the past year	(6.74)	34.66
Return on plan assets excluding amount included in net interest on the net defined benefit liability/ (asset)	90.00	(31.32)
Effect of acquisition/ (divestiture)	9.93	-
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)	(35.12)	(4.71)
Balance at end of year (Loss)/ Gain	(31.48)	(74.75)

Balance sheet

Reconciliation of defined benefit obligation (DBO) :

Particulars	2020-21	2019-20
Present value of DBO at the beginning of the year	729.60	625.53
Acquisition/ (Divestiture)	(337.04)	(8.06)
Interest cost	41.85	42.92
Current service cost	124.82	125.54
Benefits paid	(94.32)	(71.04)
Past service cost	2.28	2.40
Actuarial (gain)/loss	21.54	12.14
Exchange Rate Adjustment	(0.06)	0.17
Present value of DBO at the end of the year	488.67	729.60



Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

47. Retirement benefit plan (Continued)

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

Reconciliation of fair value of plan assets:

Particulars	2020-21	2019-20
Fair value of plan assets at the beginning of the year	573.50	506.53
Contributions by Employer	93.49	136.34
Benefits paid	(94.32)	(71.04)
Interest income	32.42	32.99
Acquisition/ (Divestiture)/Curtailment	(260.31)	-
Return on plan asset excluding amount included in net interest on the net defined benefit liability/ (asset)	90.00	(31.32)
Fair value of plan assets at the end of the year	434.78	573.50

Net asset / (liability) recognised in the balance sheet:

Particulars	2021	2020	2019	2018	2017
Present value of DBO	(488.67)	(729.60)	(625.53)	(487.60)	(380.66)
Fair value of plan assets at the end of the year	434.78	573.50	506.53	348.42	290.19
Net Liability	(53.89)	(156.10)	(119.00)	(139.18)	(90.47)
Less: Effect of limiting net assets to asset ceiling	(47.36)	(11.56)	(6.45)	(5.96)	(1.40)
Liability recognised in the balance sheet	(101.25)	(167.66)	(125.45)	(145.14)	(91.87)

Experience adjustments:

Particulars	2021	2020	2019	2018	2017
On plan liabilities: loss / (gain)	6.74	(34.66)	18.12	(13.07)	(11.37)
On plan assets: gain / (loss)					15.53
Estimated contribution for next year					1.00

Principal actuarial assumptions at the balance sheet date:

	2020-21	2019-20
Discount rate	5%	5.50%-5.90%
Salary escalation	7%	7.00%
Employees attrition rate	25%	13% - 60%
Mortality Rate	IALM 2012-14 (Ultimate)	IALM 2012-14 (Ultimate)

Percentage Break-down of Total Plan Assets

	2020-21	2019-20
Investment Funds with Insurance Company and Cash	98%	100%
Cash and cash equivalents	2%	0%
Total	100%	100%

Sensitivity Analysis for 2021:

Assumptions	Discount rate		Future salary increases	
Sensitivity Level	1.00% increase	1.00% decrease	1.00% increase	1.00% decrease
Impact on defined benefit obligation	(29.55)	31.78	30.84	(29.26)

Sensitivity Analysis for 2020:

Assumptions	Discount rate		Future salary increases	
Sensitivity Level	1.00% increase	1.00% decrease	1.00% increase	1.00% decrease
Impact on defined benefit obligation	(34.39)	37.38	36.57	(34.31)



Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

48. Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled. With regard to loans and advances to customers, the Group uses the same basis of expected repayment behaviour as used for estimating the EIR. Issued debt reflect the contractual coupon amortisations.

Particulars	As at 31 March 2021			As at 31 March 2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Financial assets						
(a) Cash and cash equivalents	38,985.15	-	38,985.15	49,425.19	-	49,425.19
(b) Bank balances other than cash and cash equivalents	5,659.64	2,957.27	8,616.91	32,910.90	3,759.99	36,670.89
(c) Derivative financial instruments	2,902.03	-	2,902.03	5,223.80	98.07	5,321.87
(d) Stock in trade (securities held for trading)	15,727.80	18.96	15,746.76	17,458.07	-	17,458.07
(e) Trade Receivables	3,679.35	1,381.14	5,060.49	9,886.37	3,166.01	13,052.38
(f) Loans	55,199.99	1,63,905.47	2,19,105.46	79,525.99	2,04,080.80	2,83,606.79
(g) Investments	34,977.31	79,785.71	1,14,763.02	12,029.33	70,636.69	82,666.02
(h) Other financial assets	11,423.86	1,204.21	12,628.07	7,082.78	1,219.55	8,302.33
Total financial assets (A)	1,68,555.13	2,49,252.76	4,17,807.89	2,13,542.43	2,82,961.11	4,96,503.54
Non-financial assets						
(a) Inventories	-	-	-	436.09	-	436.09
(b) Reinsurance assets	-	3,393.36	3,393.36	-	2,944.42	2,944.42
(c) Current tax assets (net)	1,221.48	5,996.66	7,218.14	870.13	4,969.65	5,839.78
(d) Deferred tax assets (net)	7.46	9,577.53	9,584.99	-	9,564.75	9,564.75
(e) Investment property	-	3,394.63	3,394.63	-	4,457.27	4,457.27
(f) Property, Plant and Equipment	0.09	12,281.18	12,281.27	128.98	14,883.60	15,012.58
(g) Capital work in progress	7.93	-	7.93	-	111.56	111.56
(h) Intangible assets under development	1.32	122.85	124.17	-	320.79	320.79
(i) Goodwill	-	663.35	663.35	-	1,723.41	1,723.41
(j) Other Intangible assets	-	1,467.74	1,467.74	-	2,255.79	2,255.79
(k) Other non- financial assets	1,719.00	2,087.66	3,806.66	1,559.52	2,073.71	3,633.23
Total non-financial assets (B)	2,957.28	38,984.96	41,942.24	2,994.72	43,304.95	46,299.67
TOTAL ASSETS (C = A+B)	1,71,512.41	2,88,237.72	4,59,750.13	2,16,537.15	3,26,266.06	5,42,803.21



Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

48. Maturity analysis of assets and liabilities (Continued)

Particulars	As at 31 March 2021			As at 31 March 2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
LIABILITIES						
Financial liabilities						
(a) Derivative financial instruments	1,620.56	224.95	1,845.51	3,786.06	26.42	3,812.48
(b) Trade Payables	4,605.05	289.73	4,894.78	12,833.60	-	12,833.60
(c) Insurance claims payable	194.41	-	194.41	74.52	-	74.52
(d) Debt securities	55,292.93	1,19,565.61	1,74,858.54	44,038.91	1,63,546.15	2,07,585.06
(e) Borrowings (other than debt securities)	54,383.78	39,934.41	94,318.19	72,727.10	60,483.45	1,33,210.55
(f) Deposits	96.01	-	96.01	2,168.97	-	2,168.97
(g) Subordinated Liabilities	-	15,087.75	15,087.75	4,655.06	18,953.75	23,608.81
(h) Other financial liabilities	10,406.75	31,050.42	41,457.17	25,860.84	23,389.70	49,250.54
Total financial liabilities (D)	1,26,599.49	2,06,152.87	3,32,752.36	1,66,145.06	2,66,399.47	4,32,544.53
Non-financial liabilities						
(a) Current tax liabilities (net)	237.28	15.72	253.00	626.28	280.02	906.30
(b) Provisions	975.43	143.12	1,118.55	104.94	246.17	351.11
(c) Provision for policyholders' liabilities	-	43,549.30	43,549.30	-	30,076.82	30,076.82
(d) Deferred tax liabilities (net)	0.38	2,157.24	2,157.62	-	2,643.73	2,643.73
(e) Other non-financial liabilities	3,135.67	13.68	3,149.35	4,169.82	40.13	4,209.95
Total non-financial liabilities (E)	4,348.76	45,879.06	50,227.82	4,901.04	33,286.87	38,187.91
TOTAL LIABILITIES (F = D+E)	1,30,948.25	2,52,031.93	3,82,980.18	1,71,046.10	2,99,686.34	4,70,732.44
NET TOTAL ASSETS / (LIABILITIES) (C-F)	40,564.16	36,205.79	76,769.95	45,491.05	26,579.72	72,070.77

49. Changes in liabilities arising from financing activities

Particulars	01-Apr-20	Cash flows	Changes in fair values	Exchange difference	Others**	31-Mar-21
Borrowings*	3,66,573.39	(89,797.69)	-	-	7,584.79	2,84,360.49
Total liabilities from financing activities	3,66,573.39	(89,797.69)	-	-	7,584.79	2,84,360.49
Particulars	01-Apr-19	Cash flows	Changes in fair values	Exchange difference	Others**	31-Mar-20
Borrowings*	4,61,477.33	(1,04,025.90)	-	-	9,121.96	3,66,573.39
Total liabilities from financing activities	4,61,477.33	(1,04,025.90)	-	-	9,121.96	3,66,573.39

* Comprises of Debt securities, Deposits, Subordinated Liabilities and other borrowings.

** Refers to interest expense for the year incurred by entities other than non-banking financial companies in the group.



Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

50. Contingent liabilities, commitments and leasing arrangements:

50.1 Contingent liabilities and commitments

- o Taxation matters in respect of which appeal is pending ₹ 1,174.52 million (Previous year: ₹ 1,488.26 million).
- o Litigation pending against Group amounts to ₹ 195.61 million (Previous year: ₹ 194.78 million).
- o Claims not acknowledged as debt ₹ 2.54 million (Previous year: ₹ 91.99 million).

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

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

- o Undrawn committed credit lines subject to meeting of conditions, ₹ 5,409.25 million as at balance sheet date (Previous year: ₹ 18,118.83 million).
- o Estimated amount of contracts remaining to be executed on capital account and not provided for ₹ 432.60 million (Previous year: ₹ 374.87 million).
- o Uncalled liabilities on investments ₹ 2,288.36 million (Previous year: ₹ 3,357.63 million)

50.2. Operating lease

- 1) This note provides information for leases where the group is a lessee. Group has not given any property on lease

Set out below are the carrying amounts of lease liabilities and the movements	As at 31 March 2021	As at 31 March 2020
Opening balance as at	2,398.43	2,478.92
Additions / (disposals) during year	(1,454.82)	247.03
Accretion of interest	93.26	221.45
Lease payment for the year	(236.65)	(548.97)
Closing balance as at	800.22	2,398.43

- 2) **The statement of profit or loss shows the following amounts relating to leases**

Particulars	Mar-21	Mar-20
Depreciation on ROU of assets	215.25	521.63
Reversal of lease pre-closure	52.83	-
Interest cost	93.26	221.45
Expenses related to short term lease	213.70	199.32



Notes to the consolidated financial statements (*Continued*)

(Currency : Indian rupees in millions)

51. Disclosure as required by Indian Accounting Standard 24 – “Related Party Disclosure”:

(A) Individuals owning, directly or indirectly, an interest in the voting power of the reporting enterprise that gives them control or significant influence over the enterprise

Mr. Rashesh Shah
Mr. Venkatchalam Ramaswamy
Ms. Vidya Shah
Ms. Aparna T.C.

(B) Key Management Personnel

Mr. Rashesh Shah - Chairman, Managing Director & CEO
Mr. Venkatchalam Ramaswamy - Vice Chairman & Executive Director
Mr. Himanshu Kaji - Executive Director
Mr. Rujan Panjwani - Executive Director
Mr. S. Ranganathan - Chief Financial Officer (up to 31 October 2020)
Mr. Sarju Simaria - Chief Financial Officer (w.e.f. 01 November 2020)

(C) Relatives of individuals exercising significant influence and relatives of KMP, with whom transactions have taken place

Ms. Kaavya Venkat
Ms. Shilpa Mody
Ms. Sejal Premal Parekh
Mr. A V Ramaswamy
Ms. Sneha Sripad Desai
Mr. Neel Shah
Ms. Avanti Shah
Mr. Nalin Kaji
Ms. Shabnam Panjwani

(D) Enterprises over which Promoter / KMPs / Relatives exercise significant influence, with whom transactions have taken place

Spire Investment Advisors LLP
Mabella Investment Adviser LLP
Shah Family Discretionary Trust
Kenai Advisors LLP

(E) Associates with whom transactions have taken place

Edelweiss Securities Limited (w. e. f. 27th March 2021)
Subsidiaries of Edelweiss Securities Limited
Edelweiss Finance & Investments Limited
Edelweiss Broking Limited
Edelweiss Custodial Services Limited
Edelweiss Securities (Hong Kong) Private Limited
Edelweiss Investment Advisors Private Limited
Edelweiss Financial Services Inc
Edelweiss Financial Services (UK) Limited
Edelweiss Securities (IFSC) Limited
ESL Securities Limited

(F) Independent Directors

Mr. Berjis Desai
Mr. Biswamohan Mahapatra
Mr. Kunnasagaran Chinniah
Mr. Navtej S. Nandra
Mr. P N Venkatachalam
Mr. Ashok Kini
Dr. Ashima Goyal

(G) Other Directors

Ms. Anita M George



Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

51. Disclosure as required by Indian Accounting Standard 24 – “Related Party Disclosure” (Continued):

Transactions and balances with Related Parties:

Sr. No	Nature of Transaction	Related Party Name	31-Mar-21	31-Mar-20
1	Short term loans given to	Mr. Venkatchalam Ramaswamy	12.37	34.02
		Ms. Aparna T. C.	649.72	353.28
		Mabella Investment Advisor LLP	1,036.39	1,087.89
		Kenai Advisors LLP	36.88	62.78
		Mr. S. Ranganathan	-	5.00
2	Redemption of Preferenc Share (including premium and dividend)	Mr. Rujan Panjwani	3.84	-
		Ms. Shabnam Panjwani	1.67	-
3	Short term loans given repaid by	Mr. Venkatchalam Ramaswamy	22.12	24.27
		Ms. Aparna T. C.	412.97	347.16
		Mabella Investment Advisor LLP	1,063.09	565.03
		Kenai Advisors LLP	37.09	62.56
		Mr. S. Ranganathan	5.00	-
4	Dividend paid on Equity Shares	Mr. Rashesh Shah	-	43.59
		Mr. Venkatchalam Ramaswamy	-	17.41
		Ms. Vidya Shah	-	9.91
		Shah Family Discretionary Trust	-	11.63
		Spire Investment Advisors LLP	-	0.96
		Ms. Aparna T. C.	-	3.66
		Ms. Kaavya Venkat	-	3.54
		Mr. Rujan Panjwani	-	4.23
		Mr. Himanshu Kaji	-	1.20
		Ms. Sneha Sripad Desai	-	0.31
		Ms. Shilpa Mody	-	0.29
		Ms. Sejal Premal Parekh	-	0.29
		Ms. Shabnam Panjwani	-	0.32
		Mr. A V Ramaswamy	-	0.02
		Mr. Navtej S. Nandra	-	2.39
		Ms. Avanti Shah	-	0.60
Mr. P. N. Venkatachalam	-	0.08		
Mr. S. Ranganathan	-	0.33		
5	Interest income on loan	Mr. Venkatchalam Ramaswamy	0.23	0.25
		Ms. Aparna T. C.	24.72	7.82
		Mabella Investment Advisor LLP	69.93	28.62
		Kenai Advisors LLP	1.37	0.60
		Mr. S. Ranganathan	0.21	-
6	Brokerage earned from	Mabella Investment Adviser LLP	-	0.14
		Ms. Aparna T. C.	-	0.10
		Mr. Neel Shah	-	0.01



Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

51. Disclosure as required by Indian Accounting Standard 24 – “Related Party Disclosure” (Continued):

Transactions and balances with Related Parties (Continued):

Sr. No	Nature of Transaction	Related Party Name	31-Mar-21	31-Mar-20
7	Remuneration to	Mr. Rashesh Shah	11.48	50.19
		Mr. Rujan Panjwani	11.29	38.19
		Mr. Himanshu Kaji	10.77	36.91
		Mr. Venkatchalam Ramaswamy	9.36	35.63
		Ms. Shabnam Panjwani	8.29	12.92
		Ms. Vidya Shah	1.84	4.24
		Mr. Neel Shah	-	1.27
		Mr. Sarju Simaria	4.55	-
		Mr. S. Ranganathan	5.79	25.18
8	Sitting fees paid to	Mr. Berjis Desai	0.52	0.26
		Mr. Biswamohan Mahapatra	0.86	1.02
		Mr. Kunnasagaran Chinniah	1.66	0.96
		Mr. Navtej S. Nandra	0.78	0.68
		Mr. P N Venkatachalam	2.20	2.00
		Dr. Ashima Goyal	0.12	0.10
		Mr. Ashok Kini	0.30	0.47
9	Commission paid to	Mr. Berjis Desai	0.50	1.00
		Mr. Biswamohan Mahapatra	0.50	1.00
		Mr. Kunnasagaran Chinniah	0.50	1.00
		Mr. Navtej S. Nandra	0.50	1.00
		Mr. P N Venkatachalam	0.50	1.00
		Dr. Ashima Goyal	0.50	-
		Mr. Ashok Kini	0.50	-
10	Branding fees received from	Edelweiss Securities Limited	0.34	-
11	Brokerage expenses paid to	Edelweiss Securities Limited	0.48	-
12	Clearing charges expenses paid to	Edelweiss Custodial Services Limited	0.15	-
13	Commission and brokerage received from	Edelweiss Finance & Investments Limited	0.08	-
14	Corporate Guarantee support fee income	Edelweiss Finance & Investments Limited	0.02	-
15	Cost reimbursement received from	Edelweiss Broking Limited	3.15	-
		Edelweiss Custodial Services Limited	5.94	-
		Edelweiss Finance & Investments Limited	0.69	-
		Edelweiss Securities Limited	1.99	-
		ESL Securities Limited	0.04	-



Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

51. Disclosure as required by Indian Accounting Standard 24 – “Related Party Disclosure” (Continued):

Transactions and balances with Related Parties (Continued):

Sr. No	Nature of Transaction	Related Party Name	31-Mar-21	31-Mar-20
16	Cost reimbursement paid to	Edelweiss Broking Limited	(0.06)	-
		Edelweiss Custodial Services Limited	0.03	-
		Edelweiss Securities Limited	2.78	-
17	Equity segment payin	Edelweiss Securities Limited	616.32	-
18	Custody Fees expenses paid to	Edelweiss Custodial Services Limited	0.76	-
19	Equity segment payout	Edelweiss Securities Limited	1,192.42	-
20	ESOP/SAR charges received from	Edelweiss Custodial Services Limited	0.01	-
		Edelweiss Securities Limited	0.53	-
		ESL Securities Limited	0.07	-
21	Fee & commision expenses paid to	Edelweiss Broking Limited	9.15	-
22	Fixed assets sold to	Edelweiss Broking Limited	5.64	-
		Edelweiss Custodial Services Limited	0.14	-
23	Fund Accounting Fee expenses paid to	Edelweiss Custodial Services Limited	0.09	-
24	Interest income on loan given to	Edelweiss Broking Limited	0.10	-
		Edelweiss Finance & Investments Limited	4.25	-
25	Interest income on margin placed with	Edelweiss Custodial Services Limited	0.16	-
26	Interest expense on margin shortfall paid to	Edelweiss Custodial Services Limited	4.16	-
27	Interest paid on debentures to	Edelweiss Finance & Investments Limited	0.27	-
28	Loan repaid by (Actual Basis)	Edelweiss Broking Limited	120.00	-
29	Loan repaid by (Max Basis)	Edelweiss Broking Limited	120.00	-
30	Margin placed with	Edelweiss Custodial Services Limited	7,781.02	-
31	Margin placed with (Max basis)	Edelweiss Custodial Services Limited	181.37	-
32	Margin placed by	Edelweiss Finance & Investments Limited	5.13	-
33	Margin repaid by	Edelweiss Custodial Services Limited	6,898.95	-



Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

51. Disclosure as required by Indian Accounting Standard 24 – “Related Party Disclosure” (Continued):

Transactions and balances with Related Parties (Continued):

Sr. No	Nature of Transaction	Related Party Name	31-Mar-21	31-Mar-20
34	Margin repaid by (Max basis)	Edelweiss Custodial Services Limited	511.05	-
35	Margin repaid to	Edelweiss Finance & Investments Limited	0.13	-
36	Other expense	Edelweiss Financial Services Inc	(0.01)	-
37	Sale of securities to	Edelweiss Finance & Investments Limited	10.58	-
38	Reimbursements paid to	Edelweiss Broking Limited	0.07	-
39	Reimbursements received from	Edelweiss Broking Limited	0.16	-
		Edelweiss Securities (IFSC) Limited	0.18	-
		ESL Securities Limited	0.01	-
40	Research Services Fees expenses	Edelweiss Securities Limited	2.10	-
Sr. No	Balances	Related Party Name	31-Mar-21	31-Mar-20
1	Preference shares held by	Mr. Rujan Panjwani	-	2.30
		Ms. Shabnam Panjwani	-	1.00
2	Short Term Loan Given to	Mr. Venkatchalam Ramaswamy	-	9.75
		Ms. Aparna T. C.	242.87	6.12
		Mabella Investment Advisor LLP	496.16	522.86
		Kenai Advisors LLP	0.01	0.22
		Mr. S. Ranganathan	-	5.00
3	Investment in Equity Shares of	Edelweiss Securities Limited	124.52	-
4	Accrued interest income on margin placed with	Edelweiss Custodial Services Limited	7.91	-
5	Accrued interest expenses on debentures issued to	Edelweiss Finance & Investments Limited	0.28	-
6	Corporate guarantee given to	Edelweiss Custodial Services Limited	14,500.00	-
		Edelweiss Finance & Investments Limited	145.79	-
7	Interest accrued on loan give to	Edelweiss Broking Limited	2.01	-
		Edelweiss Finance & Investments Limited	7.32	-
8	Margin placed by	Edelweiss Finance & Investments Limited	5.00	-
9	Margins receivable from clients	Edelweiss Custodial Services Limited	1,537.02	-



Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

51. Disclosure as required by Indian Accounting Standard 24 – “Related Party Disclosure” (Continued):

Transactions and balances with Related Parties (Continued):

Sr. No	Balances	Related Party Name	31-Mar-21	31-Mar-20
10	Debtures issued to	Edelweiss Finance & Investments Limited	90.38	-
11	Short term loans given to	Edelweiss Finance & Investments Limited	3,355.00	-
12	Trade & other payable to	Edelweiss Broking Limited	55.35	-
		Edelweiss Custodial Services Limited	73.83	-
		Edelweiss Finance & Investments Limited	22.64	-
		Edelweiss Financial Services Inc	0.70	-
		Edelweiss Securities (IFSC) Limited	0.06	-
		Edelweiss Securities Limited	82.00	-
		ESL Securities Limited	1.97	-
13	Trade and other receivable from	Edelweiss Broking Limited	55.71	-
		Edelweiss Custodial Services Limited	9.31	-
		Edelweiss Finance & Investments Limited	11.82	-
		Edelweiss Financial Services Inc	0.03	-
		Edelweiss Financial Services (UK) Limited	0.02	-
		Edelweiss Investment Advisors Private Limited	3.07	-
		Edelweiss Securities (Hong Kong) Private Limited	0.04	-
		Edelweiss Securities (IFSC) Limited	0.01	-
		Edelweiss Securities Limited	398.40	-
		ESL Securities Limited	5.93	-

Notes:

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

52. Capital management

The Group manages the capital structure by a balanced mix of debt and equity. The Group’s capital management strategy is to effectively determine, raise and deploy capital so as to create value for its shareholders. The Group maintains sound capitalisation both from an economic and regulatory perspective. The Group continuously monitors and adjusts overall capital demand and supply in an effort to achieve an appropriate balance of the economic and regulatory considerations at all times and from all perspectives. These perspectives include specific capital requirements from rating agencies.

Capital structure includes infusion in the form of equity and structured debt from strategic business partners in certain of Group’s subsidiaries to fund expansion and assist in achieving expected growth in the competitive market.

No changes were made in the objectives, policies or processes during the financial years ended 31 March 2021 and 31 March 2020.

This framework is adjusted based on underlying the macro-economic factors affecting business environment, financial market conditions and interest rates environment. Group monitors capital using debt-equity ratio, which is total debt divided by total equity.

Particulars	31-Mar-21	31-Mar-20
Total Debt	2,84,360.49	3,66,573.39
Equity	76,769.95	72,070.77
Net Debt to Equity	3.70	5.09



Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

53. Share based payments: Employee Stock Option Plans and Stock Appreciation Rights Plans

Edelweiss Financial Services Limited ("EFSL" hereafter), has recognised share based payment expenses for the years ended 31 March 2021 and 31 March 2020 based on fair value as on the grant date calculated as per option pricing model. The grants represent equity-settled options under the Employee Stock Option Plans and Stock Appreciation Rights Plans (hereafter referred to as, "ESOP 2011" and "SAR 2019" or "ESOPs" "SARs").

The Edelweiss Group has granted ESOPs under the two plans viz., ESOP 2011 & SAR 2019 to its employees on an equity-settled basis as tabulated below. The ESOPs/SARs provide a right to its holders (i.e., Edelweiss group employees) to purchase one EFSL share for each option at a pre-determined strike price on the expiry of the vesting period. The ESOP/SAR hence represents an European call option that provides a right but not an obligation to the employees of the Edelweiss group to exercise the option by paying the strike price at any time on completion of the vesting period, subject to an outer boundary on the exercise period.

EFSL has granted stock options to employees of the Edelweiss group on an equity-settled basis as tabulated below.

Particulars	SAR 2019	ESOP 2011
Dates of grant	Varying	Varying
Option Type	Equity settled	Equity settled
No. of outstanding options at 31 March 2021	1,67,80,500	1,82,60,651
No. of outstanding options at 31 March 2020	1,12,30,000	2,11,26,689
No. of Equity shares represented by an option	1 share for 1 option	1 share for 1 option
Fair Value per option	Varies as per the grant date	Varies as per the grant date
Exercise Price	Varies as per the grant date	Varies as per the grant date
Vesting Period	2-6 years	1-4 years
Vesting Conditions	Service	Service

The vesting of options is subject to the employee's continued employment with the Edelweiss group. The ESOPs shall vest as follows:

Particulars	SAR 2019	ESOP 2011
Duration from grant date	% options vesting	% options vesting
12 months from the grant date	-	25.00%
24 months from the grant date	33.33%	25.00%
36 months from the grant date	-	25.00%
48 months from the grant date	33.33%	25.00%
60 months from the grant date	-	-
72 months from the grant date	33.34%	-
Total	100.00%	100.00%

Plan description

Plan Name	Grant Date	Vesting Conditions	Term of Options	Payout
ESOP Plan 2011	Various	As specified in tables above	1-4 years	Equity settled
SAR Plan 2019	Various	As specified in tables above	2-6 years	Equity settled



Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

53. Share based payments: Employee Stock Option Plans and Stock Appreciation Rights Plans (Continued)

Movement of number of Options for FY 2020-21 and 2019-20

Number of options	2020-21			2019-20		
	SAR 2019	ESOP 2011	Total	SAR 2019	ESOP 2011	Total
Outstanding at the start of the year	1,12,30,000	2,11,26,689	3,23,56,689	-	2,05,88,627	2,05,88,627
Granted during the year*	64,25,500	19,56,500	83,82,000	1,16,25,000	40,85,000	1,57,10,000
Exercised during the year	-	(19,70,150)	(19,70,150)	-	(17,46,763)	(17,46,763)
Lapsed/ cancelled during the year	(8,75,000)	(28,52,388)	(37,27,388)	(3,95,000)	(18,00,175)	(21,95,175)
Outstanding at the end of the year*	1,67,80,500	1,82,60,651	3,50,41,151	1,12,30,000	2,11,26,689	3,23,56,689
Exercisable at the end of the year	-	1,15,42,051	1,15,42,051	-	1,12,41,676	1,12,41,676

*Includes, SAR 2019 515,000, ESOP Nil (Previous year SAR 2019 515,000, ESOP 2011 1,670,825) approved but not granted.

Weighted Average Exercise Price for FY 2020-21 and 2019-20

Weighted Average Exercise Price (₹)	31-Mar-21		31-Mar-20	
	SAR 2019	ESOP 2011	SAR 2019	ESOP 2011
Outstanding at the start of the year	178.75	131.80	NA	117.34
Granted during the year	61.00	61.00	180.26	168.04
Exercised during the year	-	35.10	-	47.27
Lapsed/ cancelled during the year	166.29	161.03	180.65	127.91
Outstanding at the end of the year	132.90	132.00	178.75	131.80
Exercisable at the end of the year	NA	110.14	NA	78.84
Weighted Average Share price at the exercise date	NA	35.17	NA	47.61

Outstanding Options as at 31 March 2021 and 31 March 2020

Particulars	31-Mar-21		31-Mar-20	
	SAR 2019	ESOP 2011	SAR 2019	ESOP 2011
Number of options outstanding	1,67,80,500	1,82,60,651	1,12,30,000	2,11,26,689
Weighted average strike price (₹)	132.90	132.00	178.75	131.80
Weighted average remaining lifetime of options (in years)	2.70	0.45	3.18	0.54
Number of employees covered under the scheme	182	326	132	372

Options granted during FY 2020-21 and 2019-20

Particulars	31-Mar-21		31-Mar-20	
	SAR 2019	ESOP 2011	SAR 2019	ESOP 2011
Number of options granted	64,25,500	19,56,500	1,16,25,000	40,85,000
Weighted average strike price (in ₹)	61.00	61.00	180.26	168.04
Weighted average remaining lifetime of options (in years)	4.00	3.50	4.00	3.50
Number of employees covered under the scheme	155	115	132	216
Weighted Average Fair value per option (in ₹)	28.23	27.24	85.08	81.21
Weighted Average Intrinsic value per option (in ₹)	-	-	1.44	9.03

Assumptions for Fair Value for FY 2020-21 and 2019-20

Particulars	31-Mar-21		31-Mar-20	
	SAR 2019	ESOP 2011	SAR 2019	ESOP 2011
Weighted average share price (in ₹)	132.93	133.01	180.17	133.12
Weighted average strike price (in ₹)	132.90	132.00	178.75	131.80
Weighted average remaining lifetime of options (in years)	2.70	0.45	3.18	0.54
Expected volatility (% p.a.)	56% - 72% p.a.	35% - 72% p.a.	56% - 62% p.a.	35% - 62% p.a.
Risk-free discount rate (% p.a.)	4.3% - 6.9% p.a.	4.3% - 8.5% p.a.	5.4% - 6.9% p.a.	5.4% - 8.5% p.a.
Expected dividend yield (% p.a.)	0.7% - 2.4% p.a.	0.4% - 3.1% p.a.	0.66% - 0.67% p.a.	0.4% - 3.1% p.a.



Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

53. Share based payments: Employee Stock Option Plans and Stock Appreciation Rights Plans (Continued)

Other Disclosure

Particulars	31-Mar-21			31-Mar-20		
	SAR 2019	ESOP 2011	Total	SAR 2019	ESOP 2011	Total
Charges during the year due to share based payments	195.72	139.42	335.14	148.93	242.03	390.96
Changes in fair value of share based payments due to any modifications made during the year	-	-	-	-	-	-
Liability due for share based payments	344.64	783.64	1,128.28	148.93	669.25	818.18
Intrinsic value of the liability above	6.51	33.76	40.27	-	-	-

54. Events after reporting date

Sale of loans to Asset Reconstruction Company (ARC)

Three NBFCs in the Group had initiated sale of certain credit impaired financial assets before 31 March 2021 and for which definitive contracts were executed post the balance sheet date. These financial assets sold after 31 March 2021, amounted to ₹ 6,862.40 million to asset reconstruction companies trusts (ARC Trust). As per Ind AS 109, Financial Instruments, prescribed under section 133 of the Companies Act, 2013 significant judgement is involved in classification of assets which has been accentuated on account of factors caused by COVID-19. Accordingly, on account of subsequent sale to and recovery from ARC Trusts of such credit impaired assets, management has recorded such financial assets as recoverable and not as credit impaired financial assets. EFSL, the holding Company has, undertaken substantially all risks and rewards in respect of these financial assets aggregating to ₹ 5,221.70 million. As at 31 March 2021, there are no impact on the financial statements of the Group other than expected credit loss recorded in the Profit and Loss Statement for the year ended 31 March 2021 amounting to ₹ 170.60 million.

Sale of loans to AIF trusts

Two NBFCs in the Group had initiated sale of certain financial assets before 31 March 2021 and for which definitive contracts were executed post the balance sheet date. These financial assets sold after 31 March 2021, amounted to ₹ 3,439.60 million to AIF trusts. As per Ind AS 109, Financial Instruments, prescribed under section 133 of the Companies Act, 2013 significant judgement is involved in classification of assets which has been accentuated on account of factors caused by COVID-19. Accordingly, management assessed that such loans sold by these subsidiaries after 31 March 2021 had an increased risk but were not credit impaired. As at 31 March 2021, there are no impact on the financial statements of these subsidiaries, as they have not incurred any loss on sale of these financial assets.

55. Fair Value Measurement

55.1. Valuation Principles :

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique. In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as explained in Note 55.4

55.2. Valuation governance :

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

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

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



Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

55. Fair Value Measurement (Continued)

55.3. Assets and liabilities by fair value hierarchy

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy. Exchange traded and OTC derivatives are at gross amount i.e. before offsetting margin money. The impact of offsetting is explained in note 10.1.

Particulars	31 March 2021			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value on a recurring basis				
Derivative financial instruments (assets)				
Exchange-traded derivatives	2,625.87	206.24	-	2,832.11
OTC derivatives	-	177.56	-	177.56
Embedded derivatives in market-linked debentures issued	-	-	23.79	23.79
Total derivative financial instruments (assets)	2,625.87	383.80	23.79	3,033.46
Stock-in-trade				
Government Securities	8,636.63	-	-	8,636.63
Debt Securities	181.88	12.90	52.15	246.93
Mutual Fund	1,136.21	-	-	1,136.21
Equity Instruments	5,721.59	-	5.40	5,726.99
Preference Shares	-	-	-	-
Stock-in-trade	15,676.31	12.90	57.55	15,746.76
Investments				
Government securities	90.17	22,963.85	-	23,054.02
Debt securities	502.63	7,423.21	1,562.76	9,488.60
Mutual fund units	2,053.87	-	-	2,053.87
Security receipts	-	-	37,472.98	37,472.98
Units of AIF	19.51	-	9,765.93	9,785.44
Equity instruments	9,763.01	1,058.71	17,393.66	28,215.38
Preference Shares	28.15	-	1,759.12	1,787.27
Others	958.17	-	226.48	1,184.65
Total investments measured at fair value	13,415.51	31,445.77	68,180.93	1,13,042.21
Loans and other financial assets measured at fair value	-	-	2,089.30	2,089.30
Property Plant and equipment			12,245.20	12,245.20
Total financial assets measured at fair value on a recurring basis	31,717.69	31,842.47	82,596.77	1,46,156.93



Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

55. Fair Value Measurement (Continued)

55.3. Assets and liabilities by fair value hierarchy (Continued)

Particulars	31 March 2020			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value on a recurring basis				
Derivative financial instruments (assets)				
Exchange-traded derivatives	1,061.72	1,160.73	-	2,222.45
OTC derivatives	-	545.86	-	545.86
Embedded derivatives in market-linked debentures issued	-	-	2,637.76	2,637.76
Total derivative financial instruments (assets)	1,061.72	1,706.59	2,637.76	5,406.07
Stock-in-trade				
Government Securities	7,462.91	-	-	7,462.91
Debt Securities	12.32	695.51	-	707.83
Mutual Fund	6,500.47	-	-	6,500.47
Equity Instruments	1,766.73	-	1,020.00	2,786.73
Preference Shares	0.13	-	-	0.13
Stock-in-trade	15,742.56	695.51	1,020.00	17,458.07
Investments				
Government securities	262.08	17,865.26	-	18,127.34
Debt securities	-	6,632.90	581.91	7,214.81
Mutual fund units	762.08	-	-	762.08
Security receipts	-	-	42,646.81	42,646.81
Units of AIF	18.59	-	4,269.90	4,288.49
Equity instruments	5,319.08	1,614.21	494.80	7,428.09
Preference Shares	49.01	-	1,905.53	1,954.54
Total investments measured at fair value	6,410.84	26,112.37	49,898.95	82,422.16
Loans and other financial assets measured at fair value	-	78.62	5,479.21	5,557.83
Property Plant and equipment	-	-	12,245.20	12,245.20
Total financial assets measured at fair value on a recurring basis	23,215.12	28,593.09	71,281.12	1,23,089.33
Particulars				
	31 March 2021			
	Level 1	Level 2	Level 3	Total
Liabilities measured at fair value on a recurring basis				
Derivative financial instruments (liabilities):				
Exchange-traded derivatives	658.50	68.33	-	726.83
OTC derivatives	-	633.32	-	633.32
Embedded derivative liabilities in market-linked debentures	-	-	1,373.35	1,373.35
Non convertible debentures issued	-	-	8,750.76	8,750.76
Short sales	529.70	-	-	529.70
Total financial liabilities measured at fair value on a recurring basis	1,188.20	701.65	10,124.11	12,013.96



Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

55. Fair Value Measurement (Continued)

55.3. Assets and liabilities by fair value hierarchy (Continued)

Particulars	31 March 2020			Total
	Level 1	Level 2	Level 3	
Liabilities measured at fair value on a recurring basis				
Derivative financial instruments (liabilities):				
Exchange-traded derivatives	730.89	2,874.91	-	3,605.80
OTC derivatives	1.89	904.22	-	906.11
Embedded derivative liabilities in market-linked debentures	-	-	735.01	735.01
Non convertible debentures issued	-	-	10,779.73	10,779.73
Short sales	1,372.17	-	-	1,372.17
Total financial liabilities measured at fair value on a recurring basis	2,104.95	3,779.13	11,514.74	17,398.82

55.4. Fair valuation techniques :

Government debt securities

Government debt securities are financial instruments issued by sovereign governments and include both long term bonds and short-term bills with fixed or floating rate interest payments. These instruments are generally highly liquid and traded in active markets resulting in a Level 1 classification. In life insurance business, CRISIL security level prices are considered.

Debt securities

Whilst most of these instruments are standard fixed or floating rate securities, however nifty linked debentures have embedded derivative characteristics. Fair value of these instruments is derived based on the indicative quotes of price and yields prevailing in the market as at the reporting date. Group has used quoted price of national stock exchange wherever bonds are traded actively. In cases where debt securities are not actively traded Group has used CRISIL Corporate Bond Valuer model for measuring fair value.

Security receipts

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

Equity instruments

The majority of equity instruments are actively traded on recognised stock exchanges with readily available active prices on a regular basis. Such instruments are classified as Level 1. Equity instruments in non-listed entities are initially measured at transaction price and re-measured at each reporting date at valuation provided by external valuer at instrument level. Such unlisted equity securities are classified at Level 3.

Units of Alternative Investment Funds and Mutual Fund.

Units held in Alternative Investment funds are measured based on fund net asset value (NAV), taking into account redemption and/or other restrictions. Such instruments are classified at Level 3.

Open-ended funds that are redeemable at any time, and that report a daily net asset value (NAV) and for which sufficient subscriptions and redemptions occur at NAV are measured at NAV and classified as level 1.



Notes to the consolidated financial statements (*Continued*)

(Currency : Indian rupees in millions)

55. Fair Value Measurement (*Continued*)

55.4. Fair valuation techniques : (*Continued*)

Loans measured at fair value through profit or loss

Loans are segregated, as far as possible, into portfolios of similar characteristics. Fair values are based on observable market transactions, when available. When they are unavailable, fair values are estimated using valuation models incorporating range of input assumptions. Group has determine fair value with help of internal valuation team and independent valuer on case to case basis. Valuation is based on discounted cash flow, comparable transaction market price, market research and marked trend as considered appropriate.

Derivatives

The Group enters into derivative financial instruments with various counter-parties, primarily banks with investment grade credit ratings. Derivatives valued using valuation techniques with market observable inputs are mainly interest rate swaps, exchange traded futures and options contracts. The most frequently applied valuation techniques include quoted price for exchange traded derivatives and Black Scholes models (for option valuation).

OTC derivatives:

Under Interest rate swap contract, the Company agrees to exchange the difference between fixed and floating rate interest amount calculated on agreed notional principal. Such contracts enable the Company to mitigate the risk of changing interest rate. The fair value of interest rate swap is determined by discounting the future cash flows using the curves at the end of reporting period and the credit risk inherent in the contract. Company classify the Interest rate swaps as level 2 instruments.

Exchange traded derivatives

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

Embedded derivatives

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

Group uses valuation models. Inputs to valuation models are determined from observable market (Indices) data wherever possible, including prices available from exchanges, dealers, brokers. Group classify these embedded derivative as level 2 instruments.

55.5. Transfer between Level 1 and level 2

During the year there were no transfers between level 1 and level 2. Similarly, there were no transfers from or transfer to level 3.

55.6. Financial instruments not measured at fair value

The following table sets out the fair values of financial instruments not measured at fair value and analysing them by the level in the fair value hierarchy into which each fair value measurement is categorised. The information given below is with respect to financial assets and financial liabilities measured at amortised cost for which the fair value is different than the carrying amount. Carrying amounts of cash and cash equivalents, trade receivables, trade and other payables as on 31 March 2021 approximate the fair value because of their short-term nature. Difference between carrying amounts and fair values of bank deposits, other financials assets and other financial liabilities is not significant in each of the years presented.



Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

55 Fair Value Measurement (Continued)

55.6. Financial instruments not measured at fair value (Continued)

Particulars	31-Mar-21				
	Total Carrying Amount	Total fair value	Level 1	Level 2	Level 3
Financial assets:					
Loans	2,17,016.16	2,12,616.84	-	-	2,12,616.84
Financial liabilities					
Debt securities	1,66,107.78	1,74,989.81	38,382.72	1,10,816.61	25,790.48
Borrowing (other than debt securities)	94,318.19	94,321.42	233.27	27,121.11	66,967.04
Subordinated liabilities	15,087.75	15,037.27	-	15,037.27	-
Off-balance sheet items					
Loan commitments	5,235.05	4,729.19	-	-	4,729.19
Particulars	31-Mar-20				
	Total Carrying Amount	Total fair value	Level 1	Level 2	Level 3
Financial assets:					
Loans	2,78,127.58	2,81,767.78	-	-	2,81,767.78
Financial liabilities					
Debt securities	1,96,805.33	2,07,562.29	28,596.10	1,40,369.16	38,597.03
Borrowing (other than debt securities)	1,33,210.55	1,33,216.52	4,251.82	35,787.24	93,177.45
Subordinated liabilities	23,608.81	25,842.30	-	25,842.30	-
Off-balance sheet items					
Loan commitments	17,916.64	16,937.41	-	-	16,937.41

55.7. Valuation methodologies of financial instruments not measured at fair value:

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the Group's financial statements. These fair values were calculated for disclosure purposes only. The below methodologies and assumptions relate only to the instruments in the above tables and, as such, may differ from the techniques as explained in Notes 55.4.

Financial assets at amortised cost

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

Issued Debt

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



Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

55.8. Movement in level 3 financial instruments measured at fair value

The following tables show a reconciliation of the opening and closing amounts of Level 3 financial assets and liabilities which are recorded at fair value.

Particulars	Financial assets						Financial liabilities		
	Security Receipts	Equity & Preference	Debt Securities	AIFs	Loans classified as FVTPL	Derivative financial assets	Others	Derivative financial liabilities	Non-convertible debentures issued
As at 31 March 2020	42,646.81	3,420.33	581.91	4,269.90	5,479.21	2,637.76	-	735.01	10,779.73
Purchases	11,911.63	18,594.19	2,257.71	9,344.59	33.75	-	226.48	-	-
Sales*	(14,351.91)	(2,942.62)	(1,201.43)	(4,166.90)	(111.44)	(1.35)	-	(50.41)	-
Issuance	-	-	-	-	-	23.92	-	507.89	-
Settlements	-	-	-	(48.09)	-	(1,774.13)	-	(626.42)	(2,187.03)
Gain / (Loss)	(2,733.55)	86.28	(23.28)	366.43	(3,312.22)	(862.41)	-	807.28	158.06
As at 31 March 2021	37,472.98	19,158.18	1,614.91	9,765.93	2,089.30	23.79	226.48	1,373.35	8,750.76
Unrealised Gain / (Loss)	(3,853.54)	(34.18)	(75.19)	219.88	(3,268.54)	(757.40)	-	(583.66)	1,604.11
As at 31 March 2019	53,121.56	835.99	406.50	2,957.36	5,896.70	580.81	-	1,469.09	14,212.19
Purchases	10,260.91	2,570.92	713.97	3,314.55	1,026.85	-	-	-	-
Sales	(15,407.99)	(724.16)	(412.29)	(1,439.92)	(113.73)	-	-	-	-
Issuance	-	-	-	-	-	(760.01)	-	13.56	152.00
Settlements	-	-	(21.50)	(626.51)	-	357.48	-	(310.07)	(2,294.94)
Gain / (Loss)	(5,327.67)	737.58	(104.77)	64.42	(1,330.61)	2,459.48	-	(437.57)	(1,289.52)
As at 31 March 2020	42,646.81	3,420.33	581.91	4,269.90	5,479.21	2,637.76	-	735.01	10,779.73
Unrealised Gain / (Loss)	(250.46)	733.17	-	(5.04)	(1,313.95)	2,458.91	-	(467.89)	1,715.12

*includes financial assets & financial liabilities derecognised

Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

55.9. Unobservable inputs used in measuring fair value categorised within Level 3 and sensitivity of fair value measurement to change in unobservable market data.

As at 31 March 2021

Type of Financial Instruments	Valuation Techniques	Significant Unobservable input	Range of estimates for unobservable input	Increase in the unobservable input	Change in fair value because of increase in unobservable input	Decrease in the unobservable input	Change in fair value because of decrease in unobservable input
Investments in security receipts	Net asset value method	NAV per security receipt	₹ 850 to ₹ 987 per security receipt	5%	91.77	5%	(91.77)
	Discounted projected cash flow	Cash Flow	₹ 3,97,158.71 million	5%	2,254.42	5%	(2,251.65)
		Discount rates	12%	50 basis point	(278.82)	50 basis point	286.70
Investments in units of AIF	Net Asset approach	Fair value of underlying investments	₹ 92,370.10 million ₹ 14 to ₹ 2,30,419 per Unit NAV per unit ₹ 1,307.98 - ₹ 10,015 ₹ 249.80 million	5%	412.22	5%	(412.22)
				5%	234.33	5%	(234.33)
				5%	0.38	5%	(0.38)
				5%	12.49	5%	(12.49)
Investments in unquoted equity shares and preference shares categorised at Level 3	Comparable transaction and P/E	Fair value per share	₹ 1,080 per shares ₹ 135 to ₹ 209,453 per share ₹ 2 to ₹ 34,418 per share ₹ 209,453 per share ₹ 3,591 per unit ₹ 42.85 per share ₹ 50 to ₹ 209,453 per share	5%	29.49	5%	(29.49)
				5%	10.48	5%	(10.48)
				5%	1.05	5%	(1.05)
				5%	11.06	5%	(11.06)
				5%	5.37	5%	(5.37)
				5%	58.47	5%	(58.47)
				5%	4.13	5%	(4.13)
				5%	0.05	5%	(0.05)





Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

55.9. Unobservable inputs used in measuring fair value categorised within Level 3 and sensitivity of fair value measurement to change in unobservable market data. (Continued) As at 31 March 2021

Type of Financial Instruments	Valuation Techniques	Significant Unobservable input	Range of estimates for unobservable input	Increase in the unobservable input	Change in fair value because of increase in unobservable input	Decrease in the unobservable input	Change in fair value because of decrease in unobservable input
Loans classified as FVTPL	Comparable transaction and P/E	Discounting rate	15% - 20%	1%	A one percentage point change in the discounting rate used in fair valuation of Level 3 assets docs not have a significant impact in its value	1%	A one percentage point change in the discounting rate used in fair valuation of Level 3 assets docs not have a significant impact in its value
Warrants	Comparable transaction and P/E	Fair value of underlying investments		5%	5.60	5%	(5.60)
Debt investments classified at FVTPL	Discounted cash flow	Discount rate	17.47%	5%	(1.00)	5%	1.00
		Expected future cash flows	₹ 13,98,496 per NCD	5%	9.30	5%	(9.30)
		Fair value per instrument	₹ 98,69,011 per NCD	5%	67.25	5%	(67.25)
		Fair value per instrument	₹ 10,000 per NCD	5%	2.00	5%	(2.00)
	Fair value of index	Price per debenture	₹ 1,03,424 to ₹ 1,08,423 per debenture	5%	2.61	5%	(2.61)

Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

55.9. Unobservable inputs used in measuring fair value categorised within Level 3 and sensitivity of fair value measurement to change in unobservable market data. (Continued)

As at 31 March 2021

Type of Financial Instruments	Valuation Techniques	Significant Unobservable input	Range of estimates for unobservable input	Increase in the unobservable input	Change in fair value because of increase in unobservable input	Decrease in the unobservable input	Change in fair value because of decrease in unobservable input
Embedded derivatives in market-linked debentures issued (Assets/ liability) (net)	Fair value of index Fair value using Black Scholes model or Monte Carlo approach based on the embedded derivative	Index levels Nifty level Risk-adjusted discount rate	₹ 14,690.70 million 4.50% to 6%	5% 5% 1%	(56.87) 77.70 17.70	5% 5% 1%	56.87 (64.30) (16.60)
Debt Securities (Liability)	Discounted projected cash flow	Cash Flow	₹ 1,43,272.94 million	7,163.65	340.15	(7,163.65)	(340.15)
Land, Flats and Buildings	Discounted projected cash flow	Discount rates	12%	0.50%	(98.85)	0.50%	101.31
		Cash Flow	-	5%	-	5%	-
		Discount rates	12%	50 basis point	-	50 basis point	-





Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

55.9. Unobservable inputs used in measuring fair value categorised within Level 3 and sensitivity of fair value measurement to change in unobservable market data (continued)

As at 31 March 2020

Type of Financial Instruments	Valuation Techniques	Significant Unobservable input	Range of estimates for unobservable input	Increase in the unobservable input	Change in fair value because of increase in unobservable input	Decrease in the unobservable input	Change in fair value because of decrease in unobservable input	
Investments in security receipts	Net asset value method	NAV per security receipt	-	5%	0.0025	5%	(0.0025)	
	Discounted projected cash flow	Cash Flow	5,24,105.72	5%	3,791.53	5%	(3,791.53)	
Investments in units of AIF	Net Asset approach	Fair value of underlying investments	₹ 983 to ₹ 240,319 per unit	5%	22.19	5%	(22.19)	
			₹ 153 to ₹ 240,320 per unit	5%	85.07	5%	(85.07)	
	₹ 1,719.19 million to ₹ 12,035.98 million	5%	19.47	5%	(19.47)			
	NAV per unit ₹ 498.72	5%	1.17	5%	(1.17)			
	₹ 5,779.93 million	5%	244.70	5%	(244.70)			
	-	5%	0.66	5%	(0.66)			
Investments in unquoted equity shares and preference shares categorised at Level 3	Comparable transaction and P/E	Fair value per share	₹ 5 to ₹ 8,106 per unit	5%	8.36	5%	(8.36)	
			₹ 84 to ₹ 201,509 per share	5%	73.43	5%	(73.43)	
	Preference shares	categorised at Level 3	Fair value per share	₹ 1.40 to ₹ 18,117 per share	5%	10.71	5%	(10.71)
				₹ 166 to ₹ 201,509 per share	5%	30.34	5%	(30.34)
				₹ 1,020 per share	5%	51.00	5%	(51.00)
				₹ 7,141 per share	5%	1.85	5%	(1.85)
₹ 2,01,509 per share	5%	1.01	5%	(1.01)				
-	5%	1.77	5%	(1.77)				

Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

55.9. Unobservable inputs used in measuring fair value categorised within Level 3 and sensitivity of fair value measurement to change in unobservable market data (Continued)

As at 31 March 2020

Type of Financial Instruments	Valuation Techniques	Significant Unobservable input	Range of estimates for unobservable input	Increase in the unobservable input	Change in fair value because of increase in unobservable input	Decrease in the unobservable input	Change in fair value because of decrease in unobservable input
Debt investments classified at FVTPL	Comparable transaction and P/E	Fair value of the instrument	₹ 10,000 per NCD	5%	2.00	5%	(2.00)
Units of venture fund	Net Asset approach	Fair value of underlying investments	₹ 197,289 to ₹ 217,942 per unit	5%	5.95	5%	(5.95)
Warrants	Comparable transaction and P/E	Fair value of underlying investments	₹ 3.5 per unit of warrants	5%	2.63	5%	(2.63)
Loans classified as FVTPL	Comparable transaction value	Discounting rate	- 15% - 20%	5% 1%	7.63 A one percentage point change in the discounting rate used in fair valuation of Level 3 assets docs not have a significant impact in its value	5% 1%	(7.63) A one percentage point change in the discounting rate used in fair valuation of Level 3 assets docs not have a significant impact in its value





Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

55.9. Unobservable inputs used in measuring fair value categorised within Level 3 and sensitivity of fair value measurement to change in unobservable market data (Continued)

As at 31 March 2020

Type of Financial Instruments	Valuation Techniques	Significant Unobservable input	Range of estimates for unobservable input	Increase in the unobservable input	Change in fair value because of increase in unobservable input	Decrease in the unobservable input	Change in fair value because of decrease in unobservable input
Embedded derivatives in market-linked debentures issued (asset) (net)	Fair value using Black Scholes model or Monte Carlo approach based on the embedded derivative	Nifty levels	₹ 8,597.75 million	5%	11.36	5%	(11.36)
			0.05	5%	1.99	5%	(1.99)
			-	5%	28.19	5%	(28.19)
		Discount rates	4.5 to 10%	5%	(4.05)	5%	4.05
Embedded derivatives in market-linked debentures issued (liability) (net)	Fair value using Black Scholes model or Monte Carlo approach based on the embedded derivative	Index levels	₹ 8,597.75 million	5%	0.89	5%	(0.89)
			-	5%	-	5%	-
		Discount rates	4.5 to 10%	5%	(0.30)	5%	0.30
Non-convertible debentures issued	Discounted projected cash flow	Expected gross recoveries	1,68,797.22	5%	468.93	5%	(468.93)
			₹ 12,74,436 per NCD	5%	8.48	5%	(8.48)
		Discount rates	12% - 17.34%	5%	(123.50)	5%	123.50
Land, Flats and Buildings	Discounted projected cash flow	Cash Flow	-	5%	-	5%	-
		Discount rates	0.12	50 basis point	-	50 basis point	-



Notes to the consolidated financial statements (*Continued*)

(Currency : Indian rupees in millions)

56. Risk Management

56.1. Introduction and risk profile

The Edelweiss Group ("The Group") provides a broad range of financial products and services to a substantial and diversified client base that includes corporations, institutions and individuals. The Group's products and services span multiple asset classes and consumer segments across domestic and global geographies. The Group's key lines of business can broadly be classified as below

- o Credit (Retail Credit, Corporate Credit and Distressed Credit)
- o Franchise & Advisory (Wealth Management, Asset Management and Capital Markets)
- o Insurance (Life and General)
- o Asset reconstruction
- o Treasury

The Group's diversified businesses acts as an inherent risk management mechanism. However, the prevailing market environment exposes the Group to various risks like credit, market, liquidity, compliance, technology amongst others. As the Group is regulated various regulators in the financial industry - from RBI to NHB to SEBI to IRDA, it also exposes it to regulatory and reputation risks.

56.2. Risk management strategy:

The strategy at an execution level is supported by -

1. Four-tiered risk management structure to manage and oversee risks
2. Board and Executive Level Committees to review and approve risk exposures
3. Risk Management framework to ensure each risk the Group is exposed to is given due importance and managed through a well-defined framework and guidelines
4. Defined exposure limits and thresholds for businesses to operate
5. Well-defined Standard Operating Procedures and Product approval framework to ensure risks are mitigated at operational level
6. Adequate segregation of duties to ensure multi-layered checks and balances
7. Exception reporting framework to ensure process and policy deviations are adequately addressed

56.3. Risk management structure

To support the risk strategy and effective risk management, the Group have the "Four-tiered risk management structure" to ensure that there are enough defences available to control all types of risk issues. The risk structure is enumerated below

1. **Three lines of defense** - for accountability, oversight, and assurance
 - o **Respective Businesses and Business Risk teams** - the first line of defense own and manage the risks and are responsible for implementation of the risk management framework



Notes to the consolidated financial statements (*Continued*)

(Currency : Indian rupees in millions)

56. Risk Management (*Continued*)

56.3. Risk management structure (*Continued*)

- o **Group risk** - the second line of defense and is responsible for overseeing the risk and defining the risk management framework
- o **Corporate Controller and audit** - the third line of defense to provide independent assurance of risk management framework implementation
- 2. **Board and Executive level Committees** - for overseeing the risk management. The current Risk Management Committees are
 - o Board Risk Committee
 - o Global Risk Committee
 - o Enterprise Risk Management Council
 - o Investment and Credit Committees

The Board Risk Committee is the overseeing body for Risk Management at the Group level. The Committee meets on regular interval to review the risk profile of the Company.

The Enterprise Risk Management (ERM) Council and the Global Risk Committee serve as the Apex Risk bodies of the Group. The constituents include Chairman & CEO, Executive Directors and Group Heads of Finance, Compliance, Technology, Risk, Corporate Services as its core members. The Committee meets regularly to identify, evaluate and mitigate potential extreme risks and take risk management decisions in relation to strategic matters.

The Investment and Credit Committee serve as the Apex bodies of the Group for all credit related decisions. Respective businesses has formulated its own Investment and Credit Committees depending upon the exposure scale.

Risk management framework

The Group has a Risk Framework, which describes the risk management approach and provides clear accountability for managing risk across the Group. The framework is subject to continuous evaluation based on existing internal as well external environment.

The current "Eleven risk framework" covers the following vectors of risks

- o Business Risk
- o Credit Risk
- o Market Risk
- o Liquidity Risk
- o Regulatory Risk
- o Reputation Risk



Notes to the consolidated financial statements (*Continued*)

(Currency : Indian rupees in millions)

56. Risk Management (*Continued*)

56.3. Risk management framework (*Continued*)

- o Technology Risk
- o Operational and Process Risk
- o Fraud Risk
- o People Risk
- o Physical and Infrastructure Risk

The Group uses different types of tools and techniques for mitigating risk, depending upon the type of risk and quantum. For example:

- o Financial risks are mitigated through thorough counterparty, client assessment before any exposure is taken, and defined product/program level risk limits to ensure exposure does not exceed risk appetite. Committee based approval mechanism is adopted to ensure high exposures are approved with adequate representation and there is no bias in approvals.
- o Non-financial risks viz technology, operational, fraud, etc are mitigated through process documentation defining clear ownership for each activity, having adequate system/process level controls like maker-checker, reconciliation, testing and reviews.
- o Enterprise level risks viz. reputation, compliance, regulatory, etc are controlled through policies and framework, educating employees through training and risk socialisation sessions.

56.4. Risk management framework of General Insurance ("EGICL")

Governance framework

The core of the EGICL risk philosophy lies in the identification, measurement, monitoring and management of risk. We believe that enough is never enough when it comes to risk management: for us, it is a continuous, vital process that is an inalienable part of EGICL DNA.

Risk is therefore directly overseen at all levels in EGICL. The Governance structure can thus be seen from three focal points:

1. The Business Users would form the First Line of defence. First Line of defense would ensure that risk and control environment is established into their day to day activities. This line of defense would also:
 - A. Implement proactive and reactive risk management tools in their processes.
 - B. Review their processes for adequacy of effectiveness of controls.
 - C. Report on the level of the risks and effectiveness of controls to the second line of defense on periodic basis.
 - D. Respond to Regulatory/ Operational/ Business changes quickly and keep the second line of defense informed on the developments.



Notes to the consolidated financial statements (*Continued*)

(Currency : Indian rupees in millions)

56. Risk Management (*Continued*)

56.4. Risk management framework of General Insurance ("EGICL") (*Continued*)

2. Risk Management, and Compliance team forms part of the Second Line of Defense. The second line of defense is oversight function and would provide direction and guidance to the first line of defense for implementation of EGICL's Board driven policies. Second line of defense would also monitor implementation efficiency of these policies and provide overall oversight to the business processes and risks.
3. Independent assurance providers like internal auditors, external auditors, statutory auditors, regulatory auditors etc. forms third line of defense and provides independent assurance. Independent assurance function will have direct access to the Board of EGICL. Statutory and Regulatory auditors would have independence as per Statutory and Regulatory assurance framework of the country.

The Insurance Regulatory and Development Authority (IRDAI) vide its circular number IRDA/F&A/GDL/CG/100/05/2016 dated 18 May 2016 has issued Guidelines on Corporate Governance for the Insurance Sector. Basis the circular, the following committees form part of the overall risk governance framework:

- o Risk Management Committee
- o Audit Committee
- o Investment Committee
- o Policyholder protection Committee

The Risk Management Committee is responsible for periodic review of the risk management process to ensure that the process initiatives are aligned to the desired objectives. EGICL has Chief Risk Officer who is responsible for the implementation and monitoring of the framework. Further, the key policies adopted under the Risk Framework are as under:

- o Underwriting Policy
- o Investment Policy
- o Asset Liability Management Policy
- o Reinsurance Program
- o Information Security Policy
- o Outsourcing Policy
- o Fraud Risk Management Policy
- o Financial authority Matrix

Regulatory framework

Regulators are primarily interested in protecting the rights of policyholders and monitor them closely to ensure that the EGICL is satisfactorily managing affairs for their benefit. At the same time, regulators are also interested in ensuring that EGICL maintains an appropriate solvency position to meet unforeseeable liabilities arising from economic shocks or natural disasters. The operations of EGICL are subject to regulatory requirement within the jurisdiction it operates.



Notes to the consolidated financial statements (*Continued*)

(Currency : Indian rupees in millions)

56. Risk Management (*Continued*)

56.4. Risk management framework of General Insurance ("EGICL") (*Continued*)

Asset liability management (ALM) framework

The ALM policy adopted by EGICL helps in:

- o Understanding all risks requiring the coordination of assets and liabilities.
- o Quantify interest rate risks and equity risks.
- o Quantify the solvency position under various stresses in terms of fall in equity markets, changes in interest rates, change in new business mix and volumes, increase/decrease in loss ratios and expense ratios and other risks as deemed fit.
- o Quantify the extent of mismatch between the assets and liabilities and thereby prescribe appropriate measures to bridge the gap

Granularity of the exercise:

The analysis is carried out at an LOB level as per the IRDAI guidelines. If reserves held under any line of business fall below 5% of the total reserves as at the given valuation date the corresponding line of business is excluded for the ALM exercise.

Asset Valuation:

Asset valuation and bucketing of assets basis the duration will be as per Ind AS and IRDAI regulations. Assets will be allocated to different lines of in proportion the net technical reserves for that line of business.

Liability profiling:

The technical reserves consist of:

1. Unearned Premium Reserves (UPR)
2. Premium Deficiency Reserve (PDR)
3. Incurred But Not Reported (IBNR) reserves
4. Outstanding claims reserves

UPR and PDR can be apportioned basis the policy term outstanding. Outstanding claims reserves and IBNR will be apportioned basis the expected reserve utilisation. Where data is available the reserving techniques like Chain Ladder method can provide significant inputs on the development profile for the claims. Where data is not available, industry benchmarks or assumptions related to the claims profile will be made to arrive at the suitable run off pattern for the liabilities. The emerging claims experience will be periodically reviewed by the actuarial department to take into account any changes in the same.



Notes to the consolidated financial statements (*Continued*)

(Currency : Indian rupees in millions)

56. Risk Management (*Continued*)

56.4. Risk management framework of General Insurance ("EGICL") (*Continued*)

Insurance risk

The principal risk, EGICL faces under insurance contracts, is that the actual claims payments or the timing thereof differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of EGICL is to ensure that sufficient reserves are available to cover these liabilities.

EGICL has developed a risk strategy to manage the risks appropriately. EGICL's risk management strategy is to establish measures and controls which will assist in prevention, detection and management of risks for strong risk management system. Such risk management system will identify risk at macro as well as micro level on ongoing basis.

The risk identification, assessment and evaluation activity is followed by defining appropriate action items for ensuring effective management of the risks. EGICL mitigates the risks by careful selection of the underwriting strategy, reinsure a part of the risk with various reinsurers, diversification of all insurance contracts and acquiring business from all parts of the Country.

The main Insurance Risks that EGICL is exposed to are as follows:

- I. Product Pricing Risk: The loss ratios are assumed at the time of pricing the product. There is a risk of not pricing the products adequately due to model error/ data selection or biases / lack of relevant data or inadequate underwriting assumptions leading to losses greater than anticipated.
- II. Fraud Risk - Excessive, invalid, duplicate or fraudulent claims.
- III. Reinsurance Risk - EGICL enters into reinsurance agreements in order to mitigate insurance Risk. However, this leads to default Risk from the reinsurer at the time of claim payment or also concentration risk if all the Risk is insured to one reinsurer.
- IV. Investment Risk - Risk of loss arising from actual returns being different than expected. Credit risk due to investee enterprise defaulting on its debt payments.
- V. Expense Risk - Risk of loss arising from expense experience being different than expected.
- VI. Concentration Risk - EGICL faces concentration Risk by selling business to specific geography or by writing only single line business etc.

Control Measures:

EGICL has set up Risk Management framework to continuously monitor EGICL's experience with regard to parameters like loss ratios and investment returns. The underwriting team, with actuarial guidance, has set in place processes and procedures to review proposal.

EGICL has entered into a separate agreement with reinsurers to cover the catastrophic risks to hedge against catastrophic events leading to higher than expected claim payouts.

EGICL has been taking efforts so as to mitigate concentration risk through diversification however EGICL may still be exposed to channel concentration risk as EGICL channels are not yet fully developed. EGICL has been acquiring business from all the parts of India and thus has little geographical concentration. It also insulates EGICL from impact of catastrophic risk.



Notes to the consolidated financial statements (*Continued*)

(Currency : Indian rupees in millions)

56. Risk Management (*Continued*)

56.5. Risk management framework of Life Insurance business (“ETLIFE”)

a. Governance framework

The primary objective of the ETLIFE’s risk and financial management framework is to protect the ETLIFE’s shareholders as well as policyholders from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities.

ETLIFE has an effective Risk Management Framework in place which provides for risk identification, risk assessment and evaluation, monitoring, tracking and feedback mechanism framework to identify, evaluate business risks and opportunities.

ETLIFE has a risk balancing approach and follows the process of risk evaluation, monitoring and control. ETLIFE has structured and uniform method of risk monitoring and control through the Risk and Control Self- Assessment (RCSA) Framework.

ETLIFE continuously reviews its risk exposures and takes measures to limit it to acceptable levels. The Board of Directors has overall responsibility for the establishment and oversight of ETLIFE’s risk management framework. This is supplemented with the clear organizational structure and documented delegated authorities and responsibilities from the board of directors to various executive management committees.

b. Capital management objectives, policies and approach

The primary source of capital used by ETLIFE is Equity. ETLIFE’s policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The capital requirements are routinely forecast on a periodic basis and assessed against both the forecast available capital and the expected internal rate of return, including risk and sensitivity analysis. The process is ultimately subject to approval by the Board.

ETLIFE has established the following capital management objectives, policies and approach to managing the risks that affect its capital position:

- To comply with the insurance capital requirements that the IRDAI require. In this respect, the IRDAI has prescribed minimum solvency ratio of 150% (refer note on Capital Management for solvency ratio);
- To maintain the required level of stability of ETLIFE, thereby providing a degree of security to policyholders
- To allocate capital efficiently and support the development of business by ensuring that returns on capital employed meet the requirements of its capital providers and shareholders
- To retain financial flexibility by maintaining strong liquidity and access to a range of capital markets
- To align the profile of assets and liabilities, taking account of risks inherent in the business
- To maintain financial strength to support new business growth and to satisfy the requirements of the policyholders, regulators and stakeholders
- To maintain strong credit ratings and healthy capital ratios in order to support its business objectives and maximise shareholders value



Notes to the consolidated financial statements (*Continued*)

(Currency : Indian rupees in millions)

56. Risk Management (*Continued*)

56.5. Risk management framework of Life Insurance business (“ETLIFE”) (*Continued*)

b. Capital management objectives, policies and approach (*Continued*)

In reporting, financial strength, capital and solvency are measured using the rules prescribed by the Insurance Regulatory Authority of India (IRDAI). These regulatory capital tests are based upon required levels of solvency, capital and a series of prudent assumptions in respect of the type of business written. ETLIFE’s Capital Management Policy for its business is to hold sufficient capital to cover the statutory requirements based on the IRDAI directives and maintain a health solvency ratio.

c. Regulatory framework

Regulators are primarily interested in protecting the rights of policyholders and monitor them closely to ensure that the ETLIFE is satisfactorily managing affairs for their benefit. At the same time, regulators are also interested in ensuring that ETLIFE maintains an appropriate solvency position to meet unforeseeable liabilities arising from economic shocks or natural disasters. The operations of ETLIFE are subject to regulatory requirement within the jurisdiction it operates.

d. Asset liability management (ALM) framework

Financial risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The main risk that ETLIFE faces, due to the nature of its investments and liabilities, is interest rate risk. ETLIFE manages these positions within an ALM framework that has been developed to achieve long-term investment returns in excess of its obligations under insurance and investment contracts. The principal technique of ETLIFE’s ALM is to match assets to the liabilities arising from insurance and investment contracts by reference to the type of benefits payable to contract holders. For each distinct category of liabilities, a separate portfolio of assets is maintained.

ETLIFE’s ALM is:

- Integrated with the management of the financial risks associated with ETLIFE’s other financial assets and liabilities not directly associated with insurance and investment liabilities.
- As an integral part of the insurance risk management policy, to ensure in each period sufficient cash flow is available to meet liabilities arising from insurance and investment contracts.

ETLIFE undertakes Asset Liability Management to reduce interest rate risk. The company uses expected future cashflows from already written policies and investments to assess the interest rate risk. The ETLIFE enters into interest rate derivative contracts, solely to hedge the residual interest rate risk. Derivatives are financial instruments which attempt to mimic the economic performance of an underlying asset, security or portfolio. Interest rate derivatives include forward rate agreement, interest rate futures and Interest rate swaps.

ETLIFE uses Forward Rate agreements and Interest rate futures to minimise the exposure to fluctuations in interest rates on plan assets and liabilities. ETLIFE has a Board approved Derivative policy covering strategic objectives, limits, regulatory and operational framework. It underscores risks inherent in a derivative contract along with a system for measurement and accounting in order to have effective monitoring and control.

Hedge effectiveness is determined based on the principles laid down in the Guidance note on Derivatives issued by The Institute of Chartered Accountants of India. ETLIFE uses regression analysis to determine Hedge effectiveness. If the hedge is ineffective, then the movement in the Fair Value is charged to the Profit and Loss Account. However, if the hedge is effective, further the effective and ineffective portion of the movement in the Fair Value of the Underlying and the derivative instrument is determined by the Dollar Offset method. The effective portion is transferred to ‘Fair Value change’ account in Balance Sheet and Ineffective portion is transferred to Profit and Loss account.



Notes to the consolidated financial statements (*Continued*)

(Currency : Indian rupees in millions)

56. Risk Management (*Continued*)

56.5. Risk management framework of Life Insurance business (“ETLIFE”) (*Continued*)

d. Asset liability management (ALM) framework (*Continued*)

a. Insurance risk

ETLIFE’s main lines of business are Participating Life (Individual), Non-Participating Life (Individual and Company) and Unit Linked Life (Individual and Company). ETLIFE has presence in Non-Participating Health (Individual), Non-participating Non-linked Variable Insurance (Company), Participating Pension (Individual), Unit Linked Pension (Individual) and Non-Participating Annuity (Individual) business as well. By nature of the business, ETLIFE underwrites risks and provides financial protection. In doing so, ETLIFE is exposed to various risks.

The principal risk, ETLIFE faces under insurance contracts, is that the actual claims and benefit payments or the timing thereof differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of ETLIFE is to ensure that sufficient reserves are available to cover these liabilities.

ETLIFE has developed a risk strategy to manage the risks appropriately. ETLIFE’s risk management strategy is to establish measures and controls which will assist in prevention, detection and management of risks for strong risk management system. Such risk management system will identify risk at macro as well as micro level on ongoing basis.

The risk identification, assessment and evaluation activity is followed by defining appropriate action items for ensuring effective management of the risks. An action item for all the high risks is defined with clear owners and timelines. ETLIFE mitigates the risks by careful selection of the underwriting strategy, reinsure a part of the risk with various reinsurers, diversification of all insurance contracts and acquiring business from all parts of the Country.

b. Life Insurance Contracts and Investment Contracts with and without Discretionary Participation Features:

Ind AS 104 ‘Insurance Contracts’ requires ETLIFE to separate the Financial Instruments (investment contracts) from insurance contracts under specified conditions.

Insurance contracts are those contracts where ETLIFE has accepted significant insurance risk from the policyholders by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. Insurance and investment contracts are further classified as being either with or without DPF. DPF is a contractual right to receive, as a supplement to guaranteed benefits, additional benefits that are likely to be a significant portion of the total contractual benefits.

As a general guideline by IRDAI, ETLIFE classifies contract under insurance contract and investment contracts with DPF, if the benefit payable on death is higher by at least 5% of the premium at any time during the life of the contract for other than unit linked products.

All other contracts are classified under Investment Contracts.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire.

Investment contracts, however, can be reclassified as insurance contracts after inception if insurance risk becomes significant.



Notes to the consolidated financial statements (*Continued*)

(Currency : Indian rupees in millions)

56. Risk Management (*Continued*)

56.5. Risk management framework of Life Insurance business (“ETLIFE”) (*Continued*) (*Continued*)

- c. The main Insurance Risks that ETLIFE is exposed to are as follows:
- (i) Persistency Risk - Risk of loss arising due to policyholder experiences (lapses and surrenders) being different than expected
 - (ii) Mortality Risk - Risk of loss arising due to policyholder mortality experience being different than expected
 - (iii) Investment Risk - Risk of loss arising from actual returns being different than expected
 - (iv) Expense Risk - Risk of loss arising from expense experience being different than expected
 - (v) Reinsurance Risk - The Company enters into reinsurance agreements in order to mitigate insurance Risk. However, this leads to default Risk from the reinsurer at the time of claim payment or also concentration risk if all the Risk is insured to one reinsurer.
 - (vi) Concentration Risk - The Company faces concentration Risk by selling business to specific geography or by writing only single line business etc.

Control Measures:

ETLIFE has set up Risk Management framework to continuously monitor the ETLIFE’s experience with regard to parameters like policy lapses, premium persistency, maintenance expenses and investment returns. The underwriting team, with actuarial guidance, has set in place processes and procedures to review proposal.

Further, the possible financial effect of adverse mortality and morbidity experience has been reduced by entering into re-insurance agreements with multiple re-insurers. ETLIFE has entered into a separate agreement with reinsurers to cover the catastrophic risks under Individual and Group business to hedge against catastrophic events leading to higher than expected claim payouts.

ETLIFE has been taking efforts so as to mitigate concentration risk through diversification however ETLIFE may still be exposed to channel concentration risk as company is in 10th year of operation and all the channels are not yet fully developed. ETLIFE has been acquiring business from all the parts of India and thus has little geographical concentration. It also insulates ETLIFE from impact of catastrophic risk.

ETLIFE has a Board approved Risk Management Policy covering underwriting, claims and reserving for policy liabilities. ETLIFE has a detailed claims processing manual in place. Complicated and large claims are referred to ETLIFE’s Claims Committee.

Operational risks:

Operational risk is the risk of loss arising from system failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss. The Group cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Group is able to manage the risks. Controls include effective segregation of duties, access controls, authorisation and reconciliation procedures, staff education and assessment processes, including the use of internal audit. Business risks such as changes in environment, technology and the industry are monitored through the Group’s strategic planning and budgeting process. Operational risk: A risk arising from this category is resultant of inadequate or failed internal processes and controls, poor corporate governance or from external events such as sudden disasters crippling the operations of the Company.



Notes to the consolidated financial statements (*Continued*)

(Currency : Indian rupees in millions)

56. Risk Management (*Continued*)

56.5. Risk management framework of Life Insurance business (“ETLIFE”) (*Continued*)

Operational risks within the Company are categorized into 6 (six) types namely:

- Fraud
- Execution, delivery and process management
- Business disruption and system failures
- Clients, products and business practices
- Damage to physical assets
- Employment practices and workplace safety

Risk control and mitigation plan forms important part of the risk management processes within the Company. The Company ensures oversight on the risks by reviewing data, processes and by performing model checks at regular frequencies. Operational risk impact within the Company is rated basis frequency and severity matrix. Frequency and severity matrix is further utilized for evaluation of the risk which in turn helps in prioritization. The Company, to ensures that complete data is being processed, reconciles number of policies, premium and sum assured. The same is done by comparing Data Conversion System (DCS) output and on-off movement data as obtained from policy administration system.

The risk management team conducts an independent root cause analysis of operational risk incidents. Root cause analysis is followed by actual and potential risk exposure assessment. The root cause analysis helps to identify inadequacies in the control measures for known risks or identify new risks which need to be addressed. The resultant learning is then used to improve processes systematically.

56.6. Excessive risk concentration

Group’s diversified business model acts as an inherent mechanism to avoid excessive concentrations of risk.

Single and Group level borrower limits for wholesale lending and program level limits for retail lending have been defined as a proactive risk measure to avoid excess credit concentration. Business risk team monitor these limits as part of its regular monitoring activity. Additionally, the risk team also keeps track of Group, Industry, Collateral, Geography (for retail) level exposure concentrations. These concentrations are reviewed as part of monthly risk review meetings and also discussed in the Credit Committee, so as to avoid further exposures or reduce exposures to sector/industry/group/geography under stress.

On the trading portfolio, limit structures have been put in place to address potential concentration risks within each trading portfolio. Any exposure beyond the approved limits and losses exceeding the VaR limits gets reported as an Exception to the Global Risk Committee and is monitored by the group and business risk teams.

The Company has a Board approved Risk Management Policy. The Company has a detailed claims processing manual in place.



Notes to the consolidated financial statements (*Continued*)

(Currency : Indian rupees in millions)

56. Risk Management (*Continued*)

56.7. Credit risk

Credit risk is the risk of financial loss the Group may face due to current/potential inability or unwillingness of a customer or counterparty to meet financial /contractual obligations. Credit risk also covers the possibility of losses associated with diminution in the credit quality of borrowers or counterparties. The Group has adopted a policy of dealing with creditworthy counterparties and obtains sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. In case the loans are to be restructured, similar credit assessment process is followed by the Group.

The Group manages its credit risk through a multi-layered approach as given below

- 1) Review by the Board Risk and Global Risk Committee.
- 2) The Investment Committees (IC) for approving all credit related decisions, beyond certain levels delegated to Credit Committees. Further, individual loan specific limits as well as concentration limits are also approved by the IC and reviewed on a periodic basis.
- 3) Group risk team is responsible for industry and portfolio level monitoring and stress testing.
- 4) Business risk does day to day client level monitoring.
- 5) Independent verification of all client accounts, adherence to policies and frameworks are carried out by internal audit team.

Counterparty, client assessment is done before any exposure is taken. Assessment covers all the aspects of risk like Borrower profile, financials, and adequacy of collateral, promoter strength, repayment capability and cash flow generation. Discussions are held with independent risk and compliance teams both at Business and Group level before the credit proposals are put forward to the Committees for approval. Group has committee based approval process mechanism to ensure high exposures are approved with adequate representation from Compliance, Credit, Legal and other relevant teams so as to get a three sixty degree view on the proposal and there is no biasness.

The Group has separate credit origination and appraisal processes for wholesale, distressed and retail segments. For wholesale and distressed segment, the Group adopts underwriting standards for different client segment based on risk parameter and availability of security. For Retail segment, Group adopts underwriting standards both at product and portfolio level.

The Group uses Early Warning Signal (EWS) framework to identify risks at nascent stage. The objective is to classify the credit book on severity of risk- standard, early stage, mid stage and high stress. The classification of risk is done basis inputs from financial and non-financial parameter. An actionable matrix is defined, based on severity of the risk.

Credit monitoring is very important part of managing credit risk. Accordingly, the Group has dual layered independent monitoring of credit exposures and associated risks. A team of experienced and competent professionals, at business level as well as group level, identify and monitor these risks on an on-going basis and evolve processes/systems to monitor and control the same to keep the risks to minimum levels. On-going monitoring by them helps in identifying the risks at an early stage and taking time bound action to mitigate those risks.

Further, counterparty settlement risk associated in our broking business is managed by maintaining sufficient liquid collateral. We have well established real time limit utilisation monitoring process to ensure cover is sufficient at any given point of time.



Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

56. Risk Management (Continued)

56.7. Credit risk (Continued)

Asset quality review is also performed on a regular basis by the Global Risk Committee - the apex body for all risk related decisions. Credit Portfolio Health Check is also presented to the Board Risk Committee on a quarterly basis.

The Group applies the expected credit loss model for recognising impairment loss. For the purpose of measuring lifetime expected credit loss ('ECL') the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

The Group has separate credit origination and appraisal processes for wholesale, distressed and retail segments. For wholesale and distressed segment, the Group adopts underwriting standards for different client segment based on risk parameter and availability of security. For Retail segment, Group adopts underwriting standards both at product and portfolio level.

The expected credit loss is a product of exposure at default, probability of default and loss given default. The Group has devised an internal model to evaluate the probability of default and loss given default based on the parameters set out in Ind AS 109. Accordingly, the loans are classified into various stages for different type of business. For non-distress credit business they are classified into Stage 1 – Standard Assets with zero to thirty days past due (DPD), Stage 2 – Significant Credit Deterioration or overdue between 31 to 90 days and Stage 3 – Default Assets with overdue for more than 90 days. Further, ECL also takes into account forward looking factors like GDP growth, interest rates etc. along with historical trends.

The Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used.

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

- o An unbiased and probability weighted amount that evaluates a range of possible outcomes;
- o 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;
- o The 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 will be achieved by using the model output to adjust the PD risk component in order to make it forward looking and probability-weighted.

Group does internal grading that is based on days past due (dpd) as specified below

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



Notes to the consolidated financial statements (*Continued*)

(Currency : Indian rupees in millions)

56. Risk Management (*Continued*)

56.7. Credit risk (*Continued*)

Significant increase in credit risk (SICR)

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

Management evaluates the credit situation continuously and the current credit assessment of borrowers is based on the following factors including many factors such as;

1. Whether there is actual or expected significant change in the credit situation which entails significant increase in credit risk.
2. Whether there are existing or forecasted adverse changes in borrower's business, financial or economic conditions that are expected to cause a significant change in the borrower's ability to meet its debt obligations.
3. Based on information available at present, Whether in the longer term current adverse changes created by Covid-19 in economic and business conditions can reduce the ability of the borrower to fulfil its obligations.
4. Whether there are any significant changes in the expected performance and behavior of the borrower.
5. Whether there are expected changes in the loan documentation, including an expected breach of contract that might lead to covenant waivers or amendments, interest payment holidays, interest rate step-ups, requiring additional collateral or guarantees, or other changes to the contractual framework of the loan.

Reasonable and supportable information that is forward-looking and that is available without undue cost or effort is used by management to assess changes in credit risk.

However, considering that the current economic situation is continuously evolving, the management shall apply on regular basis any favorable or detrimental change to the borrower profiles and accordingly factor in macro/micro variables that shall represent the evolved inherent credit risk.

Probability of Default

Historical DPD data is used to calculate historic default rates for each portfolio. This is done by using transition matrix which are calculated by assessing the transition from the one DPD state to the default DPD state 12 months from the cohort date.

Loss Given Default (LGD)

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



Notes to the consolidated financial statements (*Continued*)

(Currency : Indian rupees in millions)

56. Risk Management (*Continued*)

56.7. Credit risk (*Continued*)

Exposure at Default (EAD)

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

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

Where,

Drawn Credit Line = Current outstanding amount

Credit Conversion Factor (CCF) = Expected future drawdown as a proportion of undrawn amount
Undrawn Credit Line = Difference between the total amount which the Group has committed and the drawn credit line
While the drawn exposure and limits for the customer are available, the modelling of CCF is required for computing the EAD.

Purchased or originated credit impaired (POCI)

Financial assets that are purchased or originated at a deep discount that reflects the incurred credit losses are considered to be POCI. This population includes the recognition of a new financial instrument following a renegotiation where concessions have been granted for economic or contractual reasons relating to the borrower's financial difficulty, that otherwise would not have been considered.

Forward looking adjustments

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

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

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

Data sourcing: External information includes economic data and forecasts published by governmental bodies and monetary authorities in the country, supranational organisations such as the OECD and the IMF, and selected private sector and academic forecasters. Macroeconomic information was aggregated from Economic Intelligence Unit (EIU), Bloomberg, World Bank, RBI database. The EIU data has a database of around 150 macroeconomic variables as well as their forecasted values. Beyond 2022 macro-economic variables are forecasted by mean reverting the values to their long term average.



Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

56. Risk Management (Continued)

56.7. Credit risk (Continued)

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

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

The significant economic parameters scenarios are as below:

Key Economic Parameter	Base FY +1	Base FY +2
Debt-to-GDP ratio:	18.3-18.7%	18.7-19.2%
Total factor productivity	4.0-4.5	4.4-5.0
Labor productivity growth:	5.1-5.5%	5.5-6.3%
Unemployment rate	8.5-8.8%	8.5-8.8%
Gross Domestic Product	7.0-7.5%	7.5-8.0%

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

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

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

56.7.1. Overview of modified and forborne loans

From a risk management point of view, once an asset is forborne or modified, the Group's special department for distressed assets continues to monitor the exposure until it is completely and ultimately derecognised.

The table below includes Stage 2 and 3 assets that were modified and, therefore, treated as forborne during the period, with the related modification loss suffered by the Group.

Particulars	2020-21	2019-20
Amortised costs of financial assets modified during the period	7,101.90	80.19
Net modification gains	(117.69)	(3.23)

Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

56. Risk Management (Continued)

56.7.2. Analysis of risk concentration

The following table shows the risk concentration by industry for the components of the balance sheet. Additional disclosures for credit quality and the maximum exposure for credit risk per categories based on the Group's internal grading system and year-end stage classification are further disclosed in Note 13.1.

Industry analysis - Risk concentration for 31 March 2021

Components	Financial services	Government services	Manufacturing	Retail and wholesale	Construction	Oil & gas	Services	Others	Total
Cash and bank balances	47,221.29	-	-	-	-	-	380.77	-	47,602.06
Derivative financial instruments	2,902.03	-	-	-	-	-	-	-	2,902.03
Stock in trade	2,618.02	8,636.63	1,155.70	3.06	60.97	6.13	957.39	2,308.86	15,746.76
Trade receivables	187.01	-	1,511.81	491.06	1,154.88	-	1,534.72	181.01	5,060.49
Loans	6,465.87	-	8,038.79	66,955.55	1,19,618.82	-	5,556.99	12,469.44	2,19,105.46
Investments	43,610.86	24,134.57	24,830.00	859.07	12,554.42	21.71	5,414.37	3,338.02	1,14,763.02
Other financial assets	11,811.78	287.84	-	164.29	86.22	-	3.79	274.15	12,628.07
Total	1,14,816.86	33,059.04	35,536.30	68,473.03	1,33,475.31	27.84	13,848.03	18,571.48	4,17,807.89
Other Commitments	-	-	-	1,340.64	-	-	-	-	1,340.64

Industry analysis - Risk concentration for 31 March 2020

Components	Financial services	Government services	Manufacturing	Retail and wholesale	Construction	Oil & gas	Services	Others	Total
Cash and bank balances	86,064.80	-	-	-	-	-	31.28	-	86,096.08
Derivative financial instruments	5,321.87	-	-	-	-	-	-	-	5,321.87
Stock in trade	8,474.61	7,462.91	23.58	-	1.39	61.91	556.18	877.49	17,458.07
Trade receivables	5,538.81	-	2,415.95	1,898.30	1,358.87	-	1,163.12	677.33	13,052.38
Loans	3,610.77	-	8,972.52	1,13,918.73	1,26,330.14	493.62	10,409.83	19,871.18	2,83,606.79
Investments	22,424.01	18,755.10	21,183.34	914.17	11,650.37	14.91	1,716.68	6,007.44	82,666.02
Other financial assets	6,649.97	287.80	-	1,060.46	78.62	-	139.83	85.65	8,302.33
Total	1,38,084.84	26,505.81	32,595.39	1,17,791.66	1,39,419.39	570.44	14,016.92	27,519.09	4,96,503.54
Other Commitments	-	-	-	4,491.93	505.16	-	-	-	4,997.09





Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

56. Risk Management (Continued)

56.7.3. Collateral and other credit enhancements

The tables on the following pages show the maximum exposure to credit risk by class of financial asset.

Particulars	Maximum exposure to credit risk		Principal type of collateral
	31 March 2021	31 March 2020	
Financial assets			
Loans:			
Retail Loans and Wholesale loans	2,03,638.58	2,65,105.17	Equity shares and Mutual fund units, Bonds, Property; book receivables, Land, real estate property securities, and Tangible assets , Inventories, fixed deposits & other marketable securities,Surrender Value of the Policy
Distressed assets	13,223.15	12,882.28	Tangible assets
Other credits	154.43	140.13	
Trade receivables	5,060.49	13,052.37	Equity shares, fixed deposits and bank guarantees, Securities etc.
Debt instruments at amortised cost	1,305.81	243.86	Government security and Book debts (including Highly liquid Central/State Government securities & high rated Corporate Bonds)
Total financial assets at amortised cost	2,23,382.46	2,91,423.81	
Derivative financial instruments	2,902.03	5,321.87	Margin money
Financial assets at FVTPL	70,802.54	66,840.26	Tangible assets, Warrants
Financial instrument designated at fair value through profit or loss	10,726.26	7,446.04	Tangible assets and Highly liquid Central/State Government securities, high rated Corporate Bonds and liquid Mutual fund units
Total financial instruments at fair value through profit or loss	84,430.83	79,608.17	
Debt instruments at fair value through OCI	16,846.91	14,615.77	Government security and Book debts
Total debt instruments at fair value through OCI	16,846.91	14,615.77	
Other commitments (max exposure)	5,301.84	16,556.52	Property, book receivables, Tangible Assets, Equity Shares, Mutual Fund units, Land, Office Space, Flats, Bungalow, Penthouse, Row house and Commodities.
Total	3,29,962.04	4,02,204.27	

The Group has not entered in to any credit derivative to mitigate above credit risk



Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

56. Risk Management (Continued)

56.7.4. Fair value of collateral held for stage 3 assets

The below tables provide an analysis of the current fair values of collateral held and credit enhancements for stage 3 assets. Dependent on the level of collateral, some Stage 3 exposures may not have individual ECLs when the expected value of the collateral is greater than the LGD, even in if the future value of collateral is forecast using multiple economic scenarios.

As at 31 March 2021

Particulars	Maximum exposure to credit risk (carrying amount before ECL)	Associated ECL	Carrying amount	Fair value of collateral
Financial assets				
Loans:				
Retail and wholesale loans	60,248.59	13,515.54	46,733.06	51,894.87
Distressed assets	3,207.01	517.04	2,689.97	10,054.61
Total financial assets at amortised cost	63,455.60	14,032.58	49,423.03	61,949.48
Debt instruments at fair value through OCI	674.27	(11.40)	685.67	685.67
Total	64,129.87	14,021.18	50,108.70	62,635.15
Loan commitments	138.98	1.40	137.58	20.28
Financial guarantee contracts	-	-	-	-
Total	64,268.85	14,022.58	50,246.28	62,655.43

As at 31 March 2020

Particulars	Maximum exposure to credit risk (carrying amount before ECL)	Associated ECL	Carrying amount	Fair value of collateral
Financial assets				
Loans:				
Retail and wholesale loans	56,625.97	8,413.81	48,212.16	65,513.60
Distressed assets	3,288.03	537.37	2,750.66	13,657.64
Total financial assets at amortised cost	59,914.00	8,951.18	50,962.82	79,171.24
Debt instruments at fair value through OCI	1,258.00	438.94	819.06	819.06
Total	61,172.00	9,390.12	51,781.88	79,990.30
Loan commitments	127.38	0.19	127.19	134.96
Financial guarantee contracts	-	-	-	-
Total	61,299.38	9,390.31	51,909.07	80,125.26



Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

56. Risk Management (Continued)

56.7.5 Margin received from clients

Particulars		31 March 2021*	31 March 2020
Cash margin	A	-	17,699.53
Non cash margin			
Securities**		-	24,470.53
Fixed deposits		-	13,127.90
Bank guarantee		-	2,054.23
Total non cash margin	B	-	39,652.66
Total margin received	(A+B)	-	57,352.19

* Refer Note 67

** Securities received as non cash margin from clients as collateral are held in the a subsidiary's client demat account

56.8 Liquidity risk and funding management

Liquidity risk emanates from the mismatches existing on the balance sheet due to differences in maturity and repayment profile of assets and liabilities. These mismatches could either be forced in nature due to market conditions or created with an interest rate view. Such risk can lead to a possibility of unavailability of funds to meet upcoming obligations arising from liability maturities. To avoid such a scenario, Edelweiss has ensured maintenance of a Liquidity Cushion in the form of Fixed Deposits, Mutual Funds, Cash, G-Sec, etc. These assets carry minimal credit risk and can be liquidated in a very short period of time. A liquidity cushion amounting to 10-12% of the borrowings is sought to be maintained through such assets. These would be to take care of immediate obligations while continuing to honour our commitments as a going concern. There are available lines of credit from banks which are drawable on notice which further augment the available sources of funds. Funding is raised through diversified sources including Banks, Retail issue, Mutual Funds, ECB, Sub Debt etc to maintain a healthy mix.

Group has a Liquidity Contingency Policy in place to ensure various liquidity parameters are defined and tracked regularly. Liquidity Management Team is provided with update on expected liquidity shortfalls in Normal as well as Stress scenario. A detailed set of activities have been defined to be executed during stress scenario.

56.8.1. Analysis of financial liabilities, financial assets, derivatives and financial commitments by remaining contractual maturities

The table below summarises the maturity profile of the undiscounted cash flows of the Group's financial liabilities, financial assets, derivatives and financial commitments as at 31 March.

The tables have been drawn up based on the undiscounted cash flows i.e. the tables include both interest and principal cashflows. The contractual maturity with respect to financial liabilities is based on the earliest date on which the Group can be required to pay. To the extent that interest flows are at floating rate, the undiscounted amount is derived based on the interest rates in force at the balance sheet date. Further, with regards to amounts payable in currencies other than Indian Rupees, the amounts are determined based on the spot exchange rates at the balance sheet date. The analysis with respect to financial assets is based on expected maturities. All derivatives which are entered into for trading purposes are shown in the earliest time band. With respect to other derivatives, the remaining contractual maturity information has been given based on undiscounted cash flows.



Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

56. Risk Management (Continued)

56.8.1. Analysis of financial liabilities, financial assets, derivatives and financial commitments by remaining contractual maturities (Continued)

As at 31 March 2021

Non-derivative financial liabilities	Upto 3 months	Between 3 to 6 months	Between 6 months to 1 year	Between 1 year to 3 years	More than 3 years	Total
Trade payables	2,865.23	714.42	1,025.60	197.80	91.73	4,894.78
Borrowings (other than debt securities)	34,791.55	12,343.26	19,934.53	38,318.34	6,300.57	1,11,688.25
Debt securities	7,343.32	14,710.24	42,818.97	79,343.38	81,349.29	2,25,565.20
Subordinated financial liabilities	315.25	67.82	1,702.04	6,014.60	13,835.67	21,935.38
Deposits	96.01	-	-	-	-	96.01
Lease liabilities	52.87	65.07	90.38	420.43	305.25	934.00
Other financial liabilities	5,971.51	3,232.87	1,538.08	9,286.23	22,548.73	42,577.42
Total undiscounted non-derivative financial liabilities	51,435.74	31,133.68	67,109.60	1,33,580.78	1,24,431.24	4,07,691.04

Non-derivative financial assets	Upto 3 months	Between 3 to 6 months	Between 6 months to 1 year	Between 1 year to 3 years	More than 3 years	Total
Cash and cash equivalent and other bank balances	40,452.74	199.98	1,844.94	520.77	5,247.99	48,266.42
Stock-in-trade	13,739.20	1,758.68	320.03	4.50	14.46	15,836.87
Trade receivables	2,103.50	840.16	1,294.20	3,188.03	-	7,425.89
Loans	50,966.15	13,240.26	31,178.66	95,561.14	1,05,814.88	2,96,761.09
Investments at fair value through profit or loss	1,967.86	7,185.97	10,136.33	23,567.55	22,060.69	64,918.40
Investments at fair value through profit or loss pledged as collateral	808.51	1,618.45	4,139.25	18,601.85	31,159.90	56,327.96
Investments at designated fair value through profit or loss	211.37	166.37	385.33	3,353.42	17,940.98	22,057.47
Investments at FVOCI	458.59	175.60	1,066.74	2,447.63	41,652.72	45,801.28
Investments at FVOCI pledged as collateral	-	-	-	-	-	-
Investments at amortised cost	350.48	82.55	868.92	-	418.39	1,720.34
Investments at amortised cost pledged as collateral	-	-	-	-	-	-
Other financial assets	10,915.54	300.00	145.04	530.21	737.36	12,628.15
Total undiscounted non-derivative financial assets	1,21,973.94	25,568.02	51,379.44	1,47,775.10	2,25,047.37	5,71,743.87

Derivatives	Upto 3 months	Between 3 to 6 months	Between 6 months to 1 year	Between 1 year to 3 years	More than 3 years	Total
Net settled derivatives entered into for trading purposes	1,696.86	-	-	-	-	1,696.86
Other net settled derivatives	151.67	(12.69)	(427.72)	(662.08)	(39.91)	(990.73)
Total	1,848.53	(12.69)	(427.72)	(662.08)	(39.91)	706.13

Commitments	Upto 3 months	Between 3 to 6 months	Between 6 months to 1 year	Between 1 year to 3 years	More than 3 years	Total
Undrawn loan and other commitments	3,838.13	118.14	4,144.86	938.99	323.20	9,363.32

The Group has undrawn lines of credit available aggregating ₹ 5,856.88 million as at 31 March 2021 to meet any possible liquidity shortfall.



Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

56. Risk Management (Continued)

56.8.1. Analysis of financial liabilities, financial assets, derivatives and financial commitments by remaining contractual maturities (Continued)

As at 31 March 2020

Non-derivative financial liabilities	Upto 3 months	Between 3 to 6 months	Between 6 months to 1 year	Between 1 year to 3 years	More than 3 years	Total
Trade payables	11,256.29	902.20	571.41	103.73	-	12,833.63
Borrowings (other than debt securities)	28,590.53	12,286.70	34,885.71	52,777.65	11,297.61	1,39,838.20
Debt securities	34,613.77	9,381.40	25,959.02	85,511.34	98,281.62	2,53,747.15
Subordinated financial liabilities	5,173.95	574.90	523.28	4,184.58	14,931.56	25,388.27
Deposits	2,615.49	-	-	-	-	2,615.49
Lease liabilities	144.97	113.00	217.89	965.48	586.75	2,028.09
Other financial liabilities	4,013.79	583.62	2,093.48	4,593.35	2,838.75	14,122.99
Total undiscounted non-derivative financial liabilities	86,408.79	23,841.82	64,250.79	1,48,136.13	1,27,936.29	4,50,573.82

Non-derivative financial assets	Upto 3 months	Between 3 to 6 months	Between 6 months to 1 year	Between 1 year to 3 years	More than 3 years	Total
Cash and cash equivalent and other bank balances	60,576.50	6,884.90	10,679.90	478.07	5,124.01	83,743.38
Stock-in-trade	12,355.29	221.10	4,941.33	4.45	12.91	17,535.08
Trade receivables	7,422.74	1,607.02	2,945.43	3,208.08	4.59	15,187.86
Loans	23,382.18	21,241.83	43,642.30	1,01,060.42	1,20,484.61	3,09,811.34
Investments at fair value through profit or loss	699.68	168.62	1,310.20	11,189.22	31,958.41	45,326.13
Investments at fair value through profit or loss pledged as collateral	2,372.03	1,060.57	6,497.96	15,959.27	31,837.66	57,727.49
Investments at designated fair value through profit or loss	211.54	30.15	279.39	1,834.55	15,041.73	17,397.36
Investments at FVOCI	429.74	402.37	775.26	2,830.82	34,542.89	38,981.08
Investments at FVOCI pledged as collateral	-	-	-	-	-	-
Investments at amortised cost	240.00	-	-	-	-	240.00
Investments at amortised cost pledged as collateral	-	-	-	-	-	-
Other financial assets	6,457.29	470.15	1,186.99	866.25	175.43	9,156.11
Total undiscounted non-derivative financial assets	1,14,146.99	32,086.71	72,258.76	1,37,431.13	2,39,182.24	5,95,105.83

Derivatives	Upto 3 months	Between 3 to 6 months	Between 6 months to 1 year	Between 1 year to 3 years	More than 3 years	Total
Net settled derivatives entered into for trading purposes	(1,437.14)	-	-	-	-	(1,437.14)
Other net settled derivatives	2,016.29	(466.09)	47.02	1,091.99	(4.37)	2,684.84
Total	579.15	(466.09)	47.02	1,091.99	(4.37)	1,247.70

Commitments	Upto 3 months	Between 3 to 6 months	Between 6 months to 1 year	Between 1 year to 3 years	More than 3 years	Total
Undrawn loan and other commitments	1,695.87	15,785.86	4,820.94	807.28	931.00	24,040.95

The Group has undrawn lines of credit aggregating ₹ 20,423.68 million as at 31 March 2020 to meet any possible liquidity shortfall.



Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

56. Risk Management (Continued)

56.9. Market Risk:

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

Exposure to market risk

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

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

Foreign exchange risk - Our foreign exposure is limited to capital investment in our Group entities outside India and profits/loss generated by these entities. The Treasury Unit aggregates the foreign exchange exposure emerging out these outflows/inflows and the same is hedged to ensure we do not run any foreign exchange risk in our books. Positions are regularly monitored by the Treasury Unit and rebalanced based on the inflow and outflow of funds.

Equity price risk - The Treasury and Balance Sheet Management Units effectively evaluates various risks involved in underlying assets in trading and non-trading books respectively

Interest rate risk

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

The following table demonstrates the sensitivity to a reasonably possible change in interest rates (all other variables being constant) of the Group's statement of profit and loss and equity. The sensitivity to profit before tax is the effect of the assumed changes in interest rates on the profit before tax for the year, based on the floating rate financial assets and financial liabilities held at reporting date. Thus, the sensitivity analysis has been prepared assuming the amount of the floating-rate financial liability and financial assets outstanding at the end of the reporting period was outstanding for the whole year. The sensitivity of equity is calculated by revaluing the fixed rate FVOCI, including the effect at reporting date for the effects of the assumed changes in interest rates.

Currency of item	2020-21					
	Increase in basis points	Effect on profit before tax	Effect on Equity	Decrease in basis points	Effect on profit before tax	Effect on Equity
INR	25.00	(264.82)	(423.24)	25.00	264.82	423.24
INR	5.00	0.15	-	5.00	(0.15)	-

Currency of item	2019-20					
	Increase in basis points	Effect on profit before tax	Effect on Equity	Decrease in basis points	Effect on profit before tax	Effect on Equity
INR	25.00	(483.18)	(383.89)	25.00	483.18	383.89



Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

56. Risk Management (Continued)

56.9. Market Risk: (Continued)

Currency risk:

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Foreign currency risk arise majorly on account of foreign currency borrowings.

The table below indicates the currencies to which the Group had significant exposure at the end of the reported periods.

Currency	2020-21					
	Increase in exchange rate (%)	Effect on profit before tax	Effect on Equity	Decrease in exchange rate (%)	Effect on profit before tax	Effect on Equity
US dollar	5.00	(221.29)	-	5.00	221.29	-
Others	5.00	2.25	-	5.00	(2.25)	-

Currency	2019-20					
	Increase in exchange rate (%)	Effect on profit before tax	Effect on Equity	Decrease in exchange rate (%)	Effect on profit before tax	Effect on Equity
US dollar	5.00	0.50	-	5.00	(0.50)	-
INR*	5.00	(10.15)	-	5.00	10.15	-
Others	5.00	(43.02)	-	5.00	43.02	-

* This is on account of items denominated in Indian Rupees held by certain foreign companies in the Group having functional currency other than INR

Equity Price risk:

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

Impact on	2020-21					
	Increase in equity price (%)	Effect on profit before tax	Effect on Equity	Decrease in equity price (%)	Effect on profit before tax	Effect on Equity
Derivatives	5.00	537.19	(1.97)	5.00	(537.19)	1.97
Others	5.00	670.76	0.06	5.00	(670.76)	(0.06)

Impact on	2019-20					
	Increase in equity price (%)	Effect on profit before tax	Effect on Equity	Decrease in equity price (%)	Effect on profit before tax	Effect on Equity
Derivatives	5.00	(103.10)	(1.32)	5.00	103	1.32
Others	5.00	512.59	0.06	5.00	(512.59)	(0.06)



Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

56. Risk Management (Continued)

56.9. Market Risk: (Continued)

Index price risk:

Index price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the level of equity indices.

Impact on	2020-21					
	Increase in index price (%)	Effect on profit before tax	Effect on Equity	Decrease in index price (%)	Effect on profit before tax	Effect on Equity
Derivatives	5.00	11.68	-	5.00	(11.68)	-
Others	5.00	(50.89)	-	5.00	50.89	-

Impact on	2019-20					
	Increase in index price (%)	Effect on profit before tax	Effect on Equity	Decrease in index price (%)	Effect on profit before tax	Effect on Equity
Derivatives	5.00	(435.78)	-	5.00	435.78	-
Others	5.00	38.37	-	5.00	(38.37)	-

Other price risk:

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the level of market prices other than equity and index prices.

Impact on	2020-21					
	Increase in price (%)	Effect on profit before tax	Effect on Equity	Decrease in price (%)	Effect on profit before tax	Effect on Equity
Security receipts of ARC trusts	5.00	91.77	-	5.00	(91.77)	-
Units of AIFs and Trusts	5.00	3.17	-	5.00	(3.17)	-
Others	5.00	471.74	31.71	5.00	(471.74)	(31.71)

Impact on	2019-20					
	Increase in price (%)	Effect on profit before tax	Effect on Equity	Decrease in price (%)	Effect on profit before tax	Effect on Equity
Security receipts of ARC trusts	5.00	23.93	-	5.00	(23.93)	-
Units of AIFs and Trusts	5.00	25.22	-	5.00	(25.22)	-
Others	5.00	397.06	132.70	5.00	(397.06)	(132.70)



Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

57. Impact of Covid

The COVID-19 pandemic outbreak across the world including India has resulted in most countries announcing lockdowns and quarantine measures that have sharply stalled economic activities across the world. The Indian Government too has imposed lockdowns starting from 24 March 2020. Subsequently, the national lockdown was lifted by the government for certain activities in a phased manner outside specified containment zones, but regional lockdowns/restrictions continued to be implemented in areas with a significant number of COVID-19 cases. The Indian economy is impacted and would continue to be impacted by this pandemic and the resultant lockdown, due to the contraction in industrial and services output across small and large businesses. The impact of the COVID-19 pandemic, including the current “second wave” on Group’s financial statements, including credit quality and provisions, gain/loss on fair value changes, investment, remains uncertain and dependent on the current and further spread of COVID-19, steps taken by the government, RBI and other regulators to mitigate the economic impact and also the time it takes for economic activities to resume and reach the normal levels. Further, the Group has assessed the impact of the COVID-19 pandemic on its liquidity and ability to repay its obligations as and when they are due. Management has considered various financial support from banks and other fundraising opportunities in determining the Group liquidity position over the next 12 months. Based on the foregoing and necessary stress tests considering various scenarios, management believes that the Group will be able to pay its obligations as and when these become due in the foreseeable future. In assessing the recoverability of loans, receivables, deferred tax assets and investments, the Group has considered internal and external sources of information, including credit reports, economic forecasts and industry reports up to the date of approval of these financial statements. Since the situation continue to evolve, its effect on the operations of the Group may be different from that estimated as at the date of approval of these financial statements. The Group will continue to closely monitor material changes in markets and future economic conditions.

58. Composition of the Group

Sr.	Name of the Entity	Note	Country of Incorporation	Proportion of ownership interest as at 31-Mar-2021	Proportion of ownership interest as at 31-Mar-2020
Subsidiaries					
1	ECL Finance Limited	-	India	100.00%	100.00%
2	Edelcap Securities Limited	-	India	100.00%	100.00%
3	Edelweiss Asset Management Limited	-	India	100.00%	100.00%
4	ECap Equities Limited	-	India	100.00%	100.00%
5	Edelweiss Trusteeship Company Limited	-	India	100.00%	100.00%
6	Edelweiss Housing Finance Limited	-	India	100.00%	100.00%
7	Edelweiss Investment Adviser Limited	-	India	100.00%	100.00%
8	EC Commodity Limited	-	India	100.00%	100.00%
9	Edel Land Limited	-	India	100.00%	100.00%
10	Edel Investments Limited	-	India	100.00%	100.00%
11	Edelweiss Rural & Corporate Services Limited	-	India	100.00%	100.00%
12	Edelweiss Comtrade Limited	i	India	100.00%	100.00%
13	Edel Finance Company Limited	-	India	100.00%	100.00%
14	Edelweiss Retail Finance Limited	-	India	100.00%	100.00%
15	Edelweiss Multi Strategy Fund Advisors LLP	k	India	100.00%	100.00%
16	Edelweiss Resolution Advisors LLP	-	India	100.00%	100.00%
17	Edelweiss General Insurance Company Limited	-	India	100.00%	100.00%
18	Edelweiss Securities and Investments Private Limited	-	India	100.00%	100.00%
19	EC International Limited	-	Mauritius	100.00%	100.00%
20	EAAA LLC	-	Mauritius	100.00%	100.00%
21	Edelweiss Capital (Singapore) Pte. Limited	g	Singapore	-	100.00%



Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

58. Composition of the Group (Continued)

Sr.	Name of the Entity	Note	Country of Incorporation	Proportion of ownership interest as at 31-Mar-2021	Proportion of ownership interest as at 31-Mar-2020
Subsidiaries (Continued)					
22	Edelweiss Alternative Asset Advisors Pte. Limited	-	Singapore	100.00%	100.00%
23	Edelweiss International (Singapore) Pte. Limited	-	Singapore	100.00%	100.00%
24	Aster Commodities DMCC	h	United Arab Emirates	100.00%	100.00%
25	Edelgive Foundation	-	India	100.00%	100.00%
26	Edelweiss Alternative Asset Advisors Limited	-	India	99.05%	95.00%
27	Edelweiss Gallagher Insurance Brokers Limited	-	India	70.00%	74.00%
28	Edelweiss Private Equity Tech Fund	-	India	95.60%	88.90%
29	Edelweiss Value and Growth Fund	-	India	70.05%	88.90%
30	Edelweiss Asset Reconstruction Company Limited	-	India	59.84%	59.84%
31	EW Special Opportunities Advisors LLC	j	Mauritius	67.00%	67.00%
32	Edelweiss Tokio Life Insurance Company Limited	-	India	51.00%	51.00%
33	Allium Finance Private Limited	-	India	70.00%	70.00%
34	Edelweiss Securities Limited	m	India	-	100.00%
35	Edelweiss Finance & Investments Limited	m	India	-	100.00%
36	Edelweiss Broking Limited	m	India	-	100.00%
37	Edelweiss Custodial Services Limited	m	India	-	100.00%
38	Edelweiss Securities (IFSC) Limited	m	India	-	100.00%
39	ESL Securities Limited	m	India	-	100.00%
40	Edelweiss Investment Advisors Private Limited	m	Singapore	-	100.00%
41	Edelweiss Financial Services (UK) Limited	m	United Kingdom	-	100.00%
42	Edelweiss Financial Services Inc.	m	United States of America	-	100.00%
43	Edelweiss Securities (Hong Kong) Private Limited	m	Hong Kong	-	100.00%
44	Edelweiss Global Wealth Management Limited	l	India	100.00%	100.00%
45	Edelweiss Finvest Limited	a	India	-	100.00%
46	EC Global Limited	b	Mauritius	-	100.00%
47	Lichen Metals Private Limited	c	India	-	100.00%
48	Edelweiss Capital Services Limited	d	India	51.00%	-
49	India Credit Investments Fund - II	e	India	100.00%	-
Associate					
1	Edelweiss Securities Limited	m	India	38.53%	-
Group stake in trusts					
	Trust Name		Country of Incorporation	Proportion of ownership interest as at 31-Mar-2021	Proportion of ownership interest as at 31-Mar-2020
1	EARC SAF - 2 Trust	-	India	100.00%	100.00%
2	EARC Trust - SC 6	-	India	100.00%	100.00%
3	EARC Trust - SC 7	-	India	100.00%	100.00%
4	EARC Trust - SC 9	-	India	100.00%	100.00%
5	EARC Trust - SC 102	-	India	100.00%	100.00%



Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

58. Composition of the Group (Continued) Group stake in trusts (Continued)

	Trust Name		Country of Incorporation	Proportion of ownership interest as at 31-Mar-2021	Proportion of ownership interest as at 31-Mar-2020
6	EARC Trust - SC 109	-	India	50.00%	50.00%
7	EARC Trust - SC 112	-	India	100.00%	100.00%
8	EARC Trust - SC 130	-	India	100.00%	100.00%
9	EARC SAF - 3 Trust	-	India	46.00%	46.00%
10	EARC Trust - SC 223	-	India	100.00%	100.00%
11	EARC Trust - SC 229	-	India	100.00%	100.00%
12	EARC Trust - SC 238	-	India	100.00%	100.00%
13	EARC Trust - SC 245	-	India	37.00%	37.00%
14	EARC Trust - SC 251	-	India	100.00%	100.00%
15	EARC Trust - SC 266	-	India	100.00%	100.00%
16	EARC Trust - SC 262	-	India	37.00%	37.00%
17	EARC Trust - SC 263	-	India	100.00%	100.00%
18	EARC Trust - SC 293	-	India	100.00%	100.00%
19	EARC Trust - SC 297	-	India	37.00%	37.00%
20	EARC Trust - SC 308	-	India	100.00%	100.00%
21	EARC Trust - SC 314	-	India	100.00%	100.00%
22	EARC Trust - SC 325	-	India	100.00%	100.00%
23	EARC Trust - SC 329	-	India	100.00%	100.00%
24	EARC Trust - SC 331	-	India	100.00%	100.00%
25	EARC Trust - SC 306	-	India	50.00%	50.00%
26	EARC Trust - SC 321	-	India	100.00%	100.00%
27	EARC Trust - SC 334	-	India	100.00%	100.00%
28	EARC Trust - SC 318	-	India	100.00%	100.00%
29	EARC Trust - SC 332	-	India	100.00%	100.00%
30	EARC Trust - SC 348	-	India	100.00%	100.00%
31	EARC Trust - SC 349	-	India	100.00%	100.00%
32	EARC Trust - SC 352	-	India	100.00%	100.00%
33	EARC Trust - SC 357	-	India	100.00%	100.00%
34	EARC SAF - 1 Trust	-	India	100.00%	100.00%
35	EARC Trust - SC 298	-	India	100.00%	100.00%
36	EARC Trust - SC 342	-	India	100.00%	100.00%
37	EARC Trust - SC 347	-	India	100.00%	100.00%
38	EARC Trust - SC 351	-	India	100.00%	100.00%
39	EARC Trust - SC 360	-	India	100.00%	100.00%
40	EARC Trust - SC 361	-	India	100.00%	100.00%
41	EARC Trust - SC 363	-	India	100.00%	100.00%
42	EARC Trust - SC 344	-	India	100.00%	100.00%
43	EARC Trust - SC 370	-	India	100.00%	100.00%
44	EARC Trust - SC 381	-	India	100.00%	100.00%
45	EARC Trust - SC 383	-	India	100.00%	100.00%
46	EARC Trust - SC 386	-	India	100.00%	100.00%
47	EARC Trust - SC 384	-	India	100.00%	100.00%
48	EARC Trust - SC 391	-	India	100.00%	100.00%



Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

58. Composition of the Group (Continued) Group stake in trusts (Continued)

Trust Name	Country of Incorporation	Proportion of ownership interest as at 31-Mar-2021	Proportion of ownership interest as at 31-Mar-2020
49 EARC Trust - SC 395	- India	100.00%	100.00%
50 EARC Trust - SC 392	- India	100.00%	100.00%
51 EARC Trust - SC 372	- India	100.00%	100.00%
52 EARC Trust - SC 373	- India	100.00%	100.00%
53 EARC Trust - SC 374	- India	100.00%	100.00%
54 EARC Trust - SC 393	- India	100.00%	100.00%
55 EARC Trust - SC 380	- India	100.00%	100.00%
56 EARC Trust - SC 387	- India	100.00%	100.00%
57 EARC Trust - SC 388	- India	100.00%	100.00%
58 EARC Trust - SC 375	- India	100.00%	100.00%
59 EARC Trust - SC 399	- India	100.00%	100.00%
60 EARC Trust - SC 394	- India	100.00%	100.00%
61 EARC Trust - SC 385	- India	100.00%	100.00%
62 EARC Trust - SC 401	- India	100.00%	100.00%
63 EARC Trust - SC 402	- India	100.00%	100.00%
64 EARC Trust - SC 376	- India	100.00%	100.00%
65 EARC Trust SC 406	- India	100.00%	-
66 EARC Trust SC 377	- India	100.00%	-
67 EARC Trust SC 378	- India	100.00%	-
68 EARC Trust SC 396	- India	100.00%	-
69 EARC Trust SC 410	- India	100.00%	-
70 EARC Trust SC 405	- India	100.00%	-
71 EARC Trust SC 428	- India	100.00%	-
72 EARC Trust SC 429	- India	100.00%	-
73 EARC Trust SC 412	- India	100.00%	-
74 EARC Trust SC 415	- India	100.00%	-
75 EARC Trust SC 430	- India	100.00%	-
76 EARC Trust SC 427	- India	100.00%	-

Notes:

- With effect from 01 April 2019, Edelweiss Finvest Limited have been merged with Edel Finance Company Limited, a subsidiary of the Group, pursuant to the scheme of arrangement approved by National Company Law Tribunal vide its Order dated 22 February 2021.
- With effect from 01 September 2020, EC Global Limited have been merged with EC International Limited, a subsidiary of the Group, pursuant to the scheme of arrangement approved by National Company Law Tribunal.
- With effect from 30 March 2021, Lichen Metals Private Limited is sold and ceased to become the subsidiary of the Group and has not been consolidated from the said date.
- On 12 February 2021, a new subsidiary namely Edelweiss Capital Services Limited is incorporated under Group. Edelweiss Financial Services Limited holds 51% stake of Edelweiss Capital Services Limited and has been consolidated from the said date.



Notes to the consolidated financial statements (*Continued*)

(Currency : Indian rupees in millions)

58. Composition of the Group (*Continued*)

Notes: (*Continued*)

- e) With effect from 31 March 2021, Ecap Equities Limited and Edelweiss Rural & Corporate Services Limited, subsidiaries of the Group has invested in the Fund namely, India Credit Investments Fund - II, whereby 100% stake is owned by the Group. Accordingly, India Credit Investments Fund - II is fully controlled by the Group and accordingly has been consolidated from the said date.
- f) With effect from 01 September 2020, Edel Land Limited a subsidiary of the Group has acquired 100% stake in Everest Securities & Finance Limited. Subsequently, with effect from 26 March 2021 Everest Securities & Finance Limited got merged into Edel Land Limited. Accordingly same has been consolidated from said dated.
- g) With effect from 23 December 2020 Edelweiss Capital (Singapore) Pte. Limited, subsidiary of the Group has windup and accordingly consolidated till the said date.
- h) Aster Commodities DMCC, a subsidiary of the Group has changed its basis of accounting for periods subsequent to March 30, 2021 from the going concern basis to a liquidation basis.
- i) Edelweiss Comtrade Limited, a subsidiary of the Group has ceased its operation and does not have any business activity planned for future. Accordingly the financial statements for the year have been prepared on a non-going concern basis.
- j) EW Special Opportunities Advisors LLC, a subsidiary of the Group has changed its basis of accounting for periods subsequent to 31 December 2020 from the going concern basis to a liquidation basis.
- k) Edelweiss Multi Strategy Fund Advisors LLP, a subsidiary of the Group has ceased its operation and does not have any business activity planned for future. Accordingly the Financial Statements for the year have been prepared on a non-going concern basis.
- l) Edelweiss Financial Services Limited holds 100% of share capital of Edelweiss Global Wealth Management Limited (EGWML) before considering the effect of compulsory convertible debentures (CCD) issued by EGWML.
- m) Refer note 67

Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

59 Additional Information, as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as Subsidiary

Sr. No.	Name of the Entity	Net Assets i.e. Total Assets minus Total Liabilities		Share in Profit or Loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
		As % of consolidated net assets	Amount (₹ in Million)	As % of consolidated profit or loss	Amount (₹ in Million)	As % of consolidated other comprehensive income	Amount (₹ in Million)	As % of consolidated total comprehensive income	Amount (₹ in Million)
Parent	Edelweiss Financial Services Limited	53.74%	41,259.86	282.06%	7,162.08	(53.09)%	9.54	284.45%	7,171.63
Subsidiaries									
	Indian								
1	Edelweiss Securities Limited*	-	-	21.08%	535.30	(333.99)%	60.04	23.61%	595.34
2	Edelweiss Finance & Investments Limited*	-	-	4.75%	120.53	(14.96)%	2.69	4.89%	123.22
3	ECL Finance Limited	32.33%	24,823.27	0.88%	22.34	(96.46)%	17.34	1.57%	39.68
4	Edelweiss Global Wealth Management Limited*	-	-	(7.39)%	(187.62)	1.59%	(0.29)	(7.45)%	(187.91)
5	Edelweiss Gallagher Insurance Brokers Limited	1.70%	1,304.34	5.74%	145.69	(2.47)%	0.44	5.80%	146.13
6	Edelcap Securities Limited	0.68%	519.40	(22.71)%	(576.73)	33.01%	(5.93)	(23.11)%	(582.66)
7	Edelweiss Asset Management Limited	2.10%	1,611.99	1.88%	47.81	(11.96)%	2.15	1.98%	49.96
8	ECap Equities Limited	1.45%	1,113.47	(158.79)%	(4,031.88)	4.35%	(0.78)	(159.95)%	(4,032.66)
9	Edelweiss Broking Limited*	-	-	1.24%	31.44	(43.93)%	7.90	1.56%	39.34
10	Edelweiss Trusteeship Company Limited	0.01%	4.93	0.01%	0.16	0.06%	(0.01)	0.01%	0.15
11	Edelweiss Housing Finance Limited	9.94%	7,627.99	1.47%	37.34	12.28%	(2.21)	1.39%	35.13
12	Edelweiss Investment Adviser Limited	(10.33)%	(7,933.17)	(207.97)%	(5,280.88)	(0.17)%	0.03	(209.46)%	(5,280.85)
13	EC Commodity Limited	(0.20)%	(153.09)	(3.38)%	(85.79)	(0.03)%	0.01	(3.40)%	(85.78)
14	Edel Land Limited	0.10%	76.18	(10.06)%	(255.38)	(1.57)%	0.28	(10.12)%	(255.10)
15	Edelweiss Custodial Services Limited*	-	-	38.54%	978.58	3.00%	(0.54)	38.79%	978.05
16	Edel Investments Limited	3.39%	2,599.35	0.24%	6.19	1.12%	(0.20)	0.24%	5.99
17	Edelweiss Rural & Corporate Services Limited	5.91%	4,538.25	(361.34)%	(9,175.15)	(63.49)%	11.41	(363.46)%	(9,163.74)
18	Edelweiss Comtrade Limited	0.02%	16.25	(0.59)%	(15.06)	13.77%	(2.48)	(0.70)%	(17.54)
19	Edel Finance Company Limited	16.10%	12,359.86	(48.89)%	(1,241.43)	2.28%	(0.41)	(49.26)%	(1,241.84)
20	Edelweiss Retail Finance Limited	6.38%	4,899.26	10.58%	268.54	(1.81)%	0.32	10.66%	268.86
21	Edelweiss Multi Strategy Fund Advisors LLP	0.01%	7.75	(0.63)%	(16.09)	0.00%	0.00	(0.64)%	(16.09)
22	Edelweiss Resolution Advisor LLP	0.00%	0.72	0.20%	4.96	0.00%	0.00	0.20%	4.96
23	Edelweiss General Insurance Company Limited	1.55%	1,190.95	(35.85)%	(910.34)	7.01%	(1.26)	(36.16)%	(911.60)
24	Edelweiss Securities (IFSC) Limited*	-	-	(0.54)%	(13.66)	25.38%	(4.56)	(0.72)%	(18.23)
25	Edelweiss Securities and Investments Private Limited	1.03%	789.15	1.13%	28.82	0.00%	0.00	1.14%	28.82
26	Edelweiss Alternative Asset Advisors Limited	1.32%	1,011.56	6.06%	153.94	(28.06)%	5.04	6.31%	158.99
27	Edelgive Foundation	0.31%	234.96	3.84%	97.39	(0.01)%	0.00	3.86%	97.39
28	Lichen Metals Private Limited	0.00%	-	(3.71)%	(94.11)	0.00%	0.00	(3.73)%	(94.11)
29	Edelweiss Private Equity Tech Fund	0.80%	615.32	(0.70)%	(17.69)	0.00%	0.00	(0.70)%	(17.69)
30	Edelweiss Value and Growth Fund	1.97%	1,511.79	0.03%	0.73	0.00%	0.00	0.03%	0.73





Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

59 Additional Information, as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as Subsidiary (Continued)

Sr. No.	Name of the Entity	Net Assets i.e. Total Assets minus Total Liabilities		Share in Profit or Loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
		As % of consolidated net assets	Amount (₹ in Million)	As % of consolidated profit or loss	Amount (₹ in Million)	As % of consolidated other comprehensive income	Amount (₹ in Million)	As % of consolidated total comprehensive income	Amount (₹ in Million)
Subsidiaries (Continued)									
Indian (Continued)									
31	Edelweiss Asset Reconstruction Company Limited	28.94%	22,219.80	73.11%	1,856.31	2.99%	(0.54)	73.61%	1,855.78
32	Edelweiss Tokio Life Insurance Company Limited	6.98%	5,360.46	(81.42)%	(2,067.38)	336.94%	(60.57)	(84.40)%	(2,127.95)
33	Allium Finance Private Limited	1.33%	1,018.77	2.64%	67.07	0.14%	(0.03)	2.66%	67.05
34	ESL Securities Limited*	-	-	(2.02)%	(51.29)	(0.75)%	0.14	(2.03)%	(51.16)
35	Edelweiss Capital Services Limited	0.66%	503.78	(0.63)%	(16.02)	1.09%	(0.20)	(0.64)%	(16.22)
36	India Credit Investment Fund – II	4.14%	3,179.48	0.07%	1.75	0.00%	0.00	0.07%	1.75
Foreign									
37	EC International Limited	(0.13)%	(101.00)	10.48%	266.03	116.55%	(20.95)	9.72%	245.08
38	EAAA LLC	0.03%	24.55	(1.03)%	(26.05)	7.40%	(1.33)	(1.09)%	(27.38)
39	EW Special Opportunities Advisors LLC	0.00%	0.51	(0.11)%	(2.76)	0.58%	(0.10)	(0.11)%	(2.87)
40	Edelweiss Capital (Singapore) Pte. Limited	0.00%	0.00	2.11%	53.50	(14.07)%	2.53	2.22%	56.03
41	Edelweiss Alternative Asset Advisors Pte. Limited	0.62%	475.57	0.39%	9.97	(75.15)%	13.51	0.93%	23.48
42	Edelweiss International (Singapore) Pte. Limited	2.45%	1,877.97	13.64%	346.35	263.97%	(47.45)	11.86%	298.90
43	Edelweiss Investment Advisors Private Limited*	0.00%	0.00	0.34%	8.68	(9.78)%	1.76	0.41%	10.44
44	Aster Commodities DMCC	0.26%	197.20	(1.34)%	(34.03)	85.75%	(15.41)	(1.96)%	(49.45)
45	Edelweiss Financial Services (UK) Limited*	-	-	0.05%	1.31	(9.95)%	1.79	0.12%	3.10
46	Edelweiss Financial Services Inc.*	-	-	2.27%	57.75	37.24%	(6.70)	2.03%	51.06
47	Edelweiss Securities (Hong Kong) Private Limited*	-	-	0.29%	7.30	8.57%	(1.54)	0.23%	5.76
48	Controlled Trusts	(1.01)%	(778.94)	7.11%	180.64	0.00%	0.00	7.16%	180.64
Non-Controlling Interests									
		14.33%	10,998.36	99.29%	2,521.23	635.07%	(114.16)	(1.18)%	(29.85)
Adjustments arising out of consolidation		(88.90)%	(68,232.40)	457.83%	11,625.16	(728.12)%	130.91	562.94%	14,192.97
Associate (Investment as per the equity method)									
- Indian									
		(0.01)%	(4.50)	(0.25)%	(6.35)	(10.30)%	1.85	(0.18)%	(4.50)
Total		100.00%	76,769.95	100.00%	2,539.20	100.00%	(17.97)	100.00%	2,521.23

0.00 indicated amount less than ₹ 0.01 million

* Refer note 67



Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

60. Key disclosures related to life insurance business

a Life insurance and Investment Contract Liability

Particulars	31-Mar-21				31-Mar-20			
	With DPF	Linked Business	Others	Total gross liabilities	With DPF	Linked Business	Others	Total gross liabilities
Insurance Contract Liability								
Life	7,257.89	12,594.42	20,917.85	40,770.16	4,894.47	6,692.92	16,391.52	27,978.91
Health	-	-	53.61	53.61	-	-	46.88	46.88
Annuity	-	-	383.12	383.12	-	-	365.63	365.63
Pension	1,047.07	349.59	-	1,396.66	851.73	271.47	-	1,123.20
Total	8,304.96	12,944.01	21,354.58	42,603.55	5,746.20	6,964.39	16,804.03	29,514.62
Investment Contract Liability								
Life	-	786.35	440.57	1,226.92	-	652.88	322.09	974.97
Health	-	-	-	-	-	-	-	-
Annuity	-	-	-	-	-	-	-	-
Pension	-	-	-	-	-	-	-	-
Total	-	786.35	440.57	1,226.92	-	652.88	322.09	974.97

b Movement of life insurance contract liabilities

Particulars	31-Mar-21				31-Mar-20			
	With DPF	Linked Business	Others	Total	With DPF	Linked Business	Others	Total
Gross Liability at the beginning of the year	5,746.20	6,964.39	16,804.03	29,514.62	3,869.05	6,051.42	13,333.65	23,254.12
Add/(Less)								
Premium	3,650.46	3,144.03	5,446.32	12,240.81	2,327.17	2,790.09	5,180.95	10,298.21
Unwinding of the discount / Interest credited	774.79	3,796.94	1,111.35	5,683.08	590.87	(1,237.80)	879.12	232.19
Changes in valuation for expected future benefits	(1,631.68)	(445.68)	(1,379.61)	(3,456.97)	(887.59)	(394.79)	(1,333.61)	(2,615.99)
Insurance liabilities released	(377.29)	(564.07)	(879.68)	(1,821.04)	(256.47)	(268.58)	(1,326.09)	(1,851.14)
Undistributed Participating Policyholders surplus (UPPS)	13.49	-	-	13.49	11.36	-	-	11.36
Others	-	-	-	-	-	-	-	-
Change in other Liabilities	128.97	48.40	252.20	429.57	91.81	24.05	70.01	185.87
Gross Liability at the end of the year	8,304.94	12,944.01	21,354.61	42,603.56	5,746.20	6,964.39	16,804.03	29,514.62



Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

60. Key disclosures related to life insurance business (Continued)

c. Investment contract liabilities without DPF are stated at fair value.

The investment contracts measured at fair value are mainly unit linked in structure and the fair value of the liability is equal to the unit reserve plus additional non-unit reserves, if required, on a fair value basis. These contracts are classified as Level 1 in the fair value hierarchy when the unit reserve is calculated as the publicly quoted unit price multiplied by the number of units in issue and any non-unit reserve is insignificant. Where the unit price is not publicly-available these contracts are classified as Level 2 in the fair value hierarchy provided the additional non-unit reserve is an insignificant input to the valuation. Where the non-unit reserve is a significant input in the valuation, the contracts are classified at Level 3 in the fair value hierarchy. The Group takes credit risk into account in assessing the fair value of the liabilities.

Investment contract liabilities without DPF are further analysed as follows:

Particulars	31 March 2021			31 March 2020		
	Linked Business	Others	Total	Linked Business	Others	Total
At the beginning of the year	652.88	322.09	974.97	574.82	261.27	836.09
Additions						
Premium	22.67	218.91	241.58	141.58	45.05	186.63
Interest and Bonus credited to policyholders	157.37	20.16	177.53	7.19	21.80	28.99
Others	0.17	1.35	1.52	0.13	0.06	0.19
Deductions	-	-	-	-	-	-
Withdrawals / Claims	(35.28)	(120.49)	(155.77)	(61.85)	(4.60)	(66.45)
Fee Income and Other Expenses	(11.44)	(1.46)	(12.90)	(8.99)	(1.49)	(10.48)
At the end of the year	786.37	440.56	1,226.93	652.88	322.09	974.97

Change in insurance contract liabilities

Particulars	31 March 2021				31 March 2020			
	With DPF	Linked Business	Others	Total	With DPF	Linked Business	Others	Total
a) Policy Liabilities (Gross)	2,558.76	5,979.61	4,550.58	13,088.95	1,877.15	912.97	3,470.39	6,260.51
b) Amount ceded in reinsurance	-	0.37	(449.32)	(448.95)	-	(0.27)	(92.54)	(92.81)
c) Amount accepted in reinsurance	-	-	-	-	-	-	-	-
Net change in insurance contract liabilities	2,558.76	5,979.98	4,101.26	12,640.00	1,877.15	912.70	3,377.85	6,167.70



Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

60 Key disclosures related to life insurance business (Continued)

Change in Reinsurance assets

Particulars	31 March 2021	31 March 2020
Opening Reinsurance Assets	2,944.41	2,851.60
Premium	358.33	446.04
Unwinding of the Discount/Interest Credited	176.08	169.70
Change in Valuation for expected future benefits	(177.95)	(145.23)
Insurance Liabilities released	92.49	(377.69)
Closing Reinsurance Assets	3,393.36	2,944.42

As at 31 March 2021, the Company conducted an impairment review of the reinsurance assets and there is no impairment loss for the year.

During the year, the Company entered into reinsurance arrangements that resulted in profit of ₹ 124.64 million for the financial year 2020-21 (Previous Year ₹ 54.18 million). This profit has been reflected in the statement of profit or loss.

As at 31 March 2021 and 31 March 2020, there are no impaired reinsurance assets.

d. Key Assumptions

Liabilities for life insurance policies are determined by the Appointed Actuary in accordance with the IRDAI regulations and relevant actuarial practice standards & guidance notes issued by the Institute of Actuaries of India.

The reserves/ liabilities under non-linked business is calculated using a prospective gross premium method of valuation. The reserves are established having regard to the assumptions as to future experience, including the interest rate that will be earned on premiums not yet received and future bonus rates for participating business. Assumptions as to the future bonus rates are set to be consistent with the interest rate assumptions. For participating policies, the valuation interest rate used is 6.00% (no change from last year). For non-par policies, the valuation interest rate ranges between 5.58% - 6.75% (no change from last year) for the first 5 years and 4.00% - 6.00% (no change from last year) thereafter (for annuity, 2% assumed for year greater than 50 years). For one-year individual non-par plan, the valuation interest rate used is 4.00% (not applicable for last year).

The lapse assumptions are based on various factors namely the actual experience, credibility of the experience, pricing assumptions, trend from actual experience and consistency from past year's assumptions. For lapsed policies, revival reserves are maintained (till the policies are within the revival year) assuming 10.00% (previous year 10.00%) of them will get revived.

Mortality assumptions are set with reference to the published IALM (2012-2014) Ultimate Mortality Table. The mortality assumptions are based on various factors namely the actual experience, credibility of the experience, pricing assumptions, trend from actual experience and consistency from past year's assumptions. For annuity product, mortality rates are set with reference to the Modified Mortality for Annuitants - LIC (a) (1996-98) Ultimate Rates. Assumptions for morbidity and incidence of accidental death are based on terms available from reinsurers and the standard morbidity rate table CIBT 93 (Critical Illness Base Table for year 93).

Assumptions for future expenses are considered as per the file & use assumptions (which are derived from long term business plan of the Company) and these expenses escalated each year by 5.00% p.a. (previous year 5.00%) to allow for inflation. An additional reserve has been included to allow for the contingency of closure to new business and to cover maintenance expense overrun.

Commission has been allowed for at the rates specified in the products file and use.

Further it has been ensured that for each policy the reserve is sufficient to pay the surrender value.



Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

60. Key disclosures related to life insurance business (Continued)

d. Key Assumptions (Continued)

For participating products, terminal bonuses are provisioned such that the reserves are at least equal to asset share at product level.

The provisions have been made for incurred but not reported death claims (IBNR), free look reserve, unearned premium reserve of the extra premium collected etc.

Free look assumption has been set based on the actual cancellation experience observed by the company for all lines of business, trend of the experience in the last few years and consistency of the rate in comparison to the past year. The assumption of free look rate is set at 4% this year (no change from last year).

For riders, both unearned premium and gross premium reserves are calculated and the higher of these two is held as reserve. For OYRGTL plan (One Year Renewable Group Term Life), the Unearned Premium Reserve is calculated as premium for the unexpired duration. In addition, the premium deficiency reserve and IBNR is also kept for OYRGTL.

The Company has continued to provision for additional margin for adverse deviation (MAD) to mitigate the risk due to Covid-19 pandemic risk under Actuarial Liability. Further, the Company has kept additional Covid-19 related provision in anticipation of elevated COVID related claims.

Portfolio assumptions impacting net liabilities	Range	FY 2021	FY 2020
Mortality rates (as a % of Indian Assured Lives Mortality (2006-08))**	Max	215% (Without MAD)*	215% (Without MAD)*
	Min	21% (Without MAD)	20% (Without MAD)
Discount/ interest rates***	Max	7.75% (Without MAD)	7.75% (Without MAD)
	Min	5% (Without MAD)	7.00% (Without MAD)
Expense****	Max	9308 (INFL @5%) (without MAD) 18 (INFL @ 5%) (without MAD) for micro Insurance plan	8865 (INFL @5%) (without MAD) 17 (INFL @ 5%) (without MAD) for micro Insurance plan
	Min	276 (INFL @ 5%) (without MAD) 11 (INFL @ 5%) (without MAD) for micro Insurance plan	263 (INFL @ 5%) (without MAD) 11 (INFL @ 5%) (without MAD) for micro Insurance plan
MAD*		Mortality: 10%; additional 5% MAD to cater COVID19 pandemic risk	Mortality: 10%; additional 5% MAD to cater COVID19 pandemic risk
		Interest: 75 - 550 bps	Interest: 75 - 550 bps
		Expenses: 10%	Expenses: 10%

* Margin for Adverse Deviation (MAD) is over and above the base rate mentioned above.

** Mortality rates (excluding annuity products) are expressed as % of Indian Assured Lives Mortality (2012-14) and for annuity it is expressed as % of Modified Mortality for Annuitants - LIC (a) (1996-98) Ultimate Rates.

*** Under Unit linked, for unit growth rate (i.e. Investment return) weighted average growth rate of various unit funds is used.

**** The value of future expenses has been derived to allow for all the future maintenance expenses as applicable namely fixed per policy, renewal premium (0%-2%)/ commission (0%-25%) related, fund (0%-0.25%) related etc. The limits for fixed per policy expenses are as mentioned above in the table.



Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

60. Key disclosures related to life insurance business (Continued)

e. Sensitivity Analysis

The following analysis is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on gross liabilities.

The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non-linear. The method used for deriving sensitivity information and significant assumptions made did not change from the previous period. The sensitivities are same as shared with Regulators during annual reporting.

For Year Ended 31 March 2021

Sensitivity Parameters	Gross Liability				
	Insurance Contracts			Investment Contracts	
	With DPF	Linked	Others	Linked	Others
Mortality increased by 10%	8,308.80	12,946.17	22,455.41	786.35	440.57
Mortality decreased by 10%	8,301.09	12,942.63	20,257.58	786.35	440.57
Lapses increased by 10%	8,303.77	12,943.74	21,058.91	786.35	440.57
Lapses decreased by 10%	8,306.17	12,944.31	21,671.76	786.35	440.57
Expenses increased by 10%	8,309.07	12,944.45	21,485.17	786.35	440.57
Expenses decreased by 10%	8,300.84	12,943.67	21,224.21	786.35	440.57
Interest Rate increased by 100 bps	7,640.58	12,854.89	17,475.55	757.41	440.57
Interest Rate decreased by 100 bps	9,110.47	13,038.49	26,404.71	817.78	440.57
Inflation Rate increased by 100 bps	8,307.61	12,944.36	21,476.28	786.35	440.57
Inflation Rate decreased by 100 bps	8,302.53	12,943.85	21,250.38	786.35	440.57

For Year Ended 31 March 2020

Sensitivity Parameters	Gross Liability				
	Insurance Contracts			Investment Contracts	
	With DPF	Linked	Others	Linked	Others
Mortality increased by 10%	5,750.39	6,968.23	17,764.85	652.86	322.11
Mortality decreased by 10%	5,742.00	6,962.06	15,863.84	652.86	322.11
Lapses increased by 10%	5,744.83	6,963.97	16,552.07	652.86	322.11
Lapses decreased by 10%	5,747.60	6,964.88	17,075.63	652.86	322.11
Expenses increased by 10%	5,750.63	6,965.38	16,919.17	652.86	322.11
Expenses decreased by 10%	5,741.78	6,963.62	16,689.49	652.86	322.11
Interest Rate increased by 100 bps	5,221.24	6,898.09	13,592.26	635.12	322.11
Interest Rate decreased by 100 bps	6,382.52	7,036.88	21,035.01	672.28	322.11
Inflation Rate increased by 100 bps	5,749.25	6,965.06	16,913.79	652.86	322.11
Inflation Rate decreased by 100 bps	5,743.44	6,964.11	16,710.94	652.86	322.11



Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

60. Key disclosures related to life insurance business (Continued)

e. Sensitivity Analysis (Continued)

Gross premiums on insurance contracts and investment contracts with DPF

Particulars	2020-21	2019-20
Life Insurance	12,240.81	10,298.21
Total Gross Premiums	12,240.81	10,298.21

Premiums ceded to reinsurers on insurance contracts and investment contracts with DPF

Particulars	2020-21	2019-20
Life Insurance	(358.33)	(446.04)
Total premiums ceded to reinsurers	(358.33)	(446.04)

Net benefits and claims

Particulars	2020-21	2019-20
a. Gross benefits and claims paid		
Life insurance contracts	2,011.29	1,187.26
Investment contracts with DPF	-	-
Total gross benefits and claims paid	2,011.29	1,187.26
b. Claims ceded to reinsurers		
Life insurance contracts	(520.94)	(373.29)
Investment contracts with DPF	-	-
Total claims ceded to reinsurers	(520.94)	(373.29)
Net benefits and claims	1,490.35	813.97

61. Key disclosures related to General Insurance business

Contract Liability for General Insurance business

Premium earned

Gross Premium on insurance contracts

Particular	2020-21	2019-20
Gross written Premium	2,264.46	1,586.05
Change in reserve for unexpired risks	(267.73)	(476.69)
Gross Earned Premium (a)	1,996.73	1,109.36

Premium ceded to reinsurers on insurance contracts

Particular	2020-21	2019-20
Premium on reinsurance ceded	424.73	268.30
Change in reserve for unexpired risks	(50.39)	(84.40)
Premium ceded to reinsurers (b)	374.34	183.90

Total Premium Earned (net) (a - b)

	1,622.39	925.46
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Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

61. Key disclosures related to General Insurance business (Continued)

Change in actuarial liability		
Particular	2020-21	2019-20
Gross Claim Paid	1,285.48	686.12
Claims Ceded to reinsurer on Gross Claims Paid	(89.32)	(52.78)
Net Claims Paid	1,196.16	633.34
Change in Gross Claims Outstanding	149.39	151.51
Change in Ceding to reinsurer on Gross Claims Outstanding	(72.89)	(9.61)
Net Claims Outstanding	1,272.66	775.24
Change in Gross IBNR	500.52	341.61
Change in Ceding to reinsurer on Gross IBNR	(115.56)	(55.30)
Net IBNR	384.96	286.31
Change in Gross Premium deficiency Reserve	(1.41)	(33.00)
Change in Ceding to reinsurer on Premium deficiency Reserve	-	-
Net Premium deficiency Reserve	(1.41)	(33.00)
Change in actuarial liability	383.55	253.31
Reinsurance asset		
Particular	31-Mar-21	31-Mar-20
Reinsurance on Insurance Contract	370.32	133.37
Gross Insurance contract liabilities	2,946.56	2,030.33
Reinsurance asset relating to Insurance contracts	666.99	428.14
Net Insurance contract liabilities	2,279.57	1,602.19
Gross Insurance contract liabilities		
	31-Mar-21	31-Mar-20
Gross Claims Outstanding	359.78	210.39
Gross IBNR	1,112.77	612.25
Gross Premium deficiency Reserve	38.36	39.77
Gross Reserve for unexpired risks	1,435.65	1,167.92
Gross Insurance contract liabilities	2,946.56	2,030.33
Reinsurance asset relating to Insurance contracts		
	31-Mar-21	31-Mar-20
Reinsurance of Claims Outstanding	84.88	11.98
Reinsurance of IBNR	205.38	89.83
Reinsurance of Premium deficiency Reserve	-	-
Reinsurance of Reserve for unexpired risks	376.73	326.33
Reinsurance of Insurance contract liabilities	666.99	428.14



Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

61. Key disclosures related to General Insurance business (Continued)

Net Insurance contract liabilities	2020-21	2019-20
Net Claims Outstanding	274.90	198.41
Net IBNR	907.38	522.42
Net Premium deficiency Reserve	38.36	39.78
Net Reserve for unexpired risks	1,058.92	841.58
Net Insurance contract liabilities	2,279.56	1,602.19
Reconciliation of Claims Outstanding	2020-21	2019-20
Gross Claims Outstanding at the beginning of year	210.39	58.88
Gross Change in claims reserve	149.39	151.51
Gross Claims Outstanding at the end of year	359.78	210.39
Reinsurance of Claims Outstanding at the beginning of year	11.99	2.38
Reinsurance of Change in claims reserve	72.88	9.61
Reinsurance of Claims Outstanding at the end of year	84.87	11.99
Net Claims Outstanding at the beginning of year	198.41	56.50
Net Change in claims reserve	76.49	141.91
Net Claims Outstanding at the end of year	274.90	198.41
Reconciliation of Incurred but not reported (IBNR)	2020-21	2019-20
Gross IBNR Outstanding at the beginning of year	612.25	270.65
Gross Change in IBNR reserve	500.52	341.60
Gross IBNR Outstanding at the end of year	1,112.77	612.25
Reinsurance of IBNR Outstanding at the beginning of year	89.83	34.53
Reinsurance of Change in IBNR reserve	115.56	55.30
Reinsurance of IBNR Outstanding at the end of year	205.39	89.83
Net IBNR Outstanding at the beginning of year	522.42	236.11
Net Change in IBNR reserve	384.96	286.31
Net IBNR Outstanding at the end of year	907.38	522.42
Reconciliation of Premium deficiency Reserve	2020-21	2019-20
Gross Premium deficiency Reserve Outstanding at the beginning of year	39.78	72.78
Gross Change in Premium deficiency reserve	(1.42)	(33.00)
Gross Premium deficiency Reserve Outstanding at the end of year	38.36	39.78
Reinsurance of Premium deficiency Reserve Outstanding at the beginning of year	-	-
Reinsurance of Change in Premium deficiency reserve	-	-
Reinsurance of Premium deficiency Reserve Outstanding at the end of year	-	-
Net Premium deficiency Reserve Outstanding at the beginning of year	39.78	72.78
Net Change in Premium deficiency reserve	(1.41)	(33.00)
Net Premium deficiency Reserve Outstanding at the end of year	38.37	39.78



Notes to the consolidated financial statements (Continued)

(Currency : Indian rupees in millions)

61. Key disclosures related to General Insurance business (Continued)

Reserve for unexpired risks	2020-21	2019-20
Gross Reserve for unexpired risks Outstanding at the beginning of year	1,167.91	691.22
Gross Change in Reserve for unexpired risks reserve	267.73	476.69
Gross Reserve for unexpired risks Outstanding at the end of year	1,435.64	1,167.91
Reinsurance of Reserve for unexpired risks Outstanding at the beginning of year	326.33	241.93
Reinsurance of Change in Reserve for unexpired risks reserve	50.39	84.40
Reinsurance of Reserve for unexpired risks Outstanding at the end of year	376.72	326.33
Net Reserve for unexpired risks Outstanding at the beginning of year	841.59	449.29
Net Change in Reserve for unexpired risks reserve	217.33	392.30
Net Reserve for unexpired risks Outstanding at the end of year	1,058.92	841.59

Geographical concentration:

The Company has its operation only in India.

Sensitivity Analysis to key assumptions

The following analysis is performed for reasonably possible movements in 'Ultimate Loss ratio' with all other assumptions held constant, showing the impact on gross and net liabilities, profit before tax and equity.

The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are linear. The method used for deriving sensitivity information and significant assumptions made did not change from the previous period.

2020-21	Change in Assumption	Increase / (Decrease) on Gross Liability	Increase / (Decrease) on Net Liability	Increase / (Decrease) on Profit Before Tax	Increase / (Decrease) on Equity
Ultimate Loss Ratio	10.00%	294.66	227.96	227.96	-
Ultimate Loss Ratio	(10.00)%	(294.66)	(227.96)	(227.96)	-
2019-20	Change in Assumption	Increase / (Decrease) on Gross Liability	Increase / (Decrease) on Net Liability	Increase / (Decrease) on Profit Before Tax	Increase / (Decrease) on Equity
Ultimate Loss Ratio	10.00%	203.03	160.22	160.22	-
Ultimate Loss Ratio	(10.00)%	(203.03)	(160.22)	(160.22)	-

62. The Board of Directors at their meeting held on 11 June 2021, have recommended a final dividend of ₹ 0.55 per equity share (on face value of ₹ 1 per equity share), subject to the approval of the members at the ensuing Annual General Meeting.

63. The Indian Parliament has approved the Code on Social Security, 2020 which subsumes the Provident Fund and the Gratuity Act and rules there under. The Ministry of Labour and Employment has also released draft rules thereunder on 13 November 2020 and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Company will evaluate the rules, assess the impact if any, and account for the same once the rules are notified and become effective.



Notes to the consolidated financial statements (*Continued*)

(Currency : Indian rupees in millions)

64. During earlier years and for the year ended 31 March 2021, four subsidiaries of the Group had sold certain financial assets amounting to ₹ 61,568.90 million (net of provisions) and ₹ 10,711.50 million (net of provisions) respectively to various asset reconstructions company trusts ('ARC Trusts') and acquired security receipts (SR) amounting to ₹ 49,858.40 million and ₹ 8,801.10 million respectively from these ARC Trusts. Ind AS 109 – 'Financial Instruments', prescribed under section 133 of the Companies Act, 2013, requires substantially all risks and rewards to be transferred for the purpose of de-recognition of such financial assets from these subsidiaries' financial statements. Edelweiss Financial Services Limited (EFSL), the holding company, and Edelweiss Rural and Corporate Services Limited (ERCSL) a subsidiary, had undertaken substantially all risks and rewards in respect of such financial assets. As a result, these financial assets were de-recognized in subsidiaries' financial statements.

Based on a review performed by management of these subsidiaries and EFSL, with effect from 01 January 2021, has directly undertaken substantially all risks and rewards and consequently ERCSL is relieved of its obligations. Further, pursuant to such review, with effect from 01 January 2021, certain terms and conditions of risk and reward agreements have been amended. The Board of Directors of subsidiaries, ERCSL and EFSL in their respective meetings held on 04 June 2021, 10 June 2021 and 11 June 2021 have approved such changes to risk and reward agreements. As the risks and rewards continues in the Group, these are accounted as financial assets in the consolidated financial statements and the consequent expected credit loss are recorded in the consolidated financial statements.

During the year ended 31 March 2021, the Group re-assessed probability of default, loss given default in respect of these financial assets and due to various factors viz. operational challenges for exposures to certain sectors, increase in credit and market risks for certain counter parties relative to such risks at initial recognition, continued impact of COVID-19 factors. Such re-assessments resulted in recognition of higher amount of loan loss provisioning for the year ended 31 March 2021. Accordingly, the Group has recorded for the year ended 31 March 2021 an amount of ₹ 5,051.50 million towards expected credit loss on these financial assets.

65. Pursuant to amendments in risk and reward agreement between the subsidiaries, ERCSL and EFSL (as mentioned in note 64 above), with effect from 01 January 2021, fees payable on security receipts (ARC Fee) has been agreed to be borne by EFSL, as the risks and rewards are undertaken by EFSL. Accordingly, an amount of ₹ 489.30 million towards such expenses has been recorded by the EFSL.
66. Edelweiss Custodial Services Limited ("ECdSL"), a group company of Edelweiss Financial Services Company ("EFSL") challenged an order, by an investigating agency, marking lien on its clearing account, before the 47th Additional Chief Metropolitan Magistrate Court, Mumbai. Since the investigation against Anugrah Stock and Broking Pvt. Ltd. ("trading member"), for which ECdSL was a clearing member, is still under process, the said investigative agency contended that it had no objection to setting aside the lien order upon ECdSL providing an undertaking to keep sufficient assets unencumbered. ECdSL has since provided undertaking to keep sufficient assets amounting to ₹ 4,603.20 million belonging to the Group and associate unencumbered and the said lien order has been set aside. The matter has been listed for further hearing.

The MCSGF Committee of NSE Clearing Limited ("NCL") vide its order dated 20 October 2020 has directed ECdSL to adhere to instructions of National Stock Exchange ("NSE") / NCL, to appropriately reinstate the securities wherever trading member's clients had credit balance, but the securities got liquidated. ECdSL filed an appeal against the impugned order with Securities Appellate Tribunal ("SAT"). SAT vide its order dated 05 November 2020 has directed ECdSL to give an undertaking to NCL that it will deposit ₹ 2,120.00 million or other amount as directed by the SAT after disposal of Appeal. ECdSL has since provided the declaration to NCL. The matter has been listed for further hearing.

Various Arbitration/Writ Petitions have been filed before the Hon'ble Bombay High Court ("Hon'ble Court") by various end clients of the trading member and/or his associate. ECdSL has been made party to the same. All the Writ Petitions have been tagged together and common orders have been passed in all the Writ Petitions. The next date of hearing is yet to be assigned by the Hon'ble Court.

ECdSL believes that it has acted in accordance with the agreement entered with the trading member and in accordance with applicable laws and regulations. Accordingly, there is no adjustment required in the financial statements for year ended 31 March 2021.



Notes to the consolidated financial statements (*Continued*)

(Currency : Indian rupees in millions)

- 67.** During the year ended 31 March 2021, EFSL sold its controlling stake in the wealth management business (Edelweiss Securities Limited) to Edelweiss Global Wealth Management Limited, its wholly owned subsidiary, in accordance with the transaction consummated with PAGAC ECSTACY PTE. LTD (PAG), a private investment firms. Since the Company has sold controlling interest over the wealth management business, it has accounted for the sale as loss of control with effect from 26 March 2021 under the requirements of Ind AS 110 – ‘Consolidated Financial Statements’. Accordingly, included in other income is an amount of ₹ 14,063.50 million for the year ended 31 March 2021 towards realized gain representing difference between consideration received and net assets derecognized pertaining to the wealth management business (including related net goodwill) and non controlling interests in other investments that were sold. Further, EFSL’s retained interest in the wealth management business meets the definition of an associate and has been recorded at fair value at 26 March 2021 under net fair value changes pursuant to paragraph 25 under Ind AS 110 – ‘Consolidation Financial Statements’.
- 68.** Under the Shareholders’ Agreement dated 05 March 2019, entered between Edelweiss Financial Services Limited (EFSL), CDPQ Private Equity Asia PTE. Limited (CDPQ) and ECL Finance Limited (together referred as Parties), EFSL had agreed, pursuant to clause 8.1 & 8.2 to make equity investment of an amount equivalent to the amount of losses on Select real estate/structured finance Loans (Select Loans) into ECL Finance Limited within six months of the default leading to loss incurred by the ECL Finance Limited on or before the date of the conversion of the Investor CCDs into Equity Shares. The rationale for this undertaking was to keep the total equity/net worth of ECL Finance Limited unimpacted on account of impairment in these loan accounts. During the year ended 31 March 2021, Parties have agreed and concluded that loss event for two of the borrowers in the Select Loans have crystalized and hence, EFSL has agreed to make good the loss amounting to ₹ 1,400.10 million incurred by ECL Finance Limited in earlier years. Accordingly, EFSL has recorded such loss in its profit and loss for the year ended 31 March 2021. The Parties have agreed that no loss event has been crystalized in respect of other Select Loans amounts mentioned in above said clauses of the agreement and hence as at 31 March 2021 there is no obligation EFSL has as at 31 March 2021.
- 69.** EC Commodity Limited (ECCL), a wholly owned subsidiary of the Company, has entered into an agreement dated 28 November 2019, pursuant to which upon happening of a contingency whereupon if the investors who have subscribed for a majority in the Alternative Investment Fund (AIF) to which ECL Finance Limited (ECLF) and Edelweiss Housing Finance Limited (EHFL), subsidiaries of the Group have sold financial assets does not receive the agreed IRR (IRR) as per the agreement in which case ECCL shall be required to either arrange for a buyer thereof and/or purchase the assets at IRR.
- 70.** CDPQ Private Equity Asia Pte. Ltd. (CDPQ), holder of cumulative convertible preference shares (CCPS) of Edelweiss Asset Reconstruction Company Limited (EARC), a subsidiary, had on 15 July 2019 given a put intimation notice to Group entities viz., Edelweiss Custodial Services Limited (ECSL) and ECL Finance Limited (ECL) in accordance with Option Agreement dated 14 November 2017. The Option Agreement required ECSL and ECLF to buy these CCPS at an agreed fair value. EARC had applied to Reserve Bank of India (RBI) which gave its no objection on 17 February 2020 in the name of fellow subsidiaries Edelweiss Rural and Corporate Services and Ecap Equities Limited. As the companies and CDPQ have not completed fair value of the put security in accordance with the put agreement, CDPQ has not exercised its put option.



Notes to the consolidated financial statements (*Continued*)

(Currency : Indian rupees in millions)

- 71.** The Group and its associate has process whereby periodically all long term contract (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Group and its associate has reviewed and ensured that adequate provisions as required under any law / accounting standard for material foreseeable losses on such long terms contracts (including derivative contract) has been made in the books of accounts.
- 72.** Previous year's figures have been regrouped / reclassified to conform to current year presentation.

The accompanying notes are an integral part of financial statements.

As per our report of even date attached

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

For and on behalf of the Board of Directors

per Shrawan Jalan
Partner
Membership No: 102102

Rashesh Shah
Chairman, Managing Director & CEO
DIN: 00008322

Himanshu Kaji
Executive Director
DIN : 00009438

Sarju Simaria
Chief Financial Officer

Tarun Khurana
SVP & Company Secretary

Mumbai 11 June 2021

Mumbai 11 June 2021



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Edelweiss Financial Services Limited
Standalone Financial Statements
for the year ended 31 March 2021



INDEPENDENT AUDITOR'S REPORT

To the Members of Edelweiss Financial Services Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Edelweiss Financial Services Limited ("the Company"), which comprise the Balance Sheet as at March 31 2021, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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, 2021, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter

We draw attention to note 52 of the standalone financial statements, which describes the economic and social disruption as a result of COVID-19 pandemic of the Company's business and financial metrics including the Company's estimates of impairment of investments and other financial assets, which are highly dependent on uncertain future developments. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the financial year ended March 31, 2021. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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



INDEPENDENT AUDITOR’S REPORT (Continued)

Key audit matters	How our audit addressed the key audit matter
<p data-bbox="197 411 842 441">Impairment of investments in subsidiary companies (as described in Note 1.4.1.3 and note 7 of the standalone financial statements)</p> <p data-bbox="197 443 842 594">The Company has investments in various subsidiaries aggregating Rs. 43,789.92 million which are not listed or quoted. These investments are valued at cost and are required to be assessed for impairment in accordance with Ind AS 36, when any indicators of impairment are observed.</p> <p data-bbox="197 624 842 836">In carrying out such impairment assessment, a significant judgement of the management is involved in estimating the investee company’s “value in use”, in accordance with Ind AS 36. Estimation of the value in use requires the management to apply appropriate assumptions with respect to the growth rates for future cash flow projections of the investee company and discount rates for determining present value of such cash flows.</p> <p data-bbox="197 866 842 1028">In view of the high degree of management’s judgement involved in estimation of the recoverable amount of investments in unlisted subsidiaries and the inherent uncertainty relating to the assumptions supporting such estimates, we considered this area as a key audit matter.</p>	<p data-bbox="850 411 1495 441">Our audit procedures included considering the appropriateness of the processes laid down by the management for assessment of impairment in the value of investments in subsidiaries combined with procedures performed as follows:</p> <ul data-bbox="850 594 1495 1038" style="list-style-type: none"> <li data-bbox="850 594 1495 715">• We considered management’s assessment of impairment from the management experts wherever considered necessary and assessed whether any impairment indicators existed for investment in individual subsidiaries. <li data-bbox="850 735 1495 836">• We traced the net-worth of the individual subsidiaries to their audited financial statements to assess whether any impairment indicators were present. <li data-bbox="850 856 1495 917">• We assessed information used to determine the key assumptions, including growth rates and discount rates. <li data-bbox="850 937 1495 1038">• We assessed the disclosures relating to investments in subsidiaries included in the standalone financial statements in accordance with the requirements of Ind AS.
<p data-bbox="197 1040 842 1070">IT systems and controls</p> <p data-bbox="197 1072 842 1223">Financial accounting and reporting processes, especially in the financial services sector, are fundamentally reliant on IT systems and IT controls to process significant transaction, hence we identified IT systems and controls as a key audit matter for the Company.</p> <p data-bbox="197 1253 842 1405">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.</p>	<p data-bbox="850 1040 1495 1070">Our audit procedures focused on the IT infrastructure and applications relevant to financial reporting of the Company:</p> <ul data-bbox="850 1159 1495 1842" style="list-style-type: none"> <li data-bbox="850 1159 1495 1310">• 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. <li data-bbox="850 1340 1495 1461">• 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. <li data-bbox="850 1491 1495 1582">• We tested the Company’s periodic review of access rights. We also tested requests of changes to systems for approval and authorization. <li data-bbox="850 1612 1495 1703">• In addition to the above, we tested the design and operating effectiveness of certain automated controls that were considered as key internal controls. <li data-bbox="850 1733 1495 1842">• We 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.



INDEPENDENT AUDITOR'S REPORT *(Continued)*

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

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board report, but does not include the standalone financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the Annual report, which is expected to be made available to us after that date.

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

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

When we read the Annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management for the Standalone Financial Statements

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

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

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

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

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

- Identify and assess the risks of material misstatement of the standalone 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.



INDEPENDENT AUDITOR'S REPORT *(Continued)*

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone 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 financial statements for the financial year ended March 31, 2021 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 standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;



INDEPENDENT AUDITOR'S REPORT *(Continued)*

- (e) On the basis of the email confirmation received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 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 with reference to these standalone 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, 2021 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – (Refer Note 40 (a) and (b) to the standalone financial statements);
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – (Refer Note 54 to the standalone financial statements);
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company

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

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per Shrawan Jalan

Partner

Membership Number:102102

UDIN: 21102102AAAKZ4950

Place of Signature: Mumbai

Date: June 11, 2021



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

Re: Edelweiss Financial Services Limited ('the Company')

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



Annexure 1 referred to in paragraph 1 under the heading “Report on other legal and regulatory requirements” of our report of even date (*Continued*)

- (c) According to the information and explanations given to us and based upon the audit procedures performed, the dues of income-tax, goods and service tax, and cess on account of any dispute, are given below. The provisions relating to duty of custom, duty of excise, value added tax and sales tax are not applicable to the Company.

Name of the statute	Nature of the dues	Amount (Rs. In million)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	3.23	AY 2001-02	High Court
Income Tax Act, 1961	Income Tax	17.95	AY 2008-09	High Court
Income Tax Act, 1961	Income Tax	122.73	AY 2009-10	High Court
Income Tax Act, 1961	Income Tax	219.45	AY 2010-11	High Court
Income Tax Act, 1961	Income Tax	83.53	AY 2011-12	High Court
Income Tax Act, 1961	Income Tax	45.30	AY 2018-19	Commissioner of Income Tax (Appeals)
Service Tax	Service Tax	414.60	2008-09 to 2011-12	CESTAT, Mumbai
Service Tax	Service Tax	119.75	2009-10 up to Jun 2012	CESTAT, Mumbai
Service Tax	Service Tax	979.56	October 2010 to March 2015	CESTAT, Mumbai

- (viii) In our opinion and according to the information and explanations given by the management and based upon the audit procedures performed, the Company has not defaulted in repayment of loans or borrowing to a financial institution and banks, government or dues to debenture holders.
- (ix) In our opinion and according to the information and explanations given by the management, the Company has utilized the monies raised by way of debt instruments for the purposes for which they were raised.
- (x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us by the Management, we have neither come across any instances of material fraud by the Company or on the Company by the officers and employees, noticed or reported during the year, nor have we been informed of any such case by the management.
- (xi) According to the information and explanations given by the management and based upon the audit procedures performed, the Company has paid or provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V of the Act.
- (xii) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management and based upon the audit procedures performed, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given by the management, the Company has complied with provisions of section 42 of the Companies Act, 2013 in respect of the private placement of Non convertible debentures during the year. According to the information and explanations given by the management, we report that the amounts raised, have been used for the purposes for which the funds were raised, though idle/surplus funds which were not required for immediate utilization were gainfully invested in liquid assets payable on demand.



Annexure 1 referred to in paragraph 1 under the heading “Report on other legal and regulatory requirements” of our report of even date (*Continued*)

- (xv) According to the information and explanations given by the management and based upon the audit procedures performed, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- (xvi) According to the information and explanations given to us and based upon the audit procedures performed, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per Shrawan Jalan

Partner

Membership Number:102102

UDIN: 21102102AAAAKZ4950

Place of Signature: Mumbai

Date: June 11, 2021



Annexure 2 to the Independent Auditor’s Report of even date on the Standalone Financial Statements of Edelweiss Financial Services Limited

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

We have audited the internal financial controls with reference to standalone financial statements of Edelweiss Financial Services Limited (“the Company”) as of March 31, 2021 in conjunction with our audit of the standalone 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 (“ICAI”). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company’s policies, 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 with reference to these standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to these standalone 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 with reference to these standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statement included obtaining an understanding of internal financial controls with reference to these standalone 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 Company’s internal financial controls with reference to these standalone financial statements.

Meaning of Internal Financial Controls With Reference to these Standalone Financial Statements

A Company’s internal financial controls with reference to standalone 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 controls with reference to standalone financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company’s assets that could have a material effect on the financial statements.



Annexure 2 to the Independent Auditor's Report of even date on the Standalone Financial Statements of Edelweiss Financial Services Limited date *(Continued)*

Inherent Limitations of Internal Financial Controls With Reference to Standalone Financial Statements

Because of the inherent limitations of internal financial controls with reference to these standalone 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 with reference to standalone financial statements to future periods are subject to the risk that the internal financial control with reference to standalone 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 with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by ICAI.

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

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per Shrawan Jalan

Partner

Membership Number:102102

UDIN: 21102102AAAAKZ4950

Place of Signature: Mumbai

Date: June 11, 2021



Balance Sheet as at March 31, 2021

(Currency: Indian rupees in million)		Note	As at March 31, 2021	As at March 31, 2020
I. ASSETS				
(1) Financial assets				
(a)	Cash and cash equivalents	2	1,481.81	13.66
(b)	Bank balances other than cash and cash equivalents	2A	8.19	9.55
(c)	Trade receivables	5	191.00	316.80
(d)	Loans	6	12,472.43	6.73
(e)	Investments	7	43,817.32	34,672.87
(f)	Other financial assets	8	629.35	695.42
			58,600.10	35,715.03
(2) Non-financial assets				
(a)	Current tax assets (net)	9	688.06	618.59
(b)	Deferred tax assets (net)	10 & 32	378.08	291.13
(c)	Property, Plant and Equipment	11	5.99	8.36
(d)	Intangible assets under development		-	9.16
(e)	Other Intangible assets	11	1.19	16.83
(f)	Other non- financial assets	12	135.88	133.78
			1,209.20	1,077.85
TOTAL ASSETS			59,809.30	36,792.88
II. LIABILITIES AND EQUITY				
LIABILITIES				
(1) Financial liabilities				
(a)	Derivative financial instruments	3&4	-	-
(b)	Trade payables			
(i)	total outstanding dues of micro enterprises and small enterprises	13&41	-	0.90
(ii)	total outstanding dues of creditors other than micro enterprises and small enterprises	13	2,354.43	52.45
(c)	Debt securities	14	7,288.95	734.12
(d)	Borrowings other than debt securities	15	1,091.16	732.51
(e)	Other financial liabilities	16	6,841.48	577.09
			17,576.02	2,097.07
(2) Non-financial liabilities				
(a)	Current tax liabilities (net)	17	7.26	69.84
(b)	Provisions	18	845.81	9.08
(c)	Other non-financial liabilities	19	120.33	71.19
			973.40	150.11
EQUITY				
(a)	Equity share capital	20	890.90	889.51
(b)	Other equity	21	40,368.98	33,656.19
			41,259.88	34,545.70
TOTAL LIABILITIES AND EQUITY			59,809.30	36,792.88

The accompanying notes are an integral part of financial statements 1 to 62

As per our report of even date attached.

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

For and on behalf of the Board of Directors

per Shrawan Jalan
Partner
Membership No: 102102

Rashesh Shah
Chairman, Managing Director & CEO
DIN: 00008322

Himanshu Kaji
Executive Director
DIN : 00009438

Sarju Simaria
Chief Financial Officer

Tarun Khurana
SVP & Company Secretary

Mumbai June 11, 2021

Mumbai June 11, 2021



Statement of Profit and Loss for year ended March 31, 2021

(Currency: Indian rupees in million)	Note	For the year ended March 31, 2021	For the year ended March 31, 2020
Revenue from operations			
Interest income	22	834.96	121.16
Dividend income	23	1,365.31	694.72
Fee and commission income	24	991.19	959.81
Other operating income	25	244.60	437.57
Total Revenue from operations		3,436.06	2,213.26
Other income	26	13,782.67	242.14
Total Revenue		17,218.73	2,455.40
Expenses			
Finance costs	27	973.34	323.11
Net loss / (gain) on fair value changes	28	4,422.85	(134.66)
Impairment on financial instruments	29	1,486.98	18.73
Employee benefits expense	30	1,912.18	797.67
Depreciation, amortisation and impairment	11	14.04	32.16
Other expenses	31	1,470.15	622.92
Total expenses		10,279.54	1,659.93
Profit before tax		6,939.19	795.47
Tax expenses	32		
Current tax		(135.98)	1.90
Deferred tax (net)		(86.95)	(32.22)
Profit for the year		7,162.12	825.79
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Remeasurement gain / (loss) on defined benefit plans		9.54	(0.47)
Total		9.54	(0.47)
Total Comprehensive Income		7,171.66	825.32
Earnings Per Share (₹) (Face Value of ₹ 1/- each)	35		
(1) Basic		8.05	0.93
(2) Diluted		8.01	0.92

The accompanying notes are an integral part of financial statements 1 to 62

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
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Membership No: 102102

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Executive Director
DIN : 00009438

Sarju Simaria
Chief Financial Officer

Tarun Khurana
SVP & Company Secretary

Mumbai June 11, 2021

Mumbai June 11, 2021



Cash Flow Statement for the year ended March 31, 2021

(Currency: Indian rupees in million)		For the year ended March 31, 2021	For the year ended March 31, 2020
A	Cash flow from operating activities		
	Profit before tax	6,939.19	795.47
	Adjustments for :		
	Depreciation and amortisation expenses	14.04	32.16
	Fair value change in investments	(3.45)	3.03
	Fair value change in provisions	4,426.30	-
	Profit on sale of investments (net)	(13,714.85)	(156.58)
	Impairment / (reversal) on financial instruments	1,486.98	18.73
	Dividend on investments	(1,365.31)	(694.72)
	(Profit)/loss on sale of property, plant and equipment	9.16	(1.44)
	Interest income	(834.96)	(116.93)
	ESOP and SAR cost	84.68	99.65
	Finance costs	973.34	323.11
	Operating cash flow before working capital changes	(1,984.88)	302.48
	Add/(Less): Adjustments for working capital changes		
	Decrease /(Increase) in trade receivables	47.28	192.14
	Decrease/(Increase) in derivative financial instruments	-	(2.48)
	(Decrease)/increase in in trade payables	900.99	(37.31)
	Decrease /(Increase) in other financial assets	316.52	71.68
	Decrease /(Increase) in other non-financial assets	7.34	(28.97)
	Decrease /(Increase) in other bank balances	1.36	50.42
	(Decrease)/increase in provisions and other financial liabilities	1,832.60	(27.08)
	(Decrease)/increase in other non-financial liabilities	49.14	49.55
	Cash generated from /(used in) operations	1,170.35	570.43
	Income taxes paid/(refund) during the year	3.93	(170.71)
	Net cash generated from / (used in) operating activities - A	1,174.28	399.72
B	Cash flow from investing activities		
	Purchase of property, plant and equipment	(3.93)	(11.70)
	Sale of property, plant and equipment	7.90	2.56
	Purchase of investments	(16,618.52)	(1,558.22)
	Sale of investments	21,186.33	431.42
	Dividend on investments	1,365.31	694.72
	Loan (given) / Repayment of loans (Refer note 1 below)	(12,467.93)	2,390.67
	Interest received	834.96	258.21
	Net cash generated from / (used in) investing activities - B	(5,695.88)	2,207.66
C	Cash flow from financing activities		
	Proceeds from issuance of Share capital (including securities premium)	49.61	79.92
	Repayment of non convertible debentures	(12,734.12)	-
	Proceeds from debt securities	19,230.83	734.12
	Proceeds from/(repayment of) borrowing (Refer note 1 below)	358.65	(2,928.12)
	Dividend paid	-	(266.51)
	Finance costs	(915.22)	(323.11)
	Net cash generated from / (used in) financing activities - C	5,989.75	(2,703.70)
	Net (decrease) / increase in cash and cash equivalents (A+B+C)	1,468.15	(96.32)
	Cash and cash equivalents as at the beginning of the year	13.66	109.98
	Cash and cash equivalents as at the end of the year	1,481.81	13.66



Cash Flow Statement for the year ended March 31, 2021 (Continued)

Notes:

- 1 Cash receipts and payments for transaction with group companies in which the turnover is quick, the amounts are large, and the maturities are short are presented on net basis in accordance with Ind AS-7 Statement of Cash Flows.
- 2 Cash Flow Statement has been prepared under the indirect method as set out in Ind AS 7 prescribed under the Companies Act (Indian Accounting Standard) Rules, 2015 under the Companies Act, 2013.

As per our report of even date attached.

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

For and on behalf of the Board of Directors

per Shrawan Jalan
Partner
Membership No: 102102

Rashesh Shah
Chairman, Managing Director & CEO
DIN: 00008322

Himanshu Kaji
Executive Director
DIN : 00009438

Sarju Simaria
Chief Financial Officer

Tarun Khurana
SVP & Company Secretary

Mumbai June 11, 2021

Mumbai June 11, 2021

Cash Flow Disclosure

(Currency: Indian rupees in million)

Change in Liabilities arising from financing activities

Particulars	As at April 01, 2020	Cash Flows	Changes in Fair value	Others*	As at March 31, 2021
Debt Securities	734.12	6,496.71	-	58.12	7,288.95
Borrowings other than Debt Securities	732.51	358.65	-	-	1,091.16
	1,466.63	6,855.36	-	58.12	8,380.11

Particulars	As at April 01, 2019	Cash Flows	Changes in Fair value	Others*	As at March 31, 2020
Debt Securities	-	733.92	-	0.20	734.12
Borrowings other than Debt Securities	3,660.63	(3,251.03)	-	322.91	732.51
	3,660.63	(2,517.11)	-	323.11	1,466.63

*Other column includes the effect of interest accrued during the period.

Statement of Changes in Equity for the year ended March 31, 2021

(Currency: Indian rupees in million)

A. Equity Share Capital	
Particulars	Amount
As at April 01, 2019	887.77
Changes in equity share capital during FY 2019-20	1.74
As at March 31, 2020	889.51
Changes in equity share capital during FY 2020-21	1.39
As at March 31, 2021	890.90

Note :

1. Edelweiss Employees' Welfare Trust and Edelweiss Employees' Incentive and Welfare Trust are extension of Company's financial statements, these trusts are holding 4,48,96,780 number of equity shares as on March 31, 2021 amounting to ₹ 44.90 million (as at March 31, 2020: ₹ 44.90 million). These are deducted from total outstanding equity shares.
2. Refer note 20 for detailed quantitative information including investors holding more than 5% of equity share capital.
3. The above two Employee Welfare Trust(s) hold an aggregate 44,896,780 equity shares of the Company for incentive and welfare benefits for group employees as per extant applicable SEBI regulations. Pursuant to the exercise of right available under Regulation 29 of SEBI (Share Based Employee Benefits) Regulations, 2014, the Company has applied before the expiry date of 27 October 2019 for extension of the time limit for disposing of aforesaid equity shares. The said application is under consideration and approval for extension from SEBI is awaited as at date.

B. Other Equity

Particulars	Securities Premium	Retained Earnings	General Reserve	Capital Redemption Reserve	Employee Stock Option Plan (ESOP) & (SAR) reserve	Share application money pending allotment	Total Attributable to equity holders
Balance as at April 01, 2019	30,057.56	1,593.27	508.64	2.03	460.59	6.15	32,628.24
Profit for the year	-	825.79	-	-	-	-	825.79
Other Comprehensive Income	-	(0.47)	-	-	-	-	(0.47)
Total comprehensive income	-	825.32	-	-	-	-	825.32



Statement of Changes in Equity for the year ended March 31, 2021

(Currency: Indian rupees in million)

B. Other Equity (Continued)

Particulars	Securities Premium	Retained Earnings	General Reserve	Redemption Reserve	Capital Reserve	Employee Stock Option Plan (ESOP) & (SAR) reserve	Share application money pending allotment	Total Attributable to equity holders
Final dividends to equity shareholders	-	(266.51)	-	-	-	-	-	(266.51)
Issue of equity instruments on ESOP	84.14	-	-	-	-	-	(85.88)	(1.74)
ESOP charge	-	-	-	-	242.03	-	-	242.03
Transfers to securities premium on exercise of ESOP	33.37	-	-	-	(33.37)	-	-	-
Share application money received during the year	-	-	-	-	-	-	79.92	79.92
Stock appreciation rights (SAR)	-	-	-	-	-	148.93	-	148.93
Balance as at March 31, 2020	30,175.07	2,152.08	508.64	2.03	818.18	0.19	0.19	33,656.19
Profit for the year	-	7,162.12	-	-	-	-	-	7,162.12
Other Comprehensive Income	-	9.54	-	-	-	-	-	9.54
Total comprehensive income	-	7,171.66	-	-	-	-	-	7,171.66
Interim dividends to equity shareholders	-	(842.22)	-	-	-	-	-	(842.22)
Issue of equity instruments on ESOP	46.71	-	-	-	-	-	(48.10)	(1.39)
ESOP charge	-	-	-	-	-	139.42	-	139.42
Transfers to securities premium on exercise of ESOP	25.03	-	-	-	-	(25.03)	-	-
Share application money received during the year	-	-	-	-	-	-	49.61	49.61
Stock appreciation rights (SAR)	-	-	-	-	-	195.71	-	195.71
Balance as at March 31, 2021	30,246.81	8,481.52	508.64	2.03	1,128.28	1.70	1.70	40,368.98

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
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Rashesh Shah
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Executive Director
DIN : 00009438

Sarju Simaria
Chief Financial Officer

Tarun Khurana
SVP & Company Secretary

Mumbai June 11, 2021

Mumbai June 11, 2021





Notes to the financial statements

1. Background

Edelweiss Financial Services Limited ('the Company') is registered with Securities and Exchange Board of India (SEBI) as Category I – Merchant Banker. The Company was incorporated on November 21, 1995 and is the ultimate holding company of Edelweiss group of companies. The Company has its registered office at Edelweiss House, Off C.S.T. Road, Kalina, Mumbai, India.

The Company is principally engaged in providing investment banking services and holding company activities comprising of development, managerial and financial support to the business of Edelweiss group entities.

Significant Accounting Policies

1.1 Basis of preparation of financial statements

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

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

1.2 Presentation of financial statements

The Company presents its balance sheet in order of liquidity in compliance with the Division III of the Schedule III to the Companies Act, 2013. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (noncurrent) is presented in Note no 46.

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

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

1.3 Financial Instruments

1.3.1 Date of recognition

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

1.3.2 Initial measurement of financial instruments

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



Notes to the financial statements *(Continued)*

Significant Accounting Policies *(Continued)*

1.4 Classification of financial instruments

1.4.1 Financial assets:

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

Financial assets carried at amortized cost (AC)

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

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

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

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

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

1.4.1.1 Amortized cost and Effective interest method

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

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

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

1.4.1.2 Financial assets held for trading

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



Notes to the financial statements *(Continued)*

Significant Accounting Policies *(Continued)*

1.4 Classification of financial instruments *(Continued)*

1.4.1.3 Investment in equity instruments

The Company measures all equity investments at fair value through profit or loss except, for Investment in subsidiaries and associates are recognised at cost, subject to impairment if any at the end of each reporting period. Cost of investment represents amount paid for acquisition of the investment.

1.4.2 Financial liabilities

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

1.4.2.1 Debt securities and other borrowed funds

After initial measurement, debt issued, and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the EIR.

1.4.2.2 Financial assets and Financial liabilities at fair value through profit or loss

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

- The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis; or
- The liabilities are part of a group of financial liabilities, which are managed, and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- The liabilities containing one or more embedded derivatives, unless they do not significantly modify the cash flows that would otherwise be required by the contract, or it is clear with little or no analysis when a similar instrument is first considered that separation of the embedded derivative(s) is prohibited.

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



Notes to the financial statements *(Continued)*

Significant Accounting Policies *(Continued)*

1.4 Classification of financial instruments *(Continued)*

1.4.2.3 Financial guarantee:

Financial guarantees are contract that requires the Company to make specified payments to reimburse to holder for loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of a debt instrument.

Financial guarantee issued or commitments to provide a loan at below market interest rate are initially measured at fair value and the initial fair value is amortised over the life of the guarantee or the commitment. Subsequently they are measured at higher of this amortised amount and the amount of loss allowance.

1.4.3 Financial liabilities and equity instruments

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

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

1.4.4 Derivative contracts *(Derivative assets / Derivative liability)*

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts and interest rate swaps.

Derivatives are initially recognised at fair value and are subsequently re-measured at fair value through profit or loss. The resulting gain or loss is recognised in profit or loss immediately.

1.5 Reclassification of financial assets and financial liabilities

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

1.6 Employee welfare trust

The Company is a sponsor to two trusts namely: (i) Edelweiss Employees' Welfare Trust; and (ii) Edelweiss Employees' Incentives and Welfare Trust. These trusts have been formed exclusively to provide benefits to employees of the Company and its subsidiaries and associates. These trusts have been treated as an extension of the Company for the purpose of these financial statements. Accordingly, the equity shares of the Company held by these trusts have been treated as treasury shares. The excess of the cost of such shares over the face value of shares has been reduced from the securities premium account of the Company.



Notes to the financial statements (*Continued*)

Significant Accounting Policies (*Continued*)

1.7 Derecognition of financial assets and financial liabilities

1.7.1 Derecognition of financial assets due to substantial modification of terms and conditions

The Company derecognises a financial asset when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded.

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

1.7.2 Derecognition of financial assets (other than due to substantial modification)

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

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

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

A transfer only qualifies for derecognition if either:

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

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

1.7.3 Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled, or expires.

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



Notes to the financial statements *(Continued)*

Significant Accounting Policies *(Continued)*

1.8 Impairment of financial assets

The Company records allowance for expected credit losses for all amortised cost financial assets and financial guarantee contracts, in this section all referred to as ‘financial instruments. Equity instruments are not subject to impairment under Ind AS 109.

The Company follows ‘simplified approach’ for recognition of impairment loss allowance on trade receivables and lease receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. The Company uses a provision matrix to determine impairment loss allowance on portfolio of its receivables. The provision matrix is based on its historically observed default rates over the expected life of the receivables.

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

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate. The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

1.9 Write off

Financial assets are written off either partially or in their entirety only when the Company has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to impairment on financial instruments in statement of profit and loss.

1.10 Determination of fair value

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

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

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



Notes to the financial statements *(Continued)*

Significant Accounting Policies *(Continued)*

1.10 Determination of fair value *(Continued)*

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.

1.11 Revenue from contract with customer

Revenue is measured at fair value of the consideration received or receivable. Revenue is recognized when (or as) the Company satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset. When (or as) a performance obligation is satisfied, the Company recognizes as revenue the amount of the transaction price (excluding estimates of variable consideration) that is allocated to that performance obligation. The Company applies the five-step approach for recognition of revenue:

- i. Identification of contract(s) with customers;
- ii. Identification of the separate performance obligations in the contract;
- iii. Determination of transaction price;
- iv. Allocation of transaction price to the separate performance obligations; and
- v. Recognition of revenue when (or as) each performance obligation is satisfied



Notes to the financial statements *(Continued)*

Significant Accounting Policies *(Continued)*

1.11 Revenue from contract with customer *(Continued)*

Revenue Recognition for different heads of Income are as under:

(i) Investment banking advisory fees, Syndication fees (net of tax)

Advisory/Syndication fees are recognised on an accrual basis in accordance with agreement entered into with respective investment managers / advisors.

(ii) Interest income

Interest income is recognized using the effective interest rate.

(iii) Dividend income

Dividend income is recognized in the statement of profit or loss on the date that the Company's right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of dividend can be reliably measured. This is generally when the Shareholders approve the dividend.

(iv) Profit or loss on sale of investments

Profit or loss on sale of investments is recognised on trade date basis. Difference between the sale price and average cost of acquisition is recognized as profit or loss on sale of investments.

1.12 Earnings per share

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

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

1.13 Foreign currency transactions

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

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



Notes to the financial statements *(Continued)*

Significant Accounting Policies *(Continued)*

1.14 Retirement and other employee benefit

Provident fund and national pension scheme

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

Gratuity

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

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

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

Compensated Absences

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

The liability is provided based on the number of days of unutilised leave at each balance sheet date based on a valuation by an independent actuary.

1.15 Share-based payment arrangements

Equity-settled share-based payments to employees of the Group and others providing similar services that are granted by the Company are measured by reference to the fair value of the equity instruments at the grant date. These includes Stock Appreciation Rights (SARs) which are equity settled share-based payments.

a. with respect to Company's employees:

The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the Employee Stock Option Plan Reserve and Stock Appreciation Rights Reserve. In cases where the share options granted vest in installments over the vesting period, the Company treats each installment as a separate grant, because each installment has a different vesting period, and hence the fair value of each installment differs.



Notes to the financial statements (Continued)

Significant Accounting Policies (Continued)

1.15 Share-based payment arrangements (Continued)

b. with respect to employees of the Group:

The fair value determined at the grant date of the equity-settled share-based payments is accounted as a capital contribution (deemed investment) to the respective subsidiaries over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised such that the cumulative capital contribution (deemed investment) is increased so that it reflects the revised estimate, with a corresponding adjustment to the Employee Stock Option Plan Reserve. In cases where the share options granted vest in installments over the vesting period, the Company treats each installment as a separate grant, because each installment has a different vesting period, and hence the fair value of each installment differs. Whenever, these estimates are expected to get settle between the subsidiaries and the Company, they are accounted as receivable/payable.

1.16 Property, plant and equipment

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

Subsequent costs incurred on an item of property, plant and equipment is recognised in the carrying amount thereof when those costs meet the recognition criteria as mentioned above. Repairs and maintenance are recognised in profit or loss as incurred.

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

Estimated useful lives of the assets are as follows:

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

Leasehold improvements are amortised on a straight-line basis over the estimated useful lives of the assets or the period of lease, whichever is shorter.



Notes to the financial statements *(Continued)*

Significant Accounting Policies *(Continued)*

1.16 Property, plant and equipment *(Continued)*

Amount of those components which have been separately recognised as assets is derecognised at the time of replacement thereof. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

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

1.17 Intangible assets

Intangible assets are recorded at the consideration paid for the acquisition of such assets and are carried at cost less accumulated amortization and impairment, if any. Intangibles such as software are amortised over a period of 3 years based on its estimated useful life.

1.18 Impairment of non-financial assets

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

1.19 Cash and cash equivalents

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

1.20 Provisions and other contingent liabilities

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where the probability of outflow is considered to be remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed. Given the subjectivity and uncertainty of determining the probability and amount of losses, the Company takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents.



Notes to the financial statements (*Continued*)

Significant Accounting Policies (*Continued*)

1.21 Income tax expenses

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

1.21.1 Current tax

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

1.21.2 Deferred tax

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

Deferred tax assets are also recognised with respect to carry forward of unused tax losses and unused tax credits (including Minimum Alternative Tax credit) to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

It is probable that taxable profit will be available against which a deductible temporary difference, unused tax loss or unused tax credit can be utilised when there are sufficient taxable temporary differences which are expected to reverse in the period of reversal of deductible temporary difference or in periods in which a tax loss can be carried forward or back. When this is not the case, deferred tax asset is recognised to the extent it is probable that:

- the entity will have sufficient taxable profit in the same period as reversal of deductible temporary difference or periods in which a tax loss can be carried forward or back; or
- tax planning opportunities are available that will create taxable profit in appropriate periods.

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

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

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

1.21.3 Current and deferred tax for the year

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



Notes to the financial statements *(Continued)*

Significant Accounting Policies *(Continued)*

1.22 Critical accounting judgements and key sources of estimation uncertainty

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

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

1.23 Critical judgements in applying accounting policies

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

1.23.1 Business model assessment

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

1.24 Key sources of estimation uncertainty

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

1.24.1 Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, 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.



Notes to the financial statements *(Continued)*

Significant Accounting Policies *(Continued)*

1.24 Key sources of estimation uncertainty *(Continued)*

1.24.2 Impairment of financial assets

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

The Company's ECL calculations are outputs of models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies.

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

1.25 Standards issued but not yet effective

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



Notes to the financial statements (Continued)

(Currency: Indian rupees in million)

Particulars	As at March 31, 2021	As at March 31, 2020
2. Cash and cash equivalents		
Cash in hand	0.01	0.10
Balances with banks		
- in current accounts	1,481.80	13.56
Total	1,481.81	13.66
2.A Bank balances other than cash and cash equivalents		
Unpaid dividend accounts	8.19	9.55
Total	8.19	9.55

3. Derivative financial instruments

The Company enters into derivative transactions to hedge its interest rate risks and currency risks.

These derivatives are held for risk management purposes i.e. economic hedges but the Company has elected not to apply hedge accounting requirements.

Particulars	March 31, 2021							
	Unit	Currency	Notional amount*	Fair value Asset	Unit	Currency	Notional amount*	Fair value liability
(i) Currency derivatives								
Currency Futures	Number of currency units	USDINR	1,22,71,000	6.15	Number of currency units	USDINR	-	-
						GBPINR	3,00,000	(0.03)
Less: Amounts Offset (refer note. 4 offsetting disclosure)				(6.15)				0.03
Forwards					Number of currency units	USDINR	-	-
Total Derivative Financial Instruments			Total	-			Total	-



Notes to the financial statements (Continued)

(Currency: Indian rupees in million)

3. Derivative financial instruments (Continued)

Particulars	March 31, 2020							
	Unit	Currency	Notional amount*	Fair value Asset	Unit	Currency	Notional amount*	Fair value liability
(i) Currency derivatives								
Currency Futures	Number of currency units	USDINR	-	-	Number of currency units	USDINR	58,95,000	0.77
						GBPINR	3,00,000	1.12
Less: Amounts Offset (refer note.4 offsetting disclosure)				-				(1.89)
(ii) Currency forwards								
Forwards	Number of currency units	USDINR	-	-				
Total Derivative Financial Instruments			Total	-			Total	-

* Notional amount represents quantity in case of currency linked derivatives

4. Offsetting

Certain derivative financial assets and financial liabilities are subject to master netting arrangements, whereby in the case of insolvency, derivative financial assets and financial liabilities will be settled on a net basis. The tables below summarise the financial assets and liabilities subject to offsetting, enforceable master netting and similar agreements, as well as financial collateral received to mitigate credit exposures for these financial assets, and whether offset is achieved in the balance sheet:

Financial assets subject to offsetting March 31, 2021

Particulars	Offsetting recognised in the balance sheet			Netting potential not recognised in balance sheet		Assets not subject to netting arrangements	Total assets
	Gross asset before offset	Amount offset*	Net asset recognised in balance sheet	Financial liabilities	Assets after consideration of netting potential	Assets recognised on the balance sheet	Recognised in the balance sheet
Derivative financial assets	6.15	6.15	-	-	-	-	-

Financial liabilities subject to offsetting March 31, 2021

Particulars	Offsetting recognised in the balance sheet			Netting potential not recognised in balance sheet		Liabilities not subject to netting arrangements	Total liabilities
	Gross liability before offset	Amount offset*	Net liability recognised in balance sheet	Financial assets	Liabilities after consideration of netting potential	Liabilities recognised on the balance sheet	Recognised in the balance sheet
Derivative financial liabilities	0.03	0.03	-	-	-	-	-

* As at the reporting date, the amount of cash margin received that has been offset against the gross derivative assets is ₹ 6.15 million. Also, at the reporting date, the amount of cash margin paid that has been offset against the gross derivative liabilities is ₹ 0.03 million.



Notes to the financial statements (Continued)

(Currency: Indian rupees in million)

4. Offsetting (Continued)

Financial assets subject to offsetting March 31, 2020

Particulars	Offsetting recognised in the balance sheet			Netting potential not recognised in balance sheet		Assets not subject to netting arrangements	Total assets
	Gross asset before offset	Amount offset*	Net asset recognised in balance sheet	Financial liabilities	Assets after consideration of netting potential	Assets recognised on the balance sheet	Recognised in the balance sheet
Derivative financial assets	-	-	-	-	-	-	-

Financial liabilities subject to offsetting March 31, 2020

Particulars	Offsetting recognised in the balance sheet			Netting potential not recognised in balance sheet		Liabilities not subject to netting arrangements	Total liabilities
	Gross liability before offset	Amount offset*	Net liability recognised in balance sheet	Financial assets	Liabilities after consideration of netting potential	Liabilities recognised on the balance sheet	Recognised in the balance sheet
Derivative financial liabilities	1.89	1.89	-	-	-	-	-

* As at the reporting date, the amount of cash margin received that has been offset against the gross derivative assets is ₹ Nil. Also, at the reporting date, the amount of cash margin paid that has been offset against the gross derivative liabilities is ₹1.89 million.

5. Trade receivables

Particulars	As at March 31, 2021	As at March 31, 2020
a) Trade receivables		
Receivables considered good - Unsecured	305.98	355.18
Less : Allowance for expected credit losses	(114.98)	(38.38)
Total	191.00	316.80

b) Reconciliation of impairment allowance on trade receivables:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Impairment allowance measured as per simplified approach		
Impairment allowance - Opening Balance	(38.38)	(97.05)
(Add)/ less: asset originated or acquired (net)	(76.60)	58.67
Impairment allowance - Closing Balance	(114.98)	(38.38)

Notes:

- 1) No trade or other receivables are due from directors or other officers of the company either severally or jointly with any other person.
- 2) No trade or other receivables are due from firms or private companies in which directors is partner, a director or a member.
- 3) Trade receivables are non-interest bearing and are generally on terms of 1 to 30 days.



Notes to the financial statements (Continued)

(Currency: Indian rupees in million)

5. Trade receivables (Continued)

c) Trade receivables days past due

As at March 31, 2021	0-90 days	91-180 days	181-270 days	270- 360 days	> 360 days	Total
ECL Rates	0.54%	98.92%	99.91%	100%	100%	
Estimated total gross carrying amount at default	191.59	36.53	53.15	0.65	24.06	305.98
ECL - Simplified approach	1.03	36.14	53.10	0.65	24.06	114.98
Net carrying amount	190.56	0.39	0.05	-	-	191.00

As at March 31, 2020	0-90 days	91-180 days	181-270 days	270- 360 days	> 360 days	Total
ECL Rates	0.55%	17.37%	56.10%	88.16%	100%	
Estimated total gross carrying amount at default	300.23	21.70	-	16.30	16.95	355.18
ECL - Simplified approach	3.29	3.77	-	14.37	16.95	38.38
Net carrying amount	296.94	17.93	-	1.93	-	316.80

6. Loans

Particulars	As at March 31, 2021	As at March 31, 2020
(at Amortised cost)		
Loans to related parties	12,474.13	-
Loans to employees	0.53	6.73
Total Gross	12,474.66	6.73
Less: Impairment loss allowance	(2.23)	-
Total (Net)	12,472.43	6.73
Unsecured	12,474.66	6.73
Total Gross	12,474.66	6.73
Less: Impairment loss allowance	(2.23)	-
Total (Net)	12,472.43	6.73
Loans outside India		
Others	-	-
Loans in India		
Public sector	-	-
Others	12,474.66	6.73
Total Gross	12,474.66	6.73
Less: Impairment loss allowance	(2.23)	-
Total (Net)	12,472.43	6.73

Note :

These loans are considered to have low credit risk based on credit evaluation undertaken by the Company. There is no history of any defaults on these loans. Since the counter-parties are subsidiaries and employees of the Company, the Company regularly monitors to ensure that these entities have enough liquidity which safeguards the interest of investors and lenders. Accordingly, there is very minimal Expected credit loss allowance on the aforesaid loans.



Notes to the financial statements (Continued)

(Currency: Indian rupees in million)

7. Investments

	At Amortised cost (subsidiaries, associates and others)	At fair value Through P&L	At cost (subsidiaries, associates and others)	Total
As at March 31, 2021				
Equity instruments	-	27.40	40,895.95	40,923.35
Compulsory Convertible Debentures	250.12	-	-	250.12
Non-cumulative redeemable Preference Shares Investment	-	-	1,000.00	1,000.00
Compulsory Convertible Preference Shares	-	-	1,650.00	1,650.00
TOTAL - Gross (A)	250.12	27.40	43,545.95	43,823.47
(i) Investments outside India	-	-	6.15	6.15
(ii) Investment in India	250.12	27.40	43,539.80	43,817.32
Total (B)	250.12	27.40	43,545.95	43,823.47
Less: Allowance for impairment (C)	-	-	6.15	6.15
Total Net (A-C)	250.12	27.40	43,539.80	43,817.32
Aggregate amount of quoted investments				2.04
Aggregate market value of quoted investments				2.04
Aggregate amount of unquoted investments				43,815.28
As at March 31, 2020				
Equity instruments	-	23.95	34,648.92	34,672.87
TOTAL - Gross (A)	-	23.95	34,648.92	34,672.87
(i) Investments outside India	-	-	534.37	534.37
(ii) Investment in India	-	23.95	34,114.55	34,138.50
Total (B)	-	23.95	34,648.92	34,672.87
Less: Allowance for impairment (C)	-	-	-	-
Total Net (A-C)	-	23.95	34,648.92	34,672.87
Aggregate amount of quoted investments				0.80
Aggregate market value of quoted investments				0.80
Aggregate amount of unquoted investments				34,672.07

Note :

- The Company has Employee Stock Option Plans (ESOP) in force. Based on such ESOP schemes, the Company has granted options to acquire equity shares of the Company that would vest in a graded manner to certain employees of subsidiaries. To the extent that the Company has not charged and recovered the fair value of such stock options from its subsidiaries, it has been included in the above carrying value of investment in the those subsidiaries.
- Impairment on investment has been assessed based on business projection approved by Board of directors of respective subsidiaries / associates. Impairment recognised, based on management assessment, if the recoverable value is less than carrying amount.



Notes to the financial statements (Continued)

(Currency: Indian rupees in million)

8. Other financial assets

Particulars	As at	As at
	March 31, 2021	March 31, 2020
Deposits- others	20.64	21.41
Margin placed with broker	29.20	15.28
Corporate guarantee fees receivable	324.63	356.59
Advances recoverable in cash or in kind or for value to be received	254.88	302.14
Total	629.35	695.42

9. Current tax assets (net)

Advance income taxes (net of provision for tax)	688.06	618.59
Total	688.06	618.59

10. Deferred tax assets (net)

Deferred tax assets		
Trade receivables		
Provision for expected credit loss	29.50	13.41
Property, plant and equipment and intangibles		
Difference between book and tax depreciation	12.00	16.40
Investments and other financial instruments		
Unrealised loss on derivatives	-	0.66
Fair valuation of investments - loss in valuation	0.68	1.06
Employee benefit obligations		
Disallowances under section 43B of the Income Tax Act, 1961	0.90	3.20
Unused tax losses		
Accumulated Losses	336.54	256.40
	379.62	291.13
Deferred tax liabilities		
Investments and other financial instruments		
Unrealised gain on derivatives	1.54	-
	1.54	-
Total	378.08	291.13

Notes to the financial statements (Continued)

(Currency: Indian rupees in million)

11. Property, plant and equipment and intangible assets

Description of assets	Gross Block			Depreciation / Amortization / Impairment			Net Block	
	As at April 01, 2020	Additions during the year	Deductions during the year	As at April 01, 2020	Charge for the year	Deductions during the year	As at March 31, 2021	As at March 31, 2021
Property, Plant and Equipment								
Freehold Building	1.75	-	-	0.25	0.08	-	0.33	1.42
Leasehold Improvements	0.63	-	0.63	0.63	-	0.63	-	-
Furniture and Fixtures	0.15	-	-	0.03	0.03	-	0.06	0.09
Vehicles	4.79	-	1.05	3.25	0.43	0.78	2.90	0.84
Office Equipment	1.70	0.26	-	0.72	0.44	-	1.16	0.80
Computers	18.45	1.31	4.21	14.23	2.30	3.82	12.71	2.84
Total: A	27.47	1.57	5.89	19.11	3.28	5.23	17.16	5.99
Intangible assets								
Computer software	101.85	2.36	26.13	85.02	10.76	18.89	76.89	1.19
Total: B	101.85	2.36	26.13	85.02	10.76	18.89	76.89	1.19
Grand total [A+B]	129.32	3.93	32.02	104.13	14.04	24.12	94.05	7.18





Notes to the financial statements (Continued)

(Currency: Indian rupees in million)

Description of assets	Gross Block		Depreciation / Amortization / Impairment			Net Block	
	As at April 01, 2019	Additions during the year	Deductions during the year	As at March 31, 2020	Charge for the year	As at March 31, 2020	As at March 31, 2020
Property, Plant and Equipment							
Freehold Building	1.75	-	-	1.75	0.17	0.25	1.50
Leasehold Improvements	0.63	-	-	0.63	0.01	0.63	-
Furniture and Fixtures	0.17	0.04	0.06	0.15	0.06	0.03	0.12
Vehicles	6.81	-	2.02	4.79	3.66	0.97	3.25
Office Equipment	2.28	0.76	1.34	1.70	1.40	0.65	0.72
Computers	20.77	1.07	3.39	18.45	12.75	4.40	4.22
Total: A	32.41	1.87	6.81	27.47	18.66	6.14	19.11
Intangible assets							
Computer software	91.23	10.62	-	101.85	59.00	26.02	85.02
Total: B	91.23	10.62	-	101.85	59.00	26.02	85.02
Grand total [A+B]	123.64	12.49	6.81	129.32	77.66	32.16	104.13
							25.19



Notes to the financial statements (Continued)

(Currency: Indian rupees in million)

12. Other non-financial assets

Particulars	As at	As at
	March 31, 2021	March 31, 2020
Input tax credit	83.85	-
Contribution to gratuity fund (net)	13.41	-
Prepaid expenses	25.80	133.78
Vendor advances	12.82	-
Total	135.88	133.78

13. Trade Payables

Total outstanding dues of micro enterprises and small enterprises (Refer note 41)	-	0.90
Total outstanding dues of creditors other than micro enterprises and small enterprises (includes sundry creditors, provision for expenses, customer payables)	2,354.43	52.45
Total	2,354.43	53.35

14. Debt securities

Secured		
Non-convertible redeemable Debentures (at amortised cost)		
Non-convertible Debentures - privately placed	3,432.22	-
Non-Convertible Debentures - Public Issue	2,024.16	-
Market Linked Debentures	1,832.57	-
	7,288.95	-
Unsecured		
Commercial paper	-	734.12
	7,288.95	734.12
Debt Securities in India	7,288.95	734.12
Debt Securities outside India	-	-
Total	7,288.95	734.12

For secured debt, the Company has provided collateral in the nature of specific and Pari Passu charge of receivables and investments.

Debt Securities - as at 31 March 2021

Maturities	<1 years	1-3 years	> 3 years	Total
Rate of Interest				
7.00 - 7.99%	-	-	-	-
8.00 - 8.99%	-	-	-	-
9.00 - 9.99%	-	738.88	1,261.12	2,000.00
10.00 - 10.99%	-	-	-	-
11.00 - 11.99%	-	-	-	-
19.00-19.99%	210.00	420.00	2,870.00	3,500.00
Zero Coupon Debentures	-	-	-	-
Various (benchmark linked)	-	1,331.09	501.48	1,832.57
Accrued Interest and EIR				(43.62)
Total	210.00	2,489.97	4,632.60	7,288.95

Debt Securities - as at 31 March 2020

Maturities	<1 years	1-3 years	> 3 years	Total
Rate of Interest				
10.00 - 10.99%	734.12	-	-	734.12
Total	734.12	-	-	734.12



Notes to the financial statements (Continued)

(Currency: Indian rupees in million)

15. Borrowings other than Debt Securities

Particulars	As at March 31, 2021	As at March 31, 2020
(at Amortised Cost)		
Unsecured		
Loan from related parties (repayable on demand) (Interest rate payable @ 14.50% for March 31, 2021 and 11.75% for March 31, 2020)	1,091.16	732.51
	1,091.16	732.51
Borrowings in India	1,091.16	732.51
Borrowings outside India	-	-
Total	1,091.16	732.51

16. Other financial liabilities

Other payables	7.95	0.02
Unpaid dividends	8.19	9.55
Accrued salaries and benefits	1,606.90	210.93
Financial guarantee obligation	324.63	356.59
Risk and Reward undertaking (Refer note 56)	4,426.30	-
Other Advances	467.51	-
Total	6,841.48	577.09

17. Current tax liabilities (net)

Provision for taxation (net of advance tax)	7.26	69.84
Total	7.26	69.84

18. Provisions

Provision for employee benefits		
Gratuity	-	2.13
Compensated leave absences	3.59	6.95
Interim dividend	842.22	-
Total	845.81	9.08

19. Other non-financial liabilities

Statutory liabilities*	111.87	69.28
Others	8.46	1.91
Total	120.33	71.19

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



Notes to the financial statements (Continued)

(Currency: Indian rupees in million)

20. Equity share capital

Particulars	As at March 31, 2021		As at March 31, 2020	
	No of shares	Amount	No of shares	Amount
Authorised :				
Equity Shares of ₹ 1 each	1,23,00,00,000	1,230.00	1,23,00,00,000	1,230.00
Preference shares of ₹ 5 each	40,00,000	20.00	40,00,000	20.00
	1,23,40,00,000	1,250.00	1,23,40,00,000	1,250.00
Issued, Subscribed and Paid up:				
Equity Shares of ₹ 1 each	93,57,98,077	935.80	93,44,09,002	934.41
Less: Shares held by Edelweiss Employees Incentives and Welfare Trust	(73,01,510)	(7.30)	(73,01,510)	(7.30)
Less: Shares held by Edelweiss Employees Welfare Trust (Refer Note.1.6)	(3,75,95,270)	(37.60)	(3,75,95,270)	(37.60)
	89,09,01,297	890.90	88,95,12,222	889.51

A. Reconciliation of number of shares

(Before deducting treasury shares)	As at March 31, 2021		As at March 31, 2020	
	No of shares	Amount	No of shares	Amount
Outstanding at the beginning of the year	93,44,09,002	934.41	93,26,69,564	932.67
Shares issued during the year:				
-Under Employee Stock Options Plans (ESOPs)	13,89,075	1.39	17,39,438	1.74
Outstanding at the end of the year	93,57,98,077	935.80	93,44,09,002	934.41

Note :

- Edelweiss Employees' Welfare Trust and Edelweiss Employees' Incentive and Welfare Trust are extension of Company's financial statements, these trusts are holding 4,48,96,780 number of equity shares as on March 31, 2021 amounting to ₹ 44.90 million (as at March 31, 2020: ₹ 44.90 million). These are deducted from total outstanding equity shares.
- The above two Employee Welfare Trust(s) hold an aggregate 4,48,96,780 equity shares of the Company for incentive and welfare benefits for group employees as per extant applicable SEBI regulations. Pursuant to the exercise of right available under Regulation 29 of SEBI (Share Based Employee Benefits) Regulations, 2014, the Company has applied before the expiry date of 27 October 2019 for extension of the time limit for disposing of aforesaid equity shares. The said application is under consideration and approval for extension from SEBI is awaited as at date.

B. Terms/rights attached to equity shares :

The Company has only one class of equity shares having a par value of ₹ 1 per share. Each holder of equity shares is entitled to one vote per share.

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

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

Particulars	As at March 31, 2021		As at March 31, 2020	
	No of shares	% holding	No of shares	% holding
Rashesh Shah	14,56,01,730	15.56%	14,53,01,730	15.55%
Venkatchalam Ramaswamy	5,81,26,560	6.21%	5,80,26,560	6.21%
BIH SA	4,82,57,748	5.16%	4,70,07,748	5.03%
	25,19,86,038	26.93%	25,03,36,038	26.79%

Note :

The Shareholding of Mr. Rashesh Chandrakant Shah and Mr. Venkatchalam A Ramaswamy in the Promoter and Promoter Group category as at March 31 2020, does not include 3,00,000 equity shares and 1,00,000 equity shares purchased by them respectively on March 31, 2020, as the shares were credited to the respective demat accounts post March 31, 2020, as per the settlement cycle.



Notes to the financial statements (Continued)

(Currency: Indian rupees in million)

21. Other Equity

Particulars	As at March 31, 2021	As at March 31, 2020
Securities premium account	30,246.81	30,175.07
General reserve	508.64	508.64
Capital redemption reserve	2.03	2.03
Retained earnings	8,481.52	2,152.08
Stock options outstanding	783.64	669.25
Shares Appreciation Rights outstanding	344.64	148.93
Share application money pending allotment	1.70	0.19
Total	40,368.98	33,656.19
Movement in Other Equity		
I. Securities premium account		
Opening Balance	30,175.07	30,057.56
Add : On issue of shares on exercise of Employee Stock Options Plans (ESOPs)	46.71	84.14
Add : On transfer from ESOP reserve on exercise of Employee Stock Options Plans (ESOPs)	25.03	33.37
Total	30,246.81	30,175.07
II. General Reserve		
Opening Balance	508.64	508.64
Add : Additions during the year	-	-
Total	508.64	508.64
III. Capital Redemption Reserve		
Opening Balance	2.03	2.03
Add : Additions during the year	-	-
Total	2.03	2.03
IV. Retained earnings		
Opening Balance	2,152.08	1,593.27
Add: Profit for the year	7,162.12	825.79
Add: Other Comprehensive Income	9.54	(0.47)
Amount available for appropriation	9,323.74	2,418.59
Appropriations:		
Interim dividend	(842.22)	-
Final dividend	-	(266.51)
Total	(842.22)	(266.51)
Total	8,481.52	2,152.08
V. Stock options outstanding (Refer note 38)		
Opening Balance	669.25	460.59
Add : Additions during the year	139.42	242.03
Less : Transfer to securities premium account on exercise of ESOPs	(25.03)	(33.37)
Total	783.64	669.25
VI. SAR outstanding (Refer note 38)		
Opening Balance	148.93	-
Add : Additions during the year	195.71	148.93
Total	344.64	148.93
VII. Share application money pending allotment		
(Received against ESOP exercised by employees. For details of ESOP plan refer note 38)	1.70	0.19
Total	1.70	0.19
Total	40,368.98	33,656.19



Notes to the financial statements (Continued)

(Currency: Indian rupees in million)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
22. Interest Income		
On Financial assets measured at Amortised Cost		
Interest on loans	833.17	116.93
Interest on deposits with bank	-	2.39
Other interest income	1.79	1.84
Total	834.96	121.16
23. Dividend Income		
Dividend on investment	1,365.31	694.72
Total	1,365.31	694.72
24. Fee and commission income (Refer Note 48)		
Advisory and other fees	991.19	959.81
Total	991.19	959.81
25. Other operating income		
Fee income from group (Refer note 36)	244.60	437.57
Total	244.60	437.57
26. Other income		
Foreign exchange gain	-	131.12
Miscellaneous income	67.82	92.13
Profit on sale of subsidiaries (net) (Refer note 53)	13,714.85	18.89
Total	13,782.67	242.14
27. Finance cost		
On Financial Liabilities measured at Amortised Cost		
Interest on deposits		
Interest on Inter-corporate deposits	2.76	-
Interest on borrowings		
Interest on bank overdraft	1.76	-
Interest on loan from subsidiaries	-	315.99
Interest on debt securities		
Cost of benchmark linked debentures	35.08	-
Discount on commercial paper	33.05	0.20
Interest on debentures	900.07	-
Other interest expense		
Financial and bank charges	0.61	6.89
Interest - others	0.01	0.03
Total	973.34	323.11



Notes to the financial statements (Continued)

(Currency: Indian rupees in million)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
28. Net loss/(gain) on fair value changes		
Net (gain)/ loss on financial instruments at FVTPL		
Investments		
Fair value (gain) / loss (unrealised)	(3.45)	3.03
Others		
Profit on sale of investments (realised)	-	(137.69)
Fair Value loss on risk and reward undertaking (Refer note 56)	4,426.30	-
Total	4,422.85	(134.66)
29. Impairment on financial instruments		
Trade receivables	78.52	18.73
Impairment in value of investments	6.15	-
Provision for expected credit loss	2.21	-
Others (Refer note 55)	1,400.10	-
Total	1,486.98	18.73
30. Employee benefit expenses		
Salaries and wages	1,803.52	653.66
Contribution to provident and other funds	19.88	20.86
Expense on Employee Stock Option Scheme (ESOP) & Stock Appreciation Rights (Refer note.38)	84.68	99.65
Staff welfare expenses	4.10	23.50
Total	1,912.18	797.67
31. Other expenses		
Advertisement and business promotion	6.11	42.54
Auditors' remuneration (Refer note 31.A)	18.09	8.97
Commission and brokerage	39.92	28.28
Communication	5.42	6.53
Directors' sitting fees	1.84	1.82
Commission to non-executive directors	16.00	3.50
Insurance	20.79	36.76
Legal and professional fees	409.60	168.03
Management Fees (Refer note 57)	489.25	-
Printing and stationery	1.73	5.68
Rates and taxes	7.14	2.39
Rent (Refer Note 31.C)	61.36	83.32
Repairs and maintenance	0.60	0.51
Foreign exchange loss (net)	75.63	-
Computer software	24.76	46.48
Corporate social responsibility -Donation (Refer Note 31.B)	22.70	28.70
Donation	-	0.30



Notes to the financial statements (Continued)

(Currency: Indian rupees in million)

31. Other expenses (Continued)

	For the year ended March 31, 2021	For the year ended March 31, 2020
Clearing & custodian charges	2.72	4.85
Loss on sale of fixed assets	7.06	-
Membership and subscription	18.49	15.41
Office expenses	230.14	61.71
Postage and courier	0.13	2.62
Seminar & Conference	0.12	0.65
Goods & Service tax expenses	6.47	14.70
Travelling and conveyance	3.71	54.00
Miscellaneous expenses	0.37	5.17
Total	1,470.15	622.92

31.A Auditors' remuneration:

As an Auditor		
Statutory Audit of the Company	4.40	4.40
Limited Review	3.60	3.60
Certification	0.36	0.51
Fees for debenture issuances	9.60	-
Towards reimbursement of expenses	0.13	0.46
Total	18.09	8.97

31.B Details of CSR Expenditure:

As per the provisions of Section 135 of Companies Act 2013,		
Gross Amount required to be spent by the Company	22.70	28.01
Amount Spent (Paid in Cash)		
Construction/ Acquisition of any assets on purpose other than (i) above	-	-
Amount Spent (Yet to be paid in Cash)	22.70	28.70
Construction/ Acquisition of any assets on purpose other than (i) above	-	-
Total	22.70	28.70

31.C Operating leases

Rental expenses for the year ended March 31, 2021 aggregated to ₹ 61.36 million (Previous year: ₹ 83.32 million) which has been included under the head other expenses – Rent in the Statement of profit and loss. The Company does not have any non-cancellable operating lease.



Notes to the financial statements (Continued)

(Currency: Indian rupees in million)

32. Income Tax

32.A Component of Income Tax Expenses

Particulars	For the year ended March 31, 2021	for the year ended March 31, 2020
Current Tax	-	45.59
Adjustment in respect of income tax of prior years	(135.98)	(43.69)
Deferred tax relating to temporary differences	(86.95)	(32.22)
Total Tax Charge for the year	(222.93)	(30.32)
Current Tax	(135.98)	1.90
Deferred Tax (Refer Note 32.C)	(86.95)	(32.22)

32.B The income tax expenses for the year can be reconciled to the accounting profit as follows:

Profit before Taxes	6,939.19	795.47
Statutory Income Tax rate	25.17%	34.94%
Tax Charge at Statutory Rate	1,746.59	277.94
Tax effect of :		
Adjustment in respect of current income tax of prior year	(135.98)	(43.69)
Income not charged to tax or chargeable to lower tax rate	(3,795.68)	(271.98)
DTA not created on		
Current year taxable loss	1,555.12	-
Expenditure of current year	450.05	-
DTA created on expenses of earlier year	(151.83)	-
Tax impact due to revaluation of deferred tax due to change in Income tax rate*	81.40	-
Non Deductible Expenses	27.40	7.41
Income Tax Expenses Reported in Statement of Profit and Loss	(222.93)	(30.32)
Effective Income Tax Rate	(3.21%)	(3.81%)

* The government of India, on September 20, 2019 vide the Taxation Laws (Amendment Ordinance) 2019 the Ordinance), inserted a new Section 115BAA in the Income Tax Act, 1961, which provides an option to the Company for paying Income tax at reduced rates. Accordingly, the Company has remeasured its deferred tax assets (net) basis the rate prescribed in the aforesaid section resulting in additional charge of ₹ 81.40 millions.



Notes to the financial statements (Continued)

(Currency: Indian rupees in million)

32. Income Tax (Continued)

32.C Table below shows deferred tax recorded in the balance sheet and changes recorded in Income tax expenses:

For the Year Ended March 2021	As at March 31, 2020	Recognised in profit or loss	Recognised in OCI	Recognised directly in equity	As at March 31, 2021
Deferred Tax Assets					
Difference between book and tax depreciation (including intangibles)	16.40	(4.40)	-	-	12.00
Trade receivables - Expected credit loss	13.41	16.09	-	-	29.50
Fair valuation of investments - loss in valuation	1.06	(0.38)	-	-	0.68
Disallowances under section 43B of the Income Tax Act, 1961	3.20	(2.30)	-	-	0.90
Accumulated Losses	256.40	80.14	-	-	336.54
Unrealised loss on derivatives	0.66	(0.66)	-	-	0.00
Deferred Tax Liabilities					
Fair valuation of investments- gain in valuation	-	-	-	-	-
Unrealised gain on derivatives	-	(1.54)	-	-	(1.54)
Deferred Tax Asset (net)	291.13	86.95	-	-	378.08
For the Year Ended March 2020					
	As at March 31, 2019	Recognised in profit or loss	Recognised in OCI	Recognised directly in equity	As at March 31, 2020
Deferred Tax Assets					
Difference between book and tax depreciation (including intangibles)	13.66	2.74	-	-	16.40
Trade receivables - Expected credit loss	40.10	(26.69)	-	-	13.41
Fair value of investments	-	1.06	-	-	1.06
Disallowances under section 43B of the Income Tax Act, 1961	3.60	(0.66)	0.26	-	3.20
Accumulated Losses	219.54	36.86	-	-	256.40
Deferred Tax Liabilities					
Fair valuation of investments- gain in valuation	(35.52)	35.52	-	-	-
Unrealised gain on derivatives	17.27	(16.61)	-	-	0.66
Deferred Tax Asset (net)	258.65	32.22	0.26	-	291.13



Notes to the financial statements (Continued)

(Currency: Indian rupees in million)

33. Segment reporting

Primary Segment (Business Segment)

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

Segment	Activities Covered
Agency business	Advisory and transactional services
Holding company activities	Development, managerial and financial support to the businesses of Edelweiss group entities

Income for each segment has been specifically identified. Expenditure, assets and liabilities are either specifically identified with individual segments or have been allocated to segments on a systematic basis.

Based on such allocations, segment disclosures relating to revenue, results, assets and liabilities have been prepared.

Secondary Segment

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

The following table gives information as required under the Indian Accounting Standard -108 on "Segment Reporting":

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
I Segment Revenue		
a) Agency business	664.08	808.18
b) Holding company activities	16,486.83	1,638.85
c) Unallocated	67.82	8.37
Total Income	17,218.73	2,455.40
II Segment Results		
a) Agency business	(142.71)	(33.78)
b) Holding company activities	7,014.08	820.88
c) Unallocated	67.82	8.37
Profit before taxation	6,939.19	795.47
Less: Provision for taxation	(222.93)	(30.32)
Profit after taxation	7,162.12	825.79
Particulars	March 31, 2021	March 31, 2020
III Segment Assets		
a) Agency business	41.86	133.07
b) Holding company activities	58,701.30	35,740.57
c) Unallocated	1,066.14	919.24
Total	59,809.30	36,792.88
IV Segment Liabilities		
a) Agency business	397.09	283.21
b) Holding company activities	18,136.88	1,815.30
c) Unallocated	15.45	148.67
Total	18,549.42	2,247.18



Notes to the financial statements (Continued)

(Currency: Indian rupees in million)

33. Segment reporting (Continued)

Particulars	March 31, 2021	March 31, 2020
V Capital Expenditure		
(Including intangible assets under development)		
a) Agency business	0.62	2.78
b) Holding company activities	3.31	9.71
c) Unallocated	-	-
Total	3.93	12.49
VI Depreciation and Amortization		
a) Agency business	2.23	8.54
b) Holding company activities	11.81	23.62
c) Unallocated	-	-
Total	14.04	32.16
VII Significant Non-Cash Expenses Other than Depreciation and Amortization		
a) Agency business	78.03	39.69
b) Holding company activities	5,793.35	81.72
c) Unallocated	-	-
Total	5,871.38	121.41

34. Disclosure as required by Indian Accounting Standard 24 - "Related Party Disclosure":

(A) Subsidiaries which are controlled by the Company:

1 Edelweiss Securities Limited (upto March 26, 2021)
2 Edelweiss Finance & Investments Limited (upto March 26, 2021)
3 ECL Finance Limited
4 Edelweiss Global Wealth Management Limited
5 Edelweiss Gallagher Insurance Brokers Limited
6 Edelweiss Trustee Services Limited (Merged with ECap Equities Limited) (w.e.f November 30, 2019)
7 Edelcap Securities Limited (through ECap Equities Limited)
8 Edelweiss Asset Management Limited
9 ECap Equities Limited
10 Edelweiss Broking Limited (upto March 26, 2021)
11 Edelweiss Trusteeship Company Limited
12 Edelweiss Alternative Asset Advisors Limited
13 Edelweiss Housing Finance Limited
14 Edelweiss Investment Adviser Limited (through Edelweiss Rural & Corporate Services Limited)
15 EC Commodity Limited (through Edelweiss Rural & Corporate Services Limited)
16 Edel Land Limited
17 Edelweiss Custodial Services Limited (through Edelweiss Securities Limited) (upto March 26, 2021)
18 Edelweiss Investment Advisors Private Limited (up to March 26, 2021)
19 EC International Limited, Mauritius
20 Edelweiss Capital (Singapore) Pte. Limited
21 Edelweiss Alternative Asset Advisors Pte. Limited (through Edelweiss Capital (Singapore) Pte. Limited)
22 Edelweiss International (Singapore) Pte. Limited (through Edelweiss Capital (Singapore) Pte. Limited)
23 Aster Commodities DMCC, United Arab Emirates (through EC International Limited, Mauritius)
24 EAAA LLC, Mauritius (through EC International Limited)
25 EW Special Opportunities Advisors LLC, Mauritius (through EAAA LLC)
26 Edel Investments Limited



Notes to the financial statements (Continued)

(Currency: Indian rupees in million)

34. Disclosure as required by Indian Accounting Standard 24 - "Related Party Disclosure": (Continued)

(A) Subsidiaries which are controlled by the Company: (Continued)

27	Edelweiss Tokio Life Insurance Company Limited
28	Edelweiss Rural & Corporate Services Limited (through Edel Finance Company Limited)
29	Edelweiss Comtrade Limited (through Edelweiss Rural & Corporate Services Limited)
30	Edel Finance Company Limited
31	Edelweiss Retail Finance Limited (through Edelcap Securities Limited)
32	Edelweiss Securities (Hong Kong) Private Limited (through Edelweiss Securities Limited- up to March 26, 2021)
33	Edelweiss Financial Services Inc (up to March 26, 2021)
34	Edelweiss Finvest Limited (Merged with Edel Finance Company Limited w.e.f. February 22, 2021)
35	Lichen Metals Private Limited (up to March 30, 2021)
36	Edelweiss Capital Services Limited (Incorporated as on February 12, 2021)
37	EdelGive Foundation
38	Edelweiss Resolution Advisors LLP (through Edelweiss Rural and Corporate Services Limited)
39	Edelweiss Multi Strategy Fund Advisors LLP (through Edelweiss Rural and Corporate Services Limited)
40	EFSL International Limited, Mauritius (through EC International Limited)
41	Edelweiss Financial Services (UK) Limited, (through Edelweiss Securities Limited) (upto March 26, 2021)
42	Edelweiss General Insurance Company Limited
43	Edelweiss Asset Reconstruction Company Limited (through Edelweiss Custodial Services Limited)
44	Edelweiss Private Equity Tech Fund (through Ecap Equities Limited)
45	Edelweiss Securities (IFSC) Limited (upto March 26, 2021)
46	Edelweiss Value and Growth Fund (through Ecap Equities Limited)
47	Allium Finance Private Limited (through Edelweiss Rural and Corporate Services Limited)
48	Edelweiss Securities and Investments Private Limited (through Edelweiss Securities Limited)
49	ESL Securities Limited (through Edelweiss Securities Limited) (upto March 26, 2021)
50	Edelweiss Employees Welfare Trust
51	EC Global Limited (merged with EC international Limited w.e.f. September 01, 2020)
52	Everest Securities & Finance Limited (w.e.f. September 01, 2020 upto March 26, 2021)
53	India Credit Investment Fund – II (w.e.f. March 31, 2021)
54	EW India Special Assets Advisors LLC, Mauritius (through EAAA LLC) (upto June 30, 2019)
55	Edelweiss Holdings Limited (Merged with ECap Equities Limited w.e.f. November 30, 2019)
56	Edelweiss AIF Fund I - EW Clover Scheme -1 (through Edelcap Securities Limited) (closed w.e.f. February 29, 2020)
57	Retra Ventures Private Limited (through Ecap Equities Limited) (ceased to become subsidiary w.e.f. March 19, 2020)
58	Edelweiss Securities Trading and Management Private Limited (Merged with Edelweiss Securities and Investments Private Limited w.e.f. November 19, 2019)
59	Alternative Investment Market Advisors Private Limited (Merged with Ecap Equities Limited w.e.f. November 22, 2019)
60	Edelweiss Employees Incentive and Welfare Trust

(B) Enterprises over which control is exercised by the Company:

Trust name :	
1	ESAF - I Trust
2	EARC SAF - 2 Trust
3	EARC SAF - 3 Trust
4	EARC Trust SC 6
5	EARC Trust SC 7
6	EARC Trust SC 9
7	EARC Trust SC 102
8	EARC Trust SC 109
9	EARC Trust SC 112



Notes to the financial statements (Continued)

(Currency: Indian rupees in million)

34. Disclosure as required by Indian Accounting Standard 24 - "Related Party Disclosure": (Continued)

(B) Enterprises over which control is exercised by the Company: (Continued)

Trust name : (Continued)

10	EARC Trust SC 130
11	EARC Trust SC 223
12	EARC Trust SC 229
13	EARC Trust SC 238
14	EARC Trust SC 245
15	EARC Trust SC 251
16	EARC Trust SC 262
17	EARC Trust SC 263
18	EARC Trust SC 266
19	EARC Trust SC 293
20	EARC Trust SC 297
21	EARC Trust SC 298
22	EARC Trust SC 306
23	EARC Trust SC 308
24	EARC Trust SC 314
25	EARC Trust SC 318
26	EARC Trust SC 321
27	EARC Trust SC 325
28	EARC Trust SC 329
29	EARC Trust SC 331
30	EARC Trust SC 332
31	EARC Trust SC 334
32	EARC Trust SC 342
33	EARC Trust SC 344
34	EARC Trust SC 347
35	EARC Trust SC 348
36	EARC Trust SC 349
37	EARC Trust SC 351
38	EARC Trust SC 352
39	EARC Trust SC 357
40	EARC Trust SC 360
41	EARC Trust SC 361
42	EARC Trust SC 363
43	EARC Trust SC 370
44	EARC Trust SC 372
45	EARC Trust SC 373
46	EARC Trust SC 374
47	EARC Trust SC 375
48	EARC Trust SC 376
49	EARC Trust SC 377
50	EARC Trust SC 378
51	EARC Trust SC 380
52	EARC Trust SC 381
53	EARC Trust SC 383
54	EARC Trust SC 384
55	EARC Trust SC 385
56	EARC Trust SC 386
57	EARC Trust SC 387
58	EARC Trust SC 388



Notes to the financial statements (Continued)

(Currency: Indian rupees in million)

34. Disclosure as required by Indian Accounting Standard 24 - "Related Party Disclosure": (Continued)

(B) Enterprises over which control is exercised by the Company: (Continued)

Trust name : (Continued)	
59	EARC Trust SC 391
60	EARC Trust SC 392
61	EARC Trust SC 393
62	EARC Trust SC 394
63	EARC Trust SC 395
64	EARC Trust SC 396
65	EARC Trust SC 399
66	EARC Trust SC 401
67	EARC Trust SC 402
68	EARC Trust SC 405
69	EARC Trust SC 406
70	EARC Trust SC 410
71	EARC Trust SC 412
72	EARC Trust SC 415
73	EARC Trust SC 427
74	EARC Trust SC 428
75	EARC Trust SC 429
76	EARC Trust SC 430

(C) Individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them control or significant influence over the Company:

1	Mr. Rashesh Shah
2	Mr. Venkatchalam Ramaswamy
3	Ms. Vidya Shah
4	Ms. Aparna T. C.

(D) Key managerial personnel :

1	Mr. Rashesh Shah - Chairman, Managing Director & CEO
2	Mr. Venkatchalam Ramaswamy - Vice Chairman and Executive Director
3	Mr. Himanshu Kaji - Executive Director
4	Mr. Rujan Panjwani - Executive Director
5	Mr. S Ranganathan - Chief Financial Officer (up to October 31, 2020)
6	Mr. Sarju Simaria - Chief Financial Officer (w.e.f. November 01, 2020)

(E) Relatives of Individuals exercising significant influence

1	Ms. Kaavya Venkat
2	Ms. Shilpa Mody
3	Ms. Sejal Premal Parekh
4	Mr. A V Ramaswamy
5	Ms. Sneha Sripad Desai
6	Ms. Shabnam Panjwani

(F) Independent Directors

1	Mr. Berjis Desai
2	Mr. Biswamohan Mahapatra
3	Mr. Kunnasagaran Chinniah
4	Mr. Navtej S. Nandra
5	Mr. P. N. Venkatachalam
6	Mr. Ashok Kini
7	Dr. Ashima Goyal



Notes to the financial statements (Continued)

(Currency: Indian rupees in million)

34. Disclosure as required by Indian Accounting Standard 24 - "Related Party Disclosure": (Continued)

(G) Other Director

1 Ms. Anita M George

(H) Associates with whom transactions have taken place

1 Edelweiss Securities Limited (w. e. f. March 27, 2021)

(I) Subsidiaries of Edelweiss Securities Limited

1 Edelweiss Finance & Investments Limited

2 Edelweiss Broking Limited

3 Edelweiss Custodial Services Limited

4 Edelweiss Investment Advisors Private Limited

5 Edelweiss Financial Services Inc

6 Edelweiss Financial Services (UK) Limited

7 Edelweiss Securities (IFSC) Limited

8 ESL Securities Limited

9 Edelweiss Securities (Hong Kong) Private Limited

(J) Transactions and balances with related parties

Sr. No.	Nature of Transaction	Related Party Name	March 31, 2021	March 31, 2020
Capital Account Transactions during the year				
1	Sale of Equity shares to	Edelweiss Securities Limited	3,837.51	189.63
		Edel Finance Company Limited	1,654.97	-
		Edelweiss Rural & Corporate Services Limited	0.10	-
		Edelweiss Global Wealth Management Limited	15,495.91	-
2	Amount received on winding up of Subsidiary	Edelweiss Capital (Singapore) Pte. Limited	72.83	-
3	Purchase of Equity shares from	Ecap Equities Limited	4,100.76	-
		Edelweiss Securities Limited	714.13	-
		Edel Finance Company Limited	6,706.17	-
		Edel Land Limited	922.46	-
4	Investment in Compulsory Convertible Debentures of	Edelweiss Alternative Asset Advisors Limited	250.00	-
5	Investments in Compulsory Convertible Pref Shares	Edel Finance Company Limited	1,650.00	-
6	Investment in Compulsory Convertible Debenture of	Edelweiss Global Wealth Management Limited	125.00	-
7	Investment in Equity shares of	Edel Finance Company Limited	300.00	473.21
		Edelweiss General Insurance Company Limited	850.00	1,000.00
		Edelweiss Securities (IFSC) Limited	-	15.00
		Edelweiss Global Wealth Management Limited	-	70.00



Notes to the financial statements (Continued)

(Currency: Indian rupees in million)

34. Disclosure as required by Indian Accounting Standard 24 - "Related Party Disclosure": (Continued)

(J) Transactions and balances with related parties (Continued)

Sr. No.	Nature of Transaction	Related Party Name	March 31, 2021	March 31, 2020
Capital Account Transactions during the year (Continued)				
8	Investment in Non-cumulative redeemable preference share	Ecap Equities Limited	1,000.00	-
9	Reimbursement of Loss (Refer note 55)	ECL Finance Limited	1,400.10	-
10	Basis Absolute value - Short term loans taken from (Refer note 1)	Edelweiss Rural & Corporate Services Limited	4,032.94	1,08,309.00
		Ecap Equities Limited	5,750.00	-
11	Basis Absolute value - Short term loans repaid to (Refer note 1)	Edelweiss Rural & Corporate Services Limited	4,032.94	1,05,386.00
		Ecap Equities Limited	4,658.84	-
12	Basis Max value - Short term loans taken from (Refer note 1)	Edelweiss Rural & Corporate Services Limited	750.00	8,080.00
		Ecap Equities Limited	5,159.20	-
13	Basis Max value - Short term loans repaid to (Refer note 1)	Edelweiss Rural & Corporate Services Limited	750.00	8,007.49
		Ecap Equities Limited	5,159.20	-
14	Basis Absolute value - Short term loans given to (Refer note 1)	Ecap Equities Limited	20,112.85	-
		Edelweiss Rural & Corporate Services Limited	21,430.85	0.19
		Edelweiss Finance and Investments Limited	4,434.50	-
		ECL Finance Limited	7,006.70	-
		Edelweiss Global Wealth Management Limited	383.10	-
		Edel Land Limited	791.00	-
15	Basis Absolute value - Short term loans repaid by (Refer note 1)	Edel Finance Company Limited	2,110.00	-
		Ecap Equities Limited	20,112.85	-
		Edelweiss Rural & Corporate Services Limited	19,233.77	6.20
		Edelweiss Finance and Investments Limited	1,079.50	-
		ECL Finance Limited	3,206.70	-
		Edelweiss Global Wealth Management Limited	231.60	-
		Edel Land Limited	1.00	-
16	Basis Max value - Short term loans given to (Refer note 1)	EC International Limited	-	380.96
		Edelweiss Capital (Singapore) Pte. Limited	-	1,972.34
16	Basis Max value - Short term loans given to (Refer note 1)	Ecap Equities Limited	10,346.55	-
		Edelweiss Rural & Corporate Services Limited	7,876.58	0.19
		Edelweiss Finance and Investments Limited	2,000.00	-
		ECL Finance Limited	3,206.70	-
		Edelweiss Global Wealth Management Limited	125.00	-
		Edel Land Limited	790.00	-
		Edel Finance Company Limited	2,110.00	-
	Mr. S. Ranganathan	-	5.00	



Notes to the financial statements (Continued)

(Currency: Indian rupees in million)

34. Disclosure as required by Indian Accounting Standard 24 - "Related Party Disclosure": (Continued)

(J) Transactions and balances with related parties (Continued)

Sr. No.	Nature of Transaction	Related Party Name	March 31, 2021	March 31, 2020
Capital Account Transactions during the year (Continued)				
17	Basis Max value - Short term loans repaid by (Refer note 1)	ECap Equities Limited	10,300.00	-
		Edelweiss Rural & Corporate Services Limited	4,605.00	6.20
		Edelweiss Finance and Investments Limited	1,079.50	-
		ECL Finance Limited	3,206.70	-
		Edelweiss Global Wealth Management Limited	226.00	-
		Edel Land Limited	1.00	-
		Edel Finance Company Limited	2,000.00	-
		EC International Limited	-	380.96
		Edelweiss Capital (Singapore) Pte. Limited	-	1,972.34
18	Sale of Fixed Assets to	Edelweiss Finance and Investments Limited	0.01	0.01
		Edelweiss Rural & Corporate Services Limited	0.15	0.15
		Edelweiss Broking Limited	0.14	0.13
		Edelweiss Securities Limited	0.27	0.07
		ECL Finance Limited	0.00	0.07
		Edelweiss Custodial Services Limited	0.02	0.04
		Edelweiss Investment Advisors Limited	0.00	0.01
		Edelweiss General Insurance Company Limited	0.02	-
		ECap Equities Limited	0.00	-
		Edelcap Securities Limited	0.00	0.04
		Edelweiss Alternative Asset Advisors Limited	0.00	0.02
		Edelweiss Housing Finance Limited	-	0.02
		Edelweiss Gallagher Insurance Brokers Limited	-	0.01
		Edelweiss Asset Reconstruction Company Limited	-	0.06
19	Purchase of Fixed Assets from	Edelweiss Housing Finance Limited	0.01	0.00
		Edelweiss Rural & Corporate Services Limited	0.01	0.03
		ECL Finance Limited	0.30	0.05
		Edelweiss Global Wealth Management Limited	0.00	-
		Edelweiss Alternative Asset Advisors Limited	0.01	0.01
		Edelweiss Securities Limited	0.00	0.01
		Edelweiss Broking Limited	0.00	0.05
		Edelweiss Custodial Services Limited	0.00	-
		Edelweiss Investment Advisors Limited	-	0.02
		Edelweiss Asset Reconstruction Company Limited	-	0.01
20	Dividend paid to	Mr. Rashes Shah	-	43.59
		Mr. Venkat Ramaswamy	-	17.41
		Ms. Vidya Shah	-	9.91
		Shah Family Discretionary Trust	-	11.63
		Spire Investment Advisors LLP	-	0.96
		Ms. Aparna T. C.	-	3.66
		Mr. Rujan Panjwani	-	3.89
		Mr. Himanshu Kaji	-	1.20



Notes to the financial statements (Continued)

(Currency: Indian rupees in million)

34. Disclosure as required by Indian Accounting Standard 24 - "Related Party Disclosure": (Continued)

(J) Transactions and balances with related parties (Continued)

Sr. No.	Nature of Transaction	Related Party Name	March 31, 2021	March 31, 2020
20	Dividend paid to (Continued)	Ms. Kaavya Venkat	-	3.54
		Ms. Sneha Sripad Desai	-	0.31
		Ms. Shilpa Mody	-	0.29
		Ms. Sejal Premal Parekh	-	0.29
		Ms. Shabnam Panjwani	-	0.17
		Mr. A V Ramaswamy	-	0.02
		Mr. Navtej S. Nandra	-	2.39
		Mr. P. N. Venkatachalam	-	0.08
		Mr. S. Ranganathan	-	0.33
21	Remuneration paid to	Mr. Rashesh Shah	11.48	12.69
		Mr. Venkat Ramaswamy	9.36	11.20
		Mr. Himanshu Kaji	10.77	11.91
		Mr. Rujan Panjwani	2.25	27.97
		Mr. S. Ranganathan	5.79	25.18
		Mr. Sarju Simaria	4.55	-
22	Dividend Income received from	EC International Limited	526.47	196.67
		Edelweiss Securities Limited	838.84	498.06
23	Rating support fee earned from	ECL Finance Limited	0.44	1.66
		Edelweiss Rural & Corporate Services Limited	0.25	0.91
		Edelweiss Securities Limited	0.01	0.05
		Edelweiss Retail Finance Limited	0.04	0.14
		Edelweiss Housing Finance Limited	0.07	0.25
		Edelweiss Custodial Services Limited	0.02	0.08
		ECap Equities Limited	0.03	0.13
		Edelweiss Finance and Investments Limited	0.06	0.22
		Edel Finance Company Limited	0.07	0.25
		Edelweiss Asset Reconstruction Company Limited	0.06	0.23
		Edelweiss Broking Limited	0.00	0.02
24	Fee / commission paid to	Edelweiss Securities Limited	192.64	42.75
		Edelweiss Broking Limited	21.01	1.82
		ECL Finance Limited (Refer note 57)	669.15	-
		Edelweiss Housing Finance Limited (Refer note 57)	12.06	-
		Edelweiss Retail Finance Limited (Refer note 57)	8.05	-
25	Royalty Fees received from	Edelweiss Gallagher Insurance Brokers Limited	5.00	10.00
		Edelweiss Tokio Life Insurance Company Limited	30.00	-
		Edelweiss General Insurance Company Limited	4.26	-



Notes to the financial statements (Continued)

(Currency: Indian rupees in million)

34. Disclosure as required by Indian Accounting Standard 24 - "Related Party Disclosure": (Continued)

(J) Transactions and balances with related parties (Continued)

Sr. No.	Nature of Transaction	Related Party Name	March 31, 2021	March 31, 2020
26	Fee / Guarantee commission earned from	Edel Finance Company Limited	2.33	5.75
		Edelweiss Finance and Investments Limited	4.50	9.72
		ECap Equities Limited	20.46	29.08
		Edelweiss Tokio Life Insurance Company Limited	-	25.10
		Edelweiss General Insurance Company Limited	-	2.85
		ECL Finance Limited	50.75	5.29
		Edelweiss Asset Reconstruction Company Limited	63.89	79.71
		Edelweiss Rural & Corporate Services Limited	125.39	-
		Edelweiss International (Singapore) Pte. Limited	-	0.24
		Edelweiss Housing Finance Limited	1.17	-
		Edelweiss Retail Finance Limited	0.81	-
		Edelweiss Securities Limited	25.00	-
		Edelweiss Asset Management Limited	0.23	-
27	Business Service Charges income earned from	Edelweiss General Insurance Company Limited	0.59	1.44
		Edelweiss Asset Reconstruction Company Limited	3.09	2.87
		Edel Investments Limited	0.02	0.68
		Edelweiss Tokio Life Insurance Company Limited	1.24	1.32
		Edelweiss Custodial Services Limited	1.45	1.34
		Edelweiss Alternative Asset Advisors Limited	0.56	1.52
		Edelweiss Broking Limited	1.01	2.07
		Edelweiss Global Wealth Management Limited	0.11	1.59
		ECL Finance Limited	8.64	20.77
		Edelweiss Gallagher Insurance Brokers Limited	0.07	0.71
		Edelweiss Asset Management Limited	0.51	1.41
		ECap Equities Limited	1.59	1.63
		Edelweiss Housing Finance Limited	1.61	2.80
		Edelweiss Finance and Investments Limited	0.50	0.92
		Edelweiss Securities Limited	1.06	3.48
		Edelweiss Rural & Corporate Services Limited	2.99	2.04
		Allium Finance Private Limited	0.00	0.00
		EC Commodity Limited	0.00	0.00
		Edelcap Securities Limited	0.19	0.29
		Edelweiss Retail Finance Limited	0.88	0.00
		Edelweiss Investment Advisors Limited	0.00	0.00
		Edelweiss Comtrade Limited	0.02	0.00
Lichen Metals Private Limited	0.00	0.00		
Edel Land Limited	0.01	0.00		
Edel Finance Company Limited	0.01	0.00		
Edelgive Foundation	0.02	0.00		



Notes to the financial statements (Continued)

(Currency: Indian rupees in million)

34. Disclosure as required by Indian Accounting Standard 24 - "Related Party Disclosure": (Continued)

(J) Transactions and balances with related parties (Continued)

Sr. No.	Nature of Transaction	Related Party Name	March 31, 2021	March 31, 2020
28	Enterprise / Corporate allocation income earned from	Edelweiss Securities Limited	8.85	22.30
		Edelweiss Finance and Investments Limited	4.15	5.55
		Edelweiss Housing Finance Limited	13.40	11.62
		ECap Equities Limited	13.27	11.34
		Edelcap Securities Limited	1.58	2.40
		Edelweiss Asset Management Limited	4.29	8.72
		Edelweiss Gallagher Insurance Brokers Limited	0.58	5.43
		Edelweiss Global Wealth Management Limited	0.94	9.88
		Edelweiss Broking Limited	8.45	11.86
		Edelweiss Alternative Asset Advisors Limited	4.65	9.11
		Edelweiss Custodial Services Limited	12.12	8.99
		Edelweiss Investment Advisors Limited	0.00	0.01
		EC Commodity Limited	0.04	0.01
		Edel Land Limited	0.11	0.00
		Allium Finance Private Limited	0.00	0.01
		Edelweiss Tokio Life Insurance Company Limited	10.35	10.96
		Edel Investments Limited	0.13	3.41
		Edelweiss Asset Reconstruction Company Limited	25.79	16.90
		Edelgive Foundation	0.16	0.01
		Lichen Metals Private Limited	0.00	0.00
		Edelweiss Comtrade Limited	0.21	0.02
		Edelweiss Retail Finance Limited	7.30	0.02
		Edelweiss General Insurance Company Limited	4.91	8.87
		Edel Finance Company Limited	0.12	0.03
		ECL Finance Limited	72.02	99.06
		Edelweiss Rural & Corporate Services Limited	24.95	11.89
29	Enterprise Cost - In	Edelweiss Rural & Corporate Services Limited	-	49.80
30	Enterprise Cost - Out	ECL Finance Limited	-	22.15
		Edelweiss Rural & Corporate Services Limited	-	3.19
		Edelweiss Securities Limited	-	6.68
		Edelweiss Gallagher Insurance Brokers Limited	-	0.50
		Edelweiss General Insurance Company Limited	-	2.36
		EdelGive Foundation*	-	0.00
		ECap Equities Limited	-	0.82
		Edelweiss Global Wealth Management Limited	-	3.39
		Edelweiss Broking Limited	-	5.37
		Edelweiss Asset Management Limited	-	3.03
		Edel Investments Limited	-	0.82
		Edelweiss Finance and Investments Limited	-	2.08
		Edelweiss Asset Reconstruction Company Limited	-	1.59
		Edelweiss Alternative Asset Advisors Limited	-	3.52
		Edelweiss Custodial Services Limited	-	2.26
		Edelweiss Housing Finance Limited	-	2.49
		Edelweiss Tokio Life Insurance Company Limited	-	5.09



Notes to the financial statements (Continued)

(Currency: Indian rupees in million)

34. Disclosure as required by Indian Accounting Standard 24 - "Related Party Disclosure": (Continued)

(J) Transactions and balances with related parties (Continued)

Sr. No.	Nature of Transaction	Related Party Name	March 31, 2021	March 31, 2020
31	Corporate Cost - In	Edelweiss Rural & Corporate Services Limited	220.69	5.33
32	Corporate Cost - Out	ECap Equities Limited	-	1.40
		Edelweiss Housing Finance Limited	-	9.22
		ECL Finance Limited	-	51.79
		Edelweiss Rural & Corporate Services Limited	-	1.80
		Edel Investments Limited	-	1.40
		Edelweiss General Insurance Company Limited	-	1.34
33	Interest income on margin from	Edelweiss Custodial Services Limited	1.45	0.81
34	Margins placed with	Edelweiss Custodial Services Limited	13.25	263.64
		Edelweiss Securities Limited	-	0.20
		Edel Investments Limited	-	0.35
35	Margins withdrawn by	Edelweiss Custodial Services Limited	0.79	314.52
		Edelweiss Securities Limited	-	0.20
		Edel Investments Limited	-	0.29
36	Interest expense on short term loan taken	Edelweiss Rural & Corporate Services Limited	30.81	316.27
37	Interest Income on short term loan given	ECap Equities Limited	430.32	-
		Edelweiss Rural & Corporate Services Limited	352.58	0.29
		Edelweiss Finance and Investments Limited	47.69	-
		ECL Finance Limited	1.82	-
		Edelweiss Global Wealth Management Limited	2.62	-
		Edel Land Limited	21.09	-
		Edel Finance Company Limited	7.87	-
38	Other expenses paid to	Edelweiss Custodial Services Limited	0.03	2.85
39	Cost reimbursements paid to	Edelweiss Rural & Corporate Services Limited	53.02	62.60
		Edelweiss Securities Limited	19.08	4.31
		ECL Finance Limited	0.28	1.55
		Edelweiss Custodial Services Limited	0.00	-
		Edelweiss Global Wealth Management Limited	0.08	0.13
		ECap Equities Limited	0.69	2.24
		Edelweiss Broking Limited	59.42	3.27
		Edelweiss Retail Finance Limited	0.14	0.12
		Edelweiss Financial Services Inc.	1.81	8.97
		Edel Land Limited	0.07	1.05



Notes to the financial statements (Continued)

(Currency: Indian rupees in million)

34. Disclosure as required by Indian Accounting Standard 24 - "Related Party Disclosure": (Continued)

(J) Transactions and balances with related parties (Continued)

Sr. No.	Nature of Transaction	Related Party Name	March 31, 2021	March 31, 2020
39	Cost reimbursements paid to (Continued)	Edelweiss Securities (Hong Kong) Private Limited	0.03	-
		Edel Finance Company Limited	-	0.00
		Edel Investments Limited	-	0.00
		Edelweiss Tokio Life Insurance Company Limited	-	0.06
		Edelweiss Asset Management Limited	-	0.06
40	Cost reimbursements recovered from	Edelweiss Securities Limited	7.53	9.41
		Edelweiss Rural & Corporate Services Limited	26.78	22.12
		ECL Finance Limited	20.13	32.82
		Edelweiss Tokio Life Insurance Company Limited	28.43	62.96
		Edelweiss Broking Limited	30.50	35.08
		Edelweiss Investment Advisors Limited	0.20	0.64
		Edelweiss Custodial Services Limited	3.31	3.14
		Edelweiss Comtrade Limited	0.04	0.26
		ECap Equities Limited	0.90	1.28
		Edelweiss Asset Management Limited	4.81	7.03
		Edelweiss Asset Reconstruction Company Limited	5.36	6.43
		Edelweiss Global Wealth Management Limited	1.46	2.29
		Edelweiss Housing Finance Limited	9.22	15.67
		Edelweiss Finance and Investments Limited	3.07	0.70
		Edelweiss Retail Finance Limited	1.04	1.23
		Edel Land Limited	0.25	0.49
		Edelweiss Alternative Asset Advisors Limited	3.25	3.85
		Edelweiss Gallagher Insurance Brokers Limited	2.05	2.54
		Edelweiss General Insurance Company Limited	13.66	8.23
		Edel Investments Limited	0.28	0.50
		Edel Finance Company Limited	0.56	1.43
		EC Commodity Limited	0.13	0.54
		Edelcap Securities Limited	3.58	3.06
		Lichen Metals Private Limited	0.01	0.02
		EdelGive Foundation	0.47	0.12
		Allium Finance Private Limited	0.01	0.61
		Edelweiss Alternative Asset Advisors Pte. Limited	0.00	-
		Edelweiss Investment Advisors Pte. Limited	0.05	0.01
		Aster Commodities DMCC	0.01	-
		EAAA LLC	0.01	-
		Edelweiss International (Singapore) Pte. Limited	0.07	0.01
		Edelweiss Financial Services Inc.	1.18	0.00
		Edelweiss Securities (Hong Kong) Private Limited	0.03	0.00
		Edelweiss Financial Services (UK) Limited	0.02	0.00
		Edelweiss Trusteeship Company Limited	0.00	-
		Edelweiss Securities And Investments Private Limited	0.02	-
		ESL Securities Limited	0.03	-



Notes to the financial statements (Continued)

(Currency: Indian rupees in million)

34. Disclosure as required by Indian Accounting Standard 24 - "Related Party Disclosure": (Continued)

(J) Transactions and balances with related parties (Continued)

Sr. No.	Nature of Transaction	Related Party Name	March 31, 2021	March 31, 2020
40	Cost reimbursements recovered from (Continued)	Edelweiss Capital Services Limited	0.03	-
		Edelweiss Securities (IFSC) Limited*	-	0.00
		EC Global Limited*	-	0.00
41	Directors' sitting fees paid to	Mr Berjis Desai	0.50	0.26
		Mr Biswamohan Mahapatra	0.34	0.34
		Mr Kunnasagaran Chinniah	0.12	0.40
		Mr Navtej S. Nandra	0.28	0.28
		Mr P N Venkatachalam	0.36	0.34
		Mr Dr. Ashima Goyal	0.12	0.10
		Mr Ashok Kini	0.12	0.10
42	Commission paid to Non executive directors	Mr Berjis Desai	0.50	1.00
		Mr Biswamohan Mahapatra	0.50	1.00
		Mr Kunnasagaran Chinniah	0.50	1.00
		Mr Navtej S. Nandra	0.50	1.00
		Mr P N Venkatachalam	0.50	1.00
		Mr Dr. Ashima Goyal	0.50	-
		Mr Ashok Kini	0.50	-
43	Contribution towards corporate social responsibility	Edelgive Foundation	22.70	28.00
Balances with related parties				
44	Investments in Equity Shares in	ECL Finance Limited	15,492.85	8,786.68
		Edelweiss Tokio Life Insurance Company Limited	6,025.58	6,025.58
		Edelweiss Finance and Investments Limited	-	1,536.67
		Edelweiss Alternative Asset Advisors Limited	-	141.70
		Edelweiss Asset Management Limited	1,892.16	1,558.60
		Edelweiss Broking Limited	-	3,197.95
		Edelweiss Rural & Corporate Services Limited	-	1,656.05
		EC International Limited	6.15	6.15
		ECap Equities Limited	1,289.95	1,289.95
		Edelweiss Retail Finance Limited	914.11	914.11
		Edelweiss Capital Services Limited	265.20	-
		Edel Investments Limited	46.67	46.67
		Edel Land Limited	147.61	147.61
		EdelGive Foundation	0.10	0.10
		Edelweiss Housing Finance Limited	1,188.96	1,188.96
		Edelweiss Gallagher Insurance Brokers Limited	32.27	32.27
		Edelweiss Trusteeship Company Limited	1.00	1.00
		Edelweiss Global Wealth Management Limited	290.01	290.01
		Edelweiss Investment Advisors Limited	-	7.19
		Edelweiss General Insurance Company Limited	3,936.16	3,086.16



Notes to the financial statements (Continued)

(Currency: Indian rupees in million)

34. Disclosure as required by Indian Accounting Standard 24 - "Related Party Disclosure": (Continued)

(J) Transactions and balances with related parties (Continued)

Sr. No.	Nature of Transaction	Related Party Name	March 31, 2021	March 31, 2020
Balances with related parties (Continued)				
44	Investments in Equity Shares in (Continued)	Edel Finance Company Limited	7,871.55	3,355.42
		Edelweiss Securities (IFSC) Limited	-	162.54
		Edelweiss Securities Limited	124.52	241.78
		Edelweiss Asset Reconstruction Company Limited	448.64	448.64
		Edelweiss Securities And Investments Private Limited	922.46	-
		Edelweiss Capital (Singapore) Pte. Limited	-	528.21
45	Gratuity Payable to	Edelweiss Securities Limited	2.20	-
		Edelweiss Finance and Investments Limited	0.44	-
		Edelweiss Gallagher Insurance Brokers Limited	0.01	-
		Edelweiss Broking Limited	2.55	-
		Edelweiss Alternative Asset Advisors Limited	1.40	-
		Edelweiss Asset Reconstruction Company Limited	0.42	-
46	Gratuity Receivable from	ECL Finance Limited	0.21	-
		Edel Finance Company Limited	0.34	-
		Edelweiss Securities Limited	0.88	-
47	ESOP Charges Payable to	Edelweiss Housing Finance Limited	0.90	-
		Edelweiss Tokio Life Insurance Company Limited	-	0.52
		Edelweiss General Insurance Company Limited	-	0.38
		Edel Finance Company Limited	3.11	-
48	ESOP Charges Receivable from	Edelweiss Securities Limited	60.20	41.35
		Edelweiss Finance and Investments Limited	5.33	-
		Edelcap Securities Limited	2.58	3.52
		Edelweiss Rural & Corporate Services Limited	19.29	19.17
		Edelweiss Asset Management Limited	10.56	13.33
		Edelweiss Gallagher Insurance Brokers Limited	0.10	0.07
		ECL Finance Limited	35.07	49.19
		Edelweiss Global Wealth Management Limited	12.53	31.59
		Edelweiss Broking Limited	23.34	40.77
		Edelweiss Alternative Asset Advisors Limited	21.44	23.67
		Edelweiss Custodial Services Limited	4.68	3.97
		Edelweiss Tokio Life Insurance Company Limited	13.47	22.18
		Edelweiss Asset Reconstruction Company Limited	8.61	5.92
		Edelweiss General Insurance Company Limited	9.75	6.46
		ECap Equities Limited	13.35	18.51
		ESL Securities Limited	5.46	-
		Edelweiss Capital Services Limited	0.08	-
		Edelweiss Investment Advisors Limited	0.00	-
		Edelweiss Alternative Asset Advisors Pte. Limited	1.87	2.13
		Edelweiss Retail Finance Limited	3.12	2.39



Notes to the financial statements (Continued)

(Currency: Indian rupees in million)

34. Disclosure as required by Indian Accounting Standard 24 - "Related Party Disclosure": (Continued)

(J) Transactions and balances with related parties (Continued)

Sr. No.	Nature of Transaction	Related Party Name	March 31, 2021	March 31, 2020
Balances with related parties (Continued)				
48	ESOP Charges Receivable from (Continued)	Edelweiss International (Singapore) Pte. Limited	0.03	-
		Edelweiss Investment Advisors Pte. Limited	2.60	2.41
		Edelweiss Financial Services Inc.	0.01	-
		Edel Land Limited	0.03	0.80
		Edelweiss Housing Finance Limited	-	14.59
		Edel Finance Company Limited	-	0.38
		EC Commodity Limited	-	0.34
49	Accrued interest on loans given to	Edelweiss Rural & Corporate Services Limited	51.13	-
		Edelweiss Finance and Investments Limited	7.32	-
		Edel Finance Company Limited	7.28	-
		ECL Finance Limited	1.68	-
		Edelweiss Global Wealth Management Limited	1.26	-
		Edel Land Limited	1.89	-
50	Accrued interest on loans taken from	Edelweiss Rural & Corporate Services Limited	0.00	13.42
51	Short term loans given to	Edelweiss Finance and Investments Limited	3,355.00	-
		ECL Finance Limited	3,800.00	-
		Edelweiss Global Wealth Management Limited	151.50	-
		Edel Land Limited	790.00	-
		Edel Finance Company Limited	2,110.00	-
		Edelweiss Rural & Corporate Services Limited	2,197.08	-
52	Short term loans taken from	ECap Equities Limited	1,091.16	-
53	Debt Securities	Edelweiss Finance and Investments Limited	18.70	-
		Edelweiss Broking Limited	1.26	-
54	Trade payables to	Edelweiss Comtrade Limited	0.07	0.04
		Edelweiss Investment Advisors Limited	-	0.02
		Edelweiss Financial Services Inc.	0.41	8.97
		EC Commodity Limited	0.01	0.26
		EC International Limited	-	0.00
		Edelweiss Capital (Singapore) Pte. Limited	-	0.01
		Edelweiss Finance and Investments Limited	-	3.93
		Edelweiss Housing Finance Limited	11.54	23.19
		ECL Finance Limited	2,079.21	69.69
		Edelweiss Retail Finance Limited	7.85	2.65
		Edelweiss Securities (IFSC) Limited	0.06	2.65
		Edelweiss Securities Limited	75.77	-
		Edelweiss Broking Limited	14.39	-



Notes to the financial statements (Continued)

(Currency: Indian rupees in million)

34. Disclosure as required by Indian Accounting Standard 24 - "Related Party Disclosure": (Continued)

(J) Transactions and balances with related parties (Continued)

Sr. No.	Nature of Transaction	Related Party Name	March 31, 2021	March 31, 2020
Balances with related parties (Continued)				
55	Trade receivables from	Edelweiss Tokio Life Insurance Company Limited	37.95	75.62
		ECap Equities Limited	1.18	34.44
		Edelcap Securities Limited	0.38	0.93
		Edel Finance Company Limited	0.16	6.60
		Edelweiss Asset Management Limited	0.44	1.31
		Edelweiss Asset Reconstruction Company Limited	5.08	96.67
		Edelweiss Securities (IFSC) Limited	-	0.00
		Edelweiss Finance and Investments Limited	0.18	-
		Edelweiss Alternative Asset Advisors Limited	0.30	1.63
		Edelweiss Alternative Asset Advisors Pte. Limited	0.00	-
		Edel Land Limited	0.00	0.06
		Edelweiss General Insurance Company Limited	5.66	28.17
		Edelweiss Global Wealth Management Limited	0.08	1.57
		EC Commodity Limited	-	0.00
		Edelweiss Broking Limited	-	7.49
		EdelGive Foundation	0.03	0.02
		Edelweiss Gallagher Insurance Brokers Limited	0.21	0.11
		Allium Finance Private Limited	0.00	0.03
		Edel Investments Limited	0.03	0.55
		Edelweiss Securities (Hong Kong) Private Limited	0.03	0.00
		Edelweiss Financial Services (UK) Limited	0.02	0.00
		Edelweiss Investment Advisors Pte. Limited	0.06	0.01
		ESL Securities Limited	0.02	-
		Edelweiss Rural & Corporate Services Limited	131.70	5.95
		Edelweiss Custodial Services Limited	0.14	3.21
		Edelweiss Investment Advisors Limited	0.05	-
		Lichen Metals Private Limited	-	0.00
		EC Global Limited	-	0.00
		Aster Commodities DMCC	0.01	0.00
		Edelweiss International (Singapore) Pte. Limited	0.07	0.25
		Edelweiss Trusteeship Company Limited	0.00	-
		EAAA LLC	0.01	-
		Edelweiss Securities And Investments Private Limited	0.02	-
		EC International Limited	-	-
		Edelweiss Capital Services Limited	0.03	-
		Edelweiss Securities Limited	-	6.66
56	Margin placed with broker	Edelweiss Custodial Services Limited	29.15	15.29
		Edelweiss Securities Limited	0.06	-



Notes to the financial statements (Continued)

(Currency: Indian rupees in million)

34. Disclosure as required by Indian Accounting Standard 24 - "Related Party Disclosure": (Continued)

(J) Transactions and balances with related parties (Continued)

Sr. No.	Nature of Transaction	Related Party Name	March 31, 2021	March 31, 2020
Balances with related parties (Continued)				
57	Risk and Reward undertaking	Edelweiss Retail Finance Limited	648.89	-
		Edelweiss Housing Finance Limited	1,446.16	-
		ECL Finance Limited	40,455.20	-
58	Corporate guarantee given on behalf of	Edelweiss Rural & Corporate Services Limited	-	35,570.00
		Edelweiss Custodial Services Limited	6,950.00	14,405.00
		ECap Equities Limited	1,879.70	4,751.10
		Edelweiss Asset Reconstruction Company Limited	21,901.50	26,509.30
		Edel Finance Company Limited	780.40	2,749.30
		Edelweiss Finance and Investments Limited	145.90	310.40
		Edelweiss Housing Finance Limited	1,890.18	2,384.83
		Edelweiss Investment Advisors Limited	2,250.00	-
		ECL Finance Limited	2,375.00	3,174.17
		Edelweiss Securities Limited	-	1,170.00

Note:

- 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 alongwith the transaction volume 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
- Information relating to remuneration paid to key managerial person mentioned above excludes provision made for gratuity and provision made for bonus which are provided for group of employees on an overall basis.
- With effect from 01 April 2019, Edelweiss Finvest Limited have been merged with Edel Finance Company Limited , a wholly owned subsidiary of the Company, pursuant to the scheme of arrangement approved by National Company Law Tribunal vide its Order dated 22 February 2021
- With effect from 01 September 2020, EC Global Limited have been merged with EC International Limited , a wholly owned subsidiary of the Company, pursuant to the scheme of arrangement approved by National Company Law Tribunal.
- With effect from 30 March 2021, Lichen Metals Private Limited is sold and ceased to become the subsidiary of the Company
- On 12 February 2021, a new subsidiary namely Edelweiss Capital Advisory Services Limited is incorporated under Group. Edelweiss Financial Services Limited holds 51% stake of Edelweiss Capital Advisory Services Limited
- With effect from 31 March 2021, Ecap Equities Limited and Edelweiss Rural & Corporate Services Limited, wholly subsidiaries of the Company has invested in the Fund namely, India Credit Investments Fund - II



Notes to the financial statements (Continued)

(Currency: Indian rupees in million)

35. Earnings per share

In accordance with Indian Accounting Standard 33 – “Earnings Per Share” prescribed by Companies (Accounts) Rules, 2014, the computation of earnings per share is set out below:

Particulars	2021	2020
a. Shareholders earnings (as per statement of profit and loss)	7,162.12	825.79
b. Calculation of weighted average number of equity shares of ₹ 1 each:		
- Number of shares outstanding at the beginning of the year	889,512,222	887,772,784
- Number of shares issued during the year	1,389,075	1,739,438
Total number of equity shares outstanding at the end of the year	890,901,297	889,512,222
Weighted average number of equity shares outstanding during the year (based on the date of issue of shares)	889,951,721	888,713,129
c. Number of dilutive potential equity shares	3,799,386	5,575,693
d. Basic earnings per share (in ₹) {a/b}	8.05	0.93
e. Diluted earnings per share (in ₹) {a/(b+c)}	8.01	0.92

36. Cost sharing

Edelweiss Financial Services and its group companies provide necessary business and management oversights to its various subsidiaries inter-alia in the form of business and strategy planning, stake holder relation, marketing & publication, technology support, HR Policies including leadership & development of employees, governance and regulatory policies, policy advocacy, legal & litigation handling framework etc. (here in after collectively referred to as “Business and Management oversight”). Subsidiaries of Edelweiss group thus get benefitted from the oversight of expenses incurred by group companies. It is therefore imperative that expenses if incurred on providing such oversight, to be shared by its subsidiaries.

The group companies provide business and support services to each other basis of the signed agreed terms. The services provided are with the intent to create synergies at group level for e.g. sharing of empty spaces with the group companies, having common HR and admin teams, using one’s available resource for the benefit of the group.

In consideration of the business and management oversight by Edelweiss group, the beneficiaries shall share and pay towards the costs, as agreed. It is expressly agreed between the parties that sharing of these cost shall be on the total cost over the financial year (April to March) adequate to compensate the function performed, assets employed and risks assumed by group companies and will be determined by the beneficiaries and edelweiss group companies. The amount payable by the beneficiaries will be reviewed intermittently and any amendment to the same will be mutually agreed upon in writing by the parties. For the purpose of total cost means all operating expense including but not limited to, normal recurring cost such as office rent, communication charges, salaries, employee benefits, cost of approved third-party vendor, depreciation on assets used and amortization.

37. Employee Benefits

a) Defined contribution plan - Provident funds

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

The Company recognised ₹ 16.30 million (Previous year: ₹ 20.92 million) for provident fund and other contributions in the statement of profit and loss.



Notes to the financial statements (Continued)

(Currency: Indian rupees in million)

37. Employee Benefits (Continued)

b) Defined benefit plan - Gratuity

In accordance with the Payment of Gratuity Act, 1972, the Company provides for gratuity, a defined benefit plan covering all employees. The plan provides a lump sum payment to vested employees at retirement or termination of employment in accordance with the rules laid down in the Payment of Gratuity Act, 1972. The gratuity benefit is partially provided through funded plan and annual expense is charged to the statement of profit and loss on the basis of actuarial valuation.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at 31 March 2021. 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, 2021	March 31, 2020
Present Value of DBO at Start of the year	42.93	48.30
Service Cost		
a. Current Service Cost	3.78	4.71
b. Past Service Cost	-	-
c. Loss/(Gain) from Settlement	-	-
Effect of Curtailment	-	(5.03)
Interest Cost	2.20	3.33
Benefits Paid	(4.00)	(6.84)
Re-measurements		
a. Actuarial Loss/(Gain) from changes in demographic assumptions	(1.55)	-
b. Actuarial Loss/(Gain) from changed in financials assumptions	1.58	2.24
c. Actuarial Loss/(Gain) from experience over last past year	(2.95)	(3.08)
Effect of acquisition / (divestiture)	-	-
Changes in foreign exchange rate	-	-
Transfer In / (Out)	(5.57)	(0.70)
Present Value of DBO at end of the year	36.42	42.93

Reconciliation of Fair Value of Plan Assets

	March 31, 2021	March 31, 2020
Fair Value of Plan Assets at start of the year	40.80	47.37
Contributions by Employer	4.00	0.03
Benefits Paid	(4.00)	(6.84)
Interest Income Plan Assets	2.40	3.07
Re-measurements		
Return on plan assets excluding amount including in net interest on the net defined benefit liability / (asset)	6.62	(2.83)
Effect of acquisition / (divestiture)	-	-
Changes in foreign exchange rate	-	-
Fair Value of Plan Assets at end of the year	49.82	40.80
Actual Return on Plan Assets	90.22	0.23
Expected Employer Contributions for the coming year	-	2.00



Notes to the financial statements (Continued)

(Currency: Indian rupees in million)

37. Employee Benefits (Continued)

b) Defined benefit plan - Gratuity (Continued)

Expenses recognised in the Profit or Loss

	March 31 ,2021	March 31 ,2020
<i>Service Cost</i>		
Current Service Cost	3.78	4.71
Effect of Curtailment	-	(5.03)
Net Interest on net defined benefit liability / (asset)	(0.20)	0.25
Employer Expenses	3.58	(0.07)

Net Liability / (Asset) recognised in the Balance sheet

	March 31 ,2021	March 31 ,2020
Present Value of DOB	36.42	42.93
Fair Value of Plan Assets	49.82	40.80
Liability / (Asset) recognised in the Balance Sheet	(13.40)	2.13
Funded Status [Surplus/ (Deficit)]	13.40	(2.13)
Experience Adjustment on Plan Liabilities:(Gain)/Loss	(2.95)	(3.08)

Percentage Break-down of Total Plan Assets

	March 31 ,2021	March 31 ,2020
Equity instruments	0.0%	0.0%
Debt instruments	0.0%	0.0%
Real estate	0.0%	0.0%
Derivatives	0.0%	0.0%
Investment Funds with Insurance Company	99.9%	100%
Of which, Unit Linked	99.9%	100%
Of which, Traditional/ Non-Unit Linked	0.0%	0.0%
Asset-backed securities	0.0%	0.0%
Structured debt	0.0%	0.0%
Cash and cash equivalents	0.1%	0.0%
Total	100%	100%

Actuarial assumptions:

	March 31 ,2021	March 31 ,2020
Salary Growth Rate (% p.a)	7% p.a	7% p.a
Discount Rate (% p.a)	5% p.a	5.90% p.a
Withdrawal Rate (% p.a)	25% p.a	13%-25% p.a
Mortality Rate	IALM 2012-14 (Ultimate)	IALM 2012-14 (Ultimate)
Interest Rate on Net DBO / (Asset) (%)	5.9% p.a	7.3% p.a
Expected weighted average remaining working life (years)	2 Years	3 Years

Movement in Other Comprehensive Income

	March 31 ,2021	March 31 ,2020
Balance at start of year (Loss)/ Gain	(0.73)	1.26
Re-measurements on DBO		
a. Actuarial Loss/(Gain) from changes in demographic assumptions	1.55	-
b. Actuarial Loss/(Gain) from changed in financials assumptions	(1.58)	(2.24)
c. Actuarial Loss/(Gain) from experience over last past year	2.95	3.08



Notes to the financial statements (Continued)

(Currency: Indian rupees in million)

37. Employee Benefits (Continued)

b) Defined benefit plan - Gratuity (Continued)

Movement in Other Comprehensive Income (Continued)

	March 31, 2021	March 31, 2020
Re-measurements on Plan Assets	-	-
Return on plan assets excluding amount including in net interest on the net defined benefit liability / (asset)	6.62	(2.83)
Balance at end of year (Loss)/ Gain	8.81	(0.73)

Sensitivity Analysis

DOB increases / (decreases) by	March 31, 2021	March 31, 2020
1 % Increase in Salary Growth Rate	0.76	1.56
1 % Decrease in Salary Growth Rate	(0.72)	(1.42)
1 % Increase in Discount Rate	(0.73)	(1.43)
1 % Decrease in Discount Rate	0.78	1.59
1 % Increase in Withdrawal Rate	(0.05)	(0.09)
1 % Decrease in Withdrawal Rate	0.06	0.09
Mortality (Increase in expected lifetime by 1 year)	1	2
Mortality (Increase in expected lifetime by 3 year)	3	5

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, 2021	March 31, 2020
Surplus / (Deficit) at start of year	(2.12)	(0.93)
Net (Acquisition) / Divestiture	-	-
Net Transfer (In)/ Out	5.57	0.70
Movement during the year	-	-
Current Service Cost	(3.78)	(4.71)
Past Service Cost	-	-
Effect of Curtailment	-	5.03
Net Interest on net DBO	0.20	(0.25)
Changes in foreign exchange rate	-	-
Re-measurements	9.54	(1.99)
Contributions / Benefits	4.00	0.03
Surplus / (Deficit) at end of year	13.41	(2.12)

c) Compensated absences :

The Company provides for accumulated compensated absences as at the balance sheet date using projected unit credit method based on actuarial valuation.

Other Disclosures

Description of Asset Liability Matching (ALM) Policy

The Company has an insurance plans invested in market linked bonds. The investment returns of the market-linked plan are sensitive to the changes in interest rates. The liabilities' duration is not matched with the assets' duration.

Description of funding arrangements and funding policy that affect future contributions

The liabilities of the fund are funded by assets. The Company aims to maintain a close to full-funding position at each Balance Sheet date. Future expected contributions are disclosed based on this principle.

Maturity profile

The average expected remaining lifetime of the plan members is 2 years (March 31, 2020: 5 years) as at the date of valuation. This represents the weighted average of the expected remaining lifetime of all plan participants.



Notes to the financial statements (Continued)

(Currency: Indian rupees in million)

38. Share based payments: Employee Stock Option Plans and Stock Appreciation Rights Plans

Edelweiss Financial Services Limited (“EFSL” hereafter), has recognised share based payment expenses for the years ended 31 March 2021 and 31 March 2020 based on fair value as on the grant date calculated as per option pricing model. The grants represent equity-settled options under the Employee Stock Option Plans and Stock Appreciation Rights Plans (hereafter referred to as, “ESOP 2011” and “SAR 2019” or “ESOPs” “SARs”).

The Edelweiss Group has granted ESOPs under the two plans viz., ESOP 2011 SAR 2019 to its employees on an equity-settled basis as tabulated below. The ESOPs/SARs provide a right to its holders (i.e., Edelweiss group employees) to purchase one EFSL share for each option at a pre-determined strike price on the expiry of the vesting period. The ESOP/SAR hence represents an European call option that provides a right but not an obligation to the employees of the Edelweiss group to exercise the option by paying the strike price at any time on completion of the vesting period, subject to an outer boundary on the exercise period.

EFSL has granted stock options to employees of the Edelweiss group on an equity-settled basis as tabulated below.

Particulars	SAR 2019	ESOP 2011
Dates of grant	Varying	Varying
Option Type	Equity settled	Equity settled
No. of outstanding options at 31 March 2021	16,780,500	18,260,651
No. of outstanding options at 31 March 2020	11,230,000	21,126,689
No. of Equity shares represented by an option	1 share for 1 option	1 share for 1 option
Fair Value per option	Varies as per the grant date	Varies as per the grant date
Exercise Price	Varies as per the grant date	Varies as per the grant date
Vesting Period	2-6 years	1-4 years
Vesting Conditions	Service	Service

The vesting of options is subject to the employee’s continued employment with the Edelweiss group. The ESOPs shall vest as follows:

Particulars	SAR 2019	ESOP 2011
Duration from grant date	% options vesting	% options vesting
12 months from the grant date	0%	25%
24 months from the grant date	33.33%	25%
36 months from the grant date	0%	25%
48 months from the grant date	33.33%	25%
60 months from the grant date	0%	0%
72 months from the grant date	33.34%	0%
Total	100%	100%

Plan description				
Plan Name	Grant Date	Vesting Conditions	Term of Options	Payout
ESOP Plan 2011	Various	As specified in tables above	1-4 years	Equity settled
SAR Plan 2019	Various	As specified in tables above	2-6 years	Equity settled



Notes to the financial statements (Continued)

(Currency: Indian rupees in million)

38. Share based payments: Employee Stock Option Plans and Stock Appreciation Rights Plans (Continued)

Movement of number of Options for FY 2020-21 and 2019-20

Number of options	2020-21			2019-20		
	SAR 2019	ESOP 2011	Total	SAR 2019	ESOP 2011	Total
Outstanding at the start of the year	11,230,000	21,126,689	32,356,689	-	20,588,627	20,588,627
Granted during the year*	6,425,500	1,956,500	8,382,000	11,625,000	4,085,000	157,100,00
Exercised during the year	-	(1,970,150)	(1,970,150)	-	(1,746,763)	(1,746,763)
Lapsed/ cancelled during the year	(875,000)	(2,852,388)	(3,727,388)	(395,000)	(1,800,175)	(2,195,175)
Outstanding at the end of the year*	16,780,500	18,260,651	35,041,151	11,230,000	21,126,689	32,356,689
Exercisable at the end of the year	-	11,542,051	11,542,051	-	11,241,676	11,241,676

*Includes, SAR 2019: 515,000, (Previous year SAR 2019: 515,000, ESOP 2011: 1,670,825) approved but not granted.

Weighted Average Exercise Price for FY 2020-21 and 2019-20

Weighted Average Exercise Price (₹)	March 31, 2021		March 31, 2020	
	SAR 2019	ESOP 2011	SAR 2019	ESOP 2011
Outstanding at the start of the year	178.75	131.80	NA	117.34
Granted during the year	61.00	61.00	180.26	168.04
Exercised during the year	-	35.10	-	47.27
Lapsed/ cancelled during the year	166.29	161.03	180.65	127.91
Outstanding at the end of the year	132.90	132.00	178.75	131.80
Exercisable at the end of the year	NA	110.14	NA	78.84
Weighted Average Share price at the exercise date	NA	35.17	NA	47.61

Outstanding Options as at March 31, 2021 and March 31, 2020

	March 31, 2021		March 31, 2020	
	SAR 2019	ESOP 2011	SAR 2019	ESOP 2011
Number of options outstanding	16,780,500	18,260,651	11,230,000	21,126,689
Weighted average strike price (₹)	132.90	132.00	178.75	131.80
Weighted average remaining lifetime of options (in years)	2.70	0.45	3.18	0.54
Number of employees covered under the scheme	182.00	326.00	132	372

Options granted during FY 2020-21 and 2019-20

	March 31, 2021		March 31, 2020	
	SAR 2019	ESOP 2011	SAR 2019	ESOP 2011
Number of options granted	6,425,500	1,956,500	11,625,000	4,085,000
Weighted average strike price (in ₹)	61.00	61.00	180.26	168.04
Weighted average remaining lifetime of options (in years)	4.00	3.50	4.00	3.50
Number of employees covered under the scheme	155.00	115.00	132.00	216.00
Weighted Average Fair value per option (in ₹)	28.23	27.24	85.08	81.21
Weighted Average Intrinsic value per option (in ₹)	-	-	1.44	9.03



Notes to the financial statements (Continued)

(Currency: Indian rupees in million)

38. Share based payments: Employee Stock Option Plans and Stock Appreciation Rights Plans (Continued)

Assumptions for Fair Value for FY 2020-21 and 2019-20

	March 31, 2021		March 31, 2020	
	SAR 2019	ESOP 2011	SAR 2019	ESOP 2011
Weighted average share price (in ₹)	132.93	133.01	180.24	176.39
Weighted average strike price (in ₹)	132.90	132.00	178.75	131.80
Weighted average remaining lifetime of options (in years)	2.70	0.45	3.18	0.54
Expected volatility (% p.a.)	56% - 72% p.a.	35% - 72% p.a.	56% - 62% p.a.	56% - 62% p.a.
Risk-free discount rate (% p.a.)	4.3% - 6.9% p.a.	4.3% - 8.5% p.a.	5.4% - 6.9% p.a.	5.4% - 6.8% p.a.
Expected dividend yield (% p.a.)	0.7% - 2.4% p.a.	0.4% - 3.1% p.a.	0.66% - 0.67% p.a.	0.66% - 0.67% p.a.

Other Disclosures

	March 31, 2021			March 31, 2020		
	SAR 2019	ESOP 2011	Total	SAR 2019	ESOP 2011	Total
Charges during the year due to share based payments	195.72	139.42	335.14	148.93	242.03	390.96
Changes in fair value of share based payments due to any modifications made during the year	-	-	-	-	-	-
Liability due for share based payments	344.64	783.64	1,128.28	148.93	669.25	818.18
Intrinsic value of the liability above	6.51	33.76	40.27	-	-	-

39. Capital commitment

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) ₹ Nil (Previous year: ₹ 0.92 million).

40. Contingent liabilities

a) Claims against the Company not acknowledged as debt:

- i) Income tax matters in respect of which appeal is pending is ₹ 11.30 million for the year (Previous year: ₹ 11.30 million).
- ii) Service tax matters in respect of which appeal is pending is ₹ 534.36 million for the year (Previous year: ₹ 534.36 million).

b) Other claim not acknowledged as debt:

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

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



Notes to the financial statements (Continued)

(Currency: Indian rupees in million)

40. Contingent liabilities (Continued)

- c) Corporate/other guarantee not acknowledged as debt:

Corporate/other guarantee given by the Company on behalf of its subsidiaries and associate companies and to third party which is outstanding as at March 31, 2021 and March 31, 2020 is given below:

Sr. No	Nature of Guarantee	2021	2020
1	Guarantee to trustees of non convertible debentures holders	26,707.50	34,124.10
2	Guarantee to Banks for loan taken by subsidiaries and associates	11,465.18	21,330.00
3	Guarantee given to investors for loan sold by subsidiary Company to Asset Re-construction Company	-	35,570.00
	Total	38,172.68	91,024.10

41. Details of dues to micro, small and medium enterprises

Trade Payables includes ₹Nil (Previous year: ₹ 0.90) payable to “Suppliers” registered under the Micro, Small and Medium Enterprises Development Act, 2006. Interest paid by the Company during the year to “Suppliers” registered under this Act is ₹ 0.003 million (Previous year: ₹ Nil). The aforementioned is based on the responses received by the Company to its inquiries with suppliers with regard to applicability under the said Act.

42. Disclosure of loans and advances given pursuant to requirements of Regulation 34(3) of Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015.

Sr. no.	Entity	2021		2020	
		Loan outstanding	Maximum amount outstanding during the year	Loan outstanding	Maximum amount outstanding during the year
1	Edelweiss Rural and Corporate Services Limited	2,248.21	7,735.33	-	6.20
2	Edelweiss Finance & Investments Limited	3,362.32	3,362.32	-	-
3	ECL Finance Limited	3,801.68	3,801.68	-	-
4	Edelweiss Global Wealth Management Limited	152.76	250.00	-	-
5	Edel Land Limited	791.89	790.00	-	-
6	Edel Finance Company Limited	2,117.27	2,117.28	-	-
7	Ecap Equities Limited	-	15,487.85	-	-
8	Edelweiss Capital (Singapore) Pte. Limited	-	-	-	2,019.05
9	EC International Limited	-	-	-	384.62
	Total	12,474.13	33,544.46	-	2,409.87

All the above loans are repayable on demand as per contracted terms.

43. Capital Management

The Company manages the capital structure by a balanced mix of debt and equity. The Company’s capital management strategy is to effectively determine, raise and deploy capital so as to create value for its shareholders. The Company maintains sound capitalisation both from an economic and regulatory perspective. The Company continuously monitors and adjusts overall capital demand and supply in an effort to achieve an appropriate balance of the economic and regulatory considerations at all times and from all perspectives. These perspectives include specific capital requirements from rating agencies.



Notes to the financial statements (Continued)

(Currency: Indian rupees in million)

43. Capital Management (Continued)

Capital structure includes infusion in the form of equity and structured debt from strategic business partners in certain of Company's subsidiaries to fund expansion and assist in achieving expected growth in the competitive market.

No changes were made in the objectives, policies or processes during the financial years ended March 31, 2021 and March 31, 2020.

This framework is adjusted based on underlying macro-economic factors affecting business environment, financial market conditions and interest rates environment. Company monitors capital using debt-equity ratio, which is total debt divided by total equity.

Particulars	As at March 31, 2021	As at March 31, 2020
Total Debt	8,380.11	1,466.63
Equity	41,259.88	34,545.70
Net Debt to Equity	0.20	0.04

44. Risk management

The Company has operations in India. Whilst risk is inherent in the Company's activities, it is managed through an integrated risk management framework, including ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Company's continuing profitability. The Company is exposed to credit risk, liquidity risk and market risk. It is also subject to various operating and business risks.

Risk management structure

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

The Board has appointed the Risk Committee which is responsible for monitoring the overall risk process within the Company and reports to the Audit Committee.

The Risk Committee has the overall responsibility for the development of the risk strategy and implementing principles, frameworks, policies and limits.

The Company is responsible for implementing and maintaining risk related procedures to ensure an independent control process is maintained. The Company works closely with and reports to the Risk Committee, to ensure that procedures are compliant with the overall framework.

Credit risk

Credit risk is the risk of financial loss the Company may face due to current/potential inability or unwillingness of a customer or counterparty to meet financial /contractual obligations. Credit risk also covers the possibility of losses associated with diminution in the credit quality of borrowers or counterparties. The Company has adopted a policy of dealing with creditworthy counterparties and obtains sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

Credit risk is measured as the amount that could be lost if a customer or counterparty fails to make repayments. Credit risk is monitored using various internal risk management measures and within limits approved by the board within a framework of delegated authorities. It is managed through a robust risk control framework, which outlines clear and consistent policies, principles and guidance for risk managers. Presently Company has credit exposure only to its subsidiaries where adequate control and monitoring is ensured.



Notes to the financial statements (Continued)

(Currency: Indian rupees in million)

44. Risk management (Continued)

Liquidity risk

Liquidity risk emanates from the possible mismatches due to differences in maturity and repayment profile of assets and liabilities. To avoid such a scenario, the Company has maintained cash reserves in the form of Fixed Deposits, Cash, Loans which are callable any time at the Company's discretion, etc. These assets carry minimal credit risk and can be liquidated in a very short period of time. These would be to take care of immediate obligations while continuing to honour commitments as a going concern.

Analysis of financial assets and liabilities by remaining contractual maturities

The table below at note number 47 summarises the maturity profile of the undiscounted cash flows of the Company's financial assets and liabilities as at March 31. All OTC derivatives used for hedging are shown by maturity, based on their contractual undiscounted payment obligations. All exchange traded derivatives held for trading are analyzed based on expected maturity.

Market Risk:

Market risk is the risk which can affect the Company's profit/(loss) due to adverse movements in market prices of instrument due to interest rates, equity prices, foreign exchange rates. The objective of the Company's market risk management is to manage and control market risk exposures within acceptable parameters.

Foreign exchange risk – Foreign exchange risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company's foreign exposure is limited to investments and loans to Group entities outside India. The Company aggregates the foreign exchange exposure emerging out of these loans and the same is hedged using OTC and exchange traded derivatives. Positions are regularly monitored by the Company and rebalanced/ rolled over based on the inflow and outflow of funds.

Currency	2020-21			
	Increase in currency rate (%)	Effect on profit before tax	Decrease in currency rate (%)	Effect on profit before tax
USD	5	(43.53)	5	43.53

Currency	2019-20			
	Increase in currency rate (%)	Effect on profit before tax	Decrease in currency rate (%)	Effect on profit before tax
USD	5	(20.95)	5	20.95

45. Fair Value measurement:

A. Valuation governance framework

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

B. Fair value hierarchy

Fair values of financial assets and liabilities are determined according to the following hierarchy

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



Notes to the financial statements (Continued)

(Currency: Indian rupees in million)

45. Fair Value measurement: (Continued)

B. Fair value hierarchy (Continued)

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

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

C. Financial instruments not measured at fair value:

Carrying amounts of cash and cash equivalents, trade receivables, loans and trade and other payables as on March 31, 2021 approximate the fair value because of their short-term nature. Difference between carrying amounts and fair values of bank deposits, other financial assets, other financial liabilities and borrowings subsequently measured at amortised cost is not significant in each of the years presented.

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

As at March 31, 2021	Level 1	Level 2	Level 3	Total
Assets measured at fair value on a recurring basis				
Derivative financial instruments				
Exchange-traded derivatives	6.15	-	-	6.15
Total derivative financial instruments - A	6.15	-	-	6.15
Investments				
Equity instruments	2.04	25.36	-	27.40
Total investments measured at fair value - B	2.04	25.36	-	27.40
Total (A+B)	8.19	25.36	-	33.55
Liabilities measured at fair value on a recurring basis				
Derivative financial instruments				
Exchange-traded derivatives	0.03	-	-	0.03
OTC derivatives	-	-	-	-
Total derivative financial instruments	0.03	-	-	0.03
	0.03	-	-	0.03



Notes to the financial statements (Continued)

(Currency: Indian rupees in million)

45. Fair Value measurement: (Continued)

D. The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy (Continued)

As at March 31, 2020	Level 1	Level 2	Level 3	Total
Assets measured at fair value on a recurring basis				
Derivative financial instruments				
Exchange-traded derivatives	-	-	-	-
OTC derivatives	-	-	-	-
Total derivative financial instruments - A	-	-	-	-
Investments				
Equity instruments	0.80	23.15	-	23.95
Total investments measured at fair value - B	0.80	23.15	-	23.95
Total (A+B)	0.80	23.15	-	23.95
Liabilities measured at fair value on a recurring basis				
Derivative financial instruments				
Exchange-traded derivatives	1.89	-	-	1.89
OTC derivatives	-	-	-	-
Total derivative financial instruments	1.89	-	-	1.89
	1.89	-	-	1.89

E. There have been no transfers between levels during the year ended March 31, 2021 and March 31, 2020.

Note :

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The Company's fair value methodology and the governance over its models includes a number of controls and other procedures to ensure appropriate safeguards are in place to ensure its quality and adequacy. Where fair values are determined by reference to externally quoted prices or observable pricing inputs to models, independent price determination or validation is used. For inactive markets, Company sources alternative market information, with greater weight given to information that is considered to be more relevant and reliable.

Unquoted equity instruments:

Equity instruments in non-listed entities are re-measured at each reporting date at valuation provided by external valuer at instrument level.

Derivatives:

The Company enters into certain derivative financial instruments primarily with banks with investment grade credit ratings. Derivatives valued using valuation techniques with market observable inputs are mainly forward exchange contracts.



Notes to the financial statements (Continued)

(Currency: Indian rupees in million)

45. Fair Value measurement: (Continued)

Exchange traded derivatives:

Company has entered into certain exchange-traded currency futures. The Company uses latest traded prices at the reporting date to value these derivatives and classifies these instruments as Level 1 in the hierarchy.

46. Maturity Analysis of assets and liabilities

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

Particulars	As at March 31, 2021			As at March 31, 2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial Assets						
Cash and cash equivalents	1,481.81	-	1,481.81	13.66	-	13.66
Bank balances other than cash and cash equivalents	8.19	-	8.19	9.55	-	9.55
Trade receivables	191.00	-	191.00	316.80	-	316.80
Loans	12,472.43	-	12,472.43	6.73	-	6.73
Investments	2,137.19	41,680.13	43,817.32	8,338.58	26,334.29	34,672.87
Other financial assets	304.72	324.63	629.35	317.42	378.00	695.42
Non-financial assets						
Current tax assets (net)	-	688.06	688.06	-	618.59	618.59
Deferred tax assets (net)	-	378.08	378.08	-	291.13	291.13
Property, Plant and Equipment	-	5.99	5.99	-	8.36	8.36
Intangible assets under development	-	-	-	-	9.16	9.16
Other Intangible assets	-	1.19	1.19	-	16.83	16.83
Other non- financial assets	-	135.88	135.88	-	133.78	133.78
Total Assets	16,595.34	43,213.96	59,809.30	9,002.74	27,790.15	36,792.88
Financial Liabilities						
Trade payables	2,354.43	-	2,354.43	53.35	-	53.35
Debt securities	234.81	7,054.14	7,288.95	734.12	-	734.12
Borrowings (other than debt securities)	1,091.16	-	1,091.16	732.51	-	732.51
Other financial liabilities	855.04	5,986.44	6,841.48	220.50	356.59	577.09
Non-financial liabilities						
Current tax liabilities (net)	-	7.26	7.26	-	69.84	69.84
Provisions	845.81	-	845.81	1.36	7.72	9.08
Other non-financial liabilities	120.33	-	120.33	71.19	-	71.19
Total Liabilities	5,501.58	13,047.84	18,549.42	1,813.03	434.15	2,247.18
Net	11,093.76	30,166.12	41,259.88	7,189.71	27,356.00	34,545.70

Note :

The Company in addition to generating operating income from merchant banking activities, is also a holding Company of profitable subsidiaries involved in diversified businesses and receives dividend distribution at regular interval and will be comfortably able to meet it's obligations at all points of time.



Notes to the financial statements (Continued)

(Currency: Indian rupees in million)

47. Remaining contractual maturities

The table below summarises the maturity profile of the undiscounted cash flows of the Company's financial assets and liabilities as at 31 March. All OTC derivatives used for hedging are shown by maturity, based on their contractual undiscounted payment obligations. All exchange traded derivatives held for trading are analyzed based on expected maturity.

A. Analysis of non-derivative financial liabilities and assets by remaining contractual maturities

As at March 31, 2021	Up to 3 months	3 months to 6 months	Equal to or more than 6 months but less than 12 months	Equal to or more than 12 months but less than 3 years	Over 3 years	Total
Trade payables	2,354.43	-	-	-	-	2,354.43
Debt securities	57.09	52.02	125.71	2,423.92	4,630.22	7,288.95
Borrowings other than debt securities	1,091.16	-	-	-	-	1,091.16
Other financial liabilities	855.04	-	-	5,986.44	-	6,841.48
Total undiscounted non-derivative financial liabilities	4,357.72	52.02	125.71	8,410.36	4,630.22	17,576.02

As at March 31, 2021	Up to 3 months	3 months to 6 months	Equal to or more than 6 months but less than 12 months	Equal to or more than 12 months but less than 3 years	Over 3 years	Total
Cash and cash equivalent and other bank balances	1,490.00	-	-	-	-	1,490.00
Trade receivables	191.00	-	-	-	-	191.00
Loans	12,472.43	-	-	-	-	12,472.43
Investments at fair value through profit or loss	2,137.19	-	-	-	41,680.13	43,817.32
Other financial assets	304.72	-	-	324.63	-	629.35
Total undiscounted non-derivative financial assets	16,595.34	-	-	324.63	41,680.13	58,600.10

As at March 31, 2020	Up to 3 months	3 months to 6 months	Equal to or more than 6 months but less than 12 months	Equal to or more than 12 months but less than 3 years	Over 3 years	Total
Trade payables	53.35	-	-	-	-	53.35
Debt securities	734.12	-	-	-	-	734.12
Borrowings other than debt securities	732.51	-	-	-	-	732.51
Other financial liabilities	577.09	-	-	-	-	577.09
Total undiscounted non-derivative financial liabilities	2,097.07	-	-	-	-	2,097.07



Notes to the financial statements (Continued)

(Currency: Indian rupees in million)

47. Remaining contractual maturities (Continued)

A. Analysis of non-derivative financial liabilities and assets by remaining contractual maturities (Continued)

As at March 31, 2020	Up to 3 months	3 months to 6 months	Equal to or more than 6 months but less than 12 months	Equal to or more than 12 months but less than 3 years	Over 3 years	Total
Cash and cash equivalent and other bank balances	23.21	-	-	-	-	23.21
Trade receivables	316.80	-	-	-	-	316.80
Loans	6.73	-	-	-	-	6.73
Investments at fair value through profit or loss	8,338.58	-	-	-	26,334.29	34,672.87
Other financial assets	317.42	-	-	378.00	-	695.42
Total undiscounted non-derivative financial assets	9,002.74	-	-	378.00	26,334.29	35,715.03

Note :

The Company in addition to generating operating income from merchant banking activities, is also a holding Company of profitable subsidiaries involved in diversified businesses and receives dividend distribution at regular interval and will be comfortably able to meet its obligations at all points of time.

B. Maturity analysis for derivatives:

All derivatives which are entered into for trading purposes are shown in the earliest time band. With respect to other derivatives, the remaining contractual maturity information has been given based on undiscounted cash flows.

As at March 31, 2021	Up to 3 months	3 months to 6 months	Equal to or more than 6 months but less than 12 months	Equal to or more than 12 months but less than 3 years	Over 3 years	Total
Net settled derivatives entered into for trading purposes	6.12	-	-	-	-	6.12
Other net settled derivatives (other than those entered into for trading purposes)	-	-	-	-	-	-
Total	6.12	-	-	-	-	6.12

As at March 31, 2020	Up to 3 months	3 months to 6 months	Equal to or more than 6 months but less than 12 months	Equal to or more than 12 months but less than 3 years	Over 3 years	Total
Net settled derivatives entered into for trading purposes	(1.89)	-	-	-	-	(1.89)
Other net settled derivatives (other than those entered into for trading purposes)	-	-	-	-	-	-
Total	(1.89)	-	-	-	-	(1.89)



Notes to the financial statements (Continued)

(Currency: Indian rupees in million)

47. Remaining contractual maturities (Continued)

C. The table below shows the contractual expiry by maturity of the Company's contingent liabilities and commitments.

As at March 31, 2021	Up to 3 months	3 months to 6 months	Equal to or more than 6 months but less than 12 months	Equal to or more than 12 months but less than 3 years	Over 3 years	Total
Financial guarantee contracts issued	-	-	-	38,172.68	-	38,172.68
Total	-	-	-	38,172.68	-	38,172.68

As at March 31, 2020	Up to 3 months	3 months to 6 months	Equal to or more than 6 months but less than 12 months	Equal to or more than 12 months but less than 3 years	Over 3 years	Total
Financial guarantee contracts issued	-	-	-	91,024.10	-	91,024.10
Total	-	-	-	91,024.10	-	91,024.10

Note :

- 1) The Company has undrawn line of credit amounting to ₹.Nil as at March 31, 2021 (previous year ₹.Nil).
- 2) Outstanding Guarantees issued by the Company are reflected in the respective time bucket as these could be invoked any time on the Company.

48. Other Ind AS 115 disclosures -Revenue from contract with customers

Set out below is the disaggregation of the revenue from contracts with customers.

Type of Services or service	March 31, 2021	March 31, 2020
Advisory fees	991.19	959.81
Total revenue from contracts with customers		
Geographical markets		
India	967.40	954.76
Outside India	23.79	5.05
Total revenue from contracts with customers	991.19	959.81
Timing of revenue recognition		
Services transferred at point in time	991.19	959.81
Services transferred over time	-	-
Total revenue from contract with customers	991.19	959.81

Note :

The Company satisfies its performance obligations on completion of service with regards to investment banking, advisory and other fees. The payments on these contracts is due on completion of service, the contracts do not contain a significant financing component and the consideration is not variable.

Further, at the end of the reporting period, there are no unsatisfied performance obligations with respect to existing contracts.



Notes to the financial statements (Continued)

(Currency: Indian rupees in million)

49. Total market risk exposure

Fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The Company classifies exposures to market risk into either trading or non-trading portfolios and manages each of those portfolios separately. Such risks the market risk for the trading portfolio is managed and monitored based on a VaR methodology that reflects the interdependency between risk variables. Non-trading positions are managed and monitored using other sensitivity analyses.

Particulars	As at March 31, 2021			As at March 31, 2020		
	Carrying amount	Traded risk	Non-traded risk	Carrying amount	Traded risk	Non-traded risk
Assets						
Cash and cash equivalent and other bank balances	1,490.00	-	1,490.00	23.21	-	23.21
Trade receivables	191.00	-	191.00	316.80	-	316.80
Loans at amortised cost	12,472.43	-	12,472.43	6.73	-	6.73
Financial investments– FVTPL	27.40	27.40	-	23.95	23.95	-
Financial investments– at cost	43,789.92	-	43,789.92	34,648.92	-	34,648.92
Other Financial assets	629.35	-	629.35	695.42	15.28	680.14
Total	58,600.10	27.40	58,572.70	35,715.03	39.23	35,675.80
Liability						
Borrowings (other than debt securities)	1,091.16	-	1,091.16	732.51	-	732.51
Derivative financial instruments	-	-	-	-	-	-
Debt securities	7,288.95	-	7,288.95	734.12	-	734.12
Trade payables	2,354.43	-	2,354.43	53.35	-	53.35
Other financial liabilities	6,841.48	-	6,841.48	577.09	-	577.09
Total	17,576.02	-	17,576.02	2,097.07	-	2,097.07

50. Disclosure related to collateral

Following table sets out availability of Company's assets to support funding

As at March 31, 2021	Pledge as collateral	Available as collateral	Total carrying amount
Cash and cash equivalent including bank balance	-	647.78	647.78
Trade receivables	191.00	-	191.00
Loans	3,811.57	8,660.86	12,472.43
Investments	448.64	43,368.68	43,817.32
Other financial assets	-	304.72	304.72
Property, plant and equipment	-	5.99	5.99
Other non financial assets	-	135.88	135.88
Total assets	4,451.21	53,123.91	57,575.12
As at March 31, 2020	Pledge as collateral	Available as collateral	Total carrying amount
Cash and cash equivalent including bank balance	-	23.21	23.21
Trade receivables	-	316.80	316.80
Loans	-	6.73	6.73
Investments	-	34,672.87	34,672.87
Other financial assets	-	338.83	338.83
Property, plant and equipment	-	8.36	8.36
Capital work in progress	-	9.16	9.16
Other non financial assets	-	133.78	133.78
Total assets	-	35,509.74	35,509.74



Notes to the financial statements (Continued)

(Currency: Indian rupees in million)

51. Analysis of risk concentration

Industry analysis - risk concentration for March 31, 2021

Particulars	Financial services	Others	Total
Financial assets			
Cash and cash equivalent and other bank balances	1,490.00	-	1,490.00
Trade receivables	191.00	-	191.00
Loans	12,472.43	-	12,472.43
Investments	43,817.32	-	43,817.32
Other financial assets	629.35	-	629.35
Total	58,600.10	-	58,600.10

Industry analysis - risk concentration for March 31, 2020

Particulars	Financial services	Others	Total
Financial assets			
Cash and cash equivalent and other bank balances	23.21	-	23.21
Trade receivables	316.80	-	316.80
Loans	6.73	-	6.73
Investments	34,672.87	-	34,672.87
Other financial assets	695.42	-	695.42
Total	35,715.03	-	35,715.03

52. The COVID-19 pandemic outbreak across the world including India has resulted in most countries announcing lockdowns and quarantine measures that have sharply stalled economic activities across the world. The Indian Government too has imposed lockdowns starting from 24 March 2020. Subsequently, the national lockdown was lifted by the government for certain activities in a phased manner outside specified containment zones, but regional lockdowns/restrictions continued to be implemented in areas with a significant number of COVID-19 cases. The Indian economy is impacted and would continue to be impacted by this pandemic and the resultant lockdown, due to the contraction in industrial and services output across small and large businesses. The impact of the COVID-19 pandemic, including the current "second wave" on Company's results, including gain/loss on fair value changes, investment, remains uncertain and dependent on the current and further spread of COVID-19, steps taken by the government and other regulators to mitigate the economic impact and also the time it takes for economic activities to resume and reach the normal levels. Further, the Company has assessed the impact of the COVID-19 pandemic on its liquidity and ability to repay its obligations as and when they are due. Management has considered various financial support from banks and other fundraising opportunities in determining the Company's liquidity position over the next 12 months. Based on the foregoing and necessary stress tests considering various scenarios, management believes that the Company will be able to pay its obligations as and when these become due in the foreseeable future. In assessing the recoverability of loans, receivables, 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 continue to evolve, its effect on the operations of the Company may be different from that estimated as at the date of approval of these financial results. The Company will continue to closely monitor material changes in markets and future economic conditions.
53. During the year ended 31 March 2021, EFSL sold its controlling stake in Edelweiss Securities Limited to Edelweiss Global Wealth Management Limited (wholly owned subsidiary), in accordance with the transaction consummated with PAGAC ECSTACY PTE. LTD (PAG), a private investment firm. The difference between the carrying value of equity sold and proceeds received on sale have been accounted for as a gain amounting to ₹ 15,378.70 million in the statement of profit and loss as 'other income'.



Notes to the financial statements (Continued)

(Currency: Indian rupees in million)

54. The Company has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provision as required under any law/ accounting standards for material foreseeable losses on such long term contracts (including derivative contracts) has been made in the books of accounts.
55. Under the Shareholders' Agreement dated 05 March 2019, entered between Edelweiss Financial Services Limited (EFSL), CDPQ Private Equity Asia PTE. Limited (CDPQ) and ECL Finance Limited (together referred as Parties), EFSL had agreed, pursuant to clause 8.1 & 8.2 to make equity investment of an amount equivalent to the amount of losses on Select real estate/structured finance Loans (Select Loans) into ECL Finance Limited within six months of the default leading to loss incurred by the ECL Finance Limited on or before the date of the conversion of the Investor CCDs into Equity Shares. The rationale for this undertaking was to keep the total equity/net worth of ECL Finance Limited unimpacted on account of impairment in these loan accounts. During the year ended 31 March 2021, Parties have agreed and concluded that loss event for two of the borrowers in the Select Loans have crystalized and hence, EFSL has agreed to make good the loss amounting to ₹ 1,400.10 million incurred by ECL Finance Limited in earlier years. Accordingly, EFSL has recorded such loss in its profit and loss for the year ended 31 March 2021. The Parties have agreed that no loss event has been crystalized in respect of other Select Loans amounts mentioned in above said clauses of the agreement and hence there is no obligation EFSL has as at 31 March 2021.
56. During earlier years and for the year ended 31 March 2021, four subsidiaries of the Company had sold certain financial assets amounting to ₹ 61,568.90 million (net of provisions) and ₹ 10,711.50 million (net of provisions) respectively to various asset reconstructions company trusts ('ARC Trusts') and acquired security receipts (SR) amounting to ₹ 49,858.40 million and ₹ 8,801.10 million respectively from these ARC Trusts. Ind AS 109 – 'Financial Instruments', prescribed under section 133 of the Companies Act, 2013, requires substantially all risks and rewards to be transferred for the purpose of de-recognition of such financial assets from these subsidiaries' financial statements. The Company and Edelweiss Rural and Corporate Services Limited (ERCSL), another subsidiary, had undertaken substantially all risks and rewards in respect of such financial assets. As a result, these financial assets were de-recognized in subsidiaries' financial statements.

Based on a review performed by management of these subsidiaries and the Company, with effect from 01 January 2021, has directly undertaken substantially all risks and rewards and consequently ERCSL is relieved of its obligations. Further and pursuant to such review, with effect from 01 January 2021, certain terms and conditions of risk and reward agreements have been amended. The Board of Directors of subsidiaries, ERCSL and the Company in their respective meetings held on 04 June 2021, 10 June 2021 and 11 June 2021 have approved such changes to risk and reward agreements.

During the year ended 31 March 2021, the Company re-assessed probability of default, loss given default in respect of these financial assets and in light of various factors viz. operational challenges for exposures to certain sectors, increase in credit and market risks for certain counter parties relative to such risks at initial recognition, continued impact of COVID-19 factors. Such re-assessments resulted in recognition of higher amount of loss on fair value changes for the year ended 31 March 2021. Accordingly, the Company has recorded for the year ended 31 March 2021 an amount of ₹ 4,426.30 million towards net loss as substantially all risks and rewards are undertaken by the Company. Accordingly, profit before tax of the Company for the year ended 31 March 2021 is lower by ₹ 4,426.30 million.

57. Pursuant to amendments in risk and rewards agreement between the subsidiaries, ERCSL and the Company (as mentioned in note above), with effect from 01 January 2021, fees payable on security receipts (ARC Fee) has been agreed to be borne by the Company, as the risk and rewards are undertaken by the Company. Accordingly, an amount of ₹ 489.25 million towards such expenses have been recorded by the Company. Accordingly, profit before tax of the Company for the year ended 31 March 2021 is lower by ₹ 489.25 million.



Notes to the financial statements (*Continued*)

(Currency: Indian rupees in million)

58. The Board of Directors at their meeting held on 11 June 2021, have recommended a final dividend of ₹ 0.55 per equity share (on face value of ₹ 1 per equity share), subject to the approval of the members at the ensuing Annual General Meeting.
59. The Indian Parliament has approved the Code on Social Security, 2020 which subsumes the Provident Fund and the Gratuity Act and rules there under. The Ministry of Labour and Employment has also released draft rules thereunder on 13 November 2020 and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Company will evaluate the rules, assess the impact if any, and account for the same once the rules are notified and become effective.
60. Previous year figures have been reclassified to conform to this year's classification..
61. All amounts disclosed in the financial statements and notes have been rounded off to the nearest million as per the requirements of Schedule III, unless otherwise stated.
62. These financial statements have been approved for issue by the Board of Directors of the Company on June 11, 2021.

The accompanying notes are an integral part of financial statements.

As per our report of even date attached.

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

For and on behalf of the Board of Directors

per Shrawan Jalan
Partner
Membership No: 102102

Rashesh Shah
Chairman, Managing Director & CEO
DIN: 00008322

Himanshu Kaji
Executive Director
DIN : 00009438

Sarju Simaria
Chief Financial Officer

Tarun Khurana
SVP & Company Secretary

Mumbai June 11, 2021

Mumbai June 11, 2021



Form AOC-I

(Pursuant to first proviso to sub-section (3) of Section 129 of the Companies Act, 2013, read with Rule 5 of the Companies (Accounts) Rules, 2014)
Statement containing salient features of the financial statements of subsidiaries/ associate companies/ joint ventures

Part "A": Subsidiaries

(Currency : Indian rupees in millions)

Name of the Subsidiary Company	ECL Finance Limited		Edelcap Securities Limited		Edelweiss Asset Management Limited		ECap Equities Limited		Edelweiss Trusteeship Company Limited		Edelweiss Housing Finance Limited		Edelweiss Investment Adviser Limited		EC Commodity Limited		Edel Land Limited		Edel Investments Limited			
	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR		
Reporting currency	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR		
Exchange rate																						
Paid-up Equity Share Capital	2,138.27		3.00	733.43	4,007.40	1.00	693.50	1,005.50	300.00	783.89	350.22											
Reserves of the Subsidiary	22,685.03		516.41	878.58	(2,893.93)	3.93	6,934.38	(8,938.67)	(453.09)	(707.70)	2,249.13											
Total Assets of the Subsidiary	189,790.72		7,891.87	1,971.97	38,003.71	5.99	49,311.00	6,003.19	1,126.38	4,129.91	2,976.91											
Total Liabilities of the Subsidiary	164,967.42		7,372.46	359.96	36,890.24	1.06	41,683.12	13,936.36	1,279.47	4,053.73	377.56											
Investments	55,676.11		2,733.99	747.11	18,449.47	4.56	1,600.86	-	19.51	829.07	2,348.12											
Total Turnover	20,120.44		1,628.09	1,204.07	12,086.34	1.86	5,510.54	(2,833.39)	372.36	1,777.26	116.90											
Profit/(Loss) before taxation	(1,601.07)		(483.46)	47.82	(4,392.73)	0.21	(80.72)	(5,067.32)	(89.70)	(378.17)	20.28											
Provision for taxation	(1,623.42)		93.25	-	(360.85)	0.04	(118.01)	213.57	(3.91)	(122.79)	14.09											
Profit/(Loss) after taxation	22.35		(576.71)	47.82	(4,031.88)	0.16	37.29	(5,280.88)	(85.79)	(255.38)	6.19											
Proposed dividend	-		-	-	-	-	-	-	-	-	-											
% of shareholding	100%		100%	100%	100%	100%	100%	100%	100%	100%	100%											



Form AOC-I

(Pursuant to first proviso to sub-section (3) of Section 129 of the Companies Act, 2013, read with Rule 5 of the Companies (Accounts) Rules, 2014)
Statement containing salient features of the financial statements of subsidiaries/ associate companies/ joint ventures

Part 'A': Subsidiaries (Continued)

(Currency: Indian rupees in millions)

Name of the Subsidiary Company	Edelweiss Rural & Corporate Services Limited	Edelweiss Comtrade Limited	Edel Finance Company Limited	Edelweiss Retail Finance Limited	Edelweiss Multi Strategy Fund Advisors LLP	Edelweiss Resolution Advisors LLP	Edelweiss General Insurance Company Limited	Edelweiss Securities and Investments Private Limited	EC International Limited	EAAA LLC
Reporting currency	INR	INR	INR	INR	INR	INR	INR	INR	USD	USD
Exchange rate									73.50	73.50
Paid-up Equity Share Capital	9,897.75	290.00	7,216.75	429.50	5.97	0.10	3,930.00	1.57	6.20	62.47
Reserves of the Subsidiary	(5,360.03)	(273.75)	5,143.10	4,469.76	1.78	0.62	(2,739.05)	787.58	(107.20)	(37.92)
Total Assets of the Subsidiary	44,739.01	37.17	30,418.47	15,184.83	7.96	0.73	4,277.72	1,426.31	219.99	28.44
Total Liabilities of the Subsidiary	40,201.29	20.91	18,058.62	10,285.57	0.21	0.02	3,086.77	637.16	320.99	3.89
Investments	13,079.57	-	20,040.21	957.91	-	-	3,429.52	950.47	219.74	0.00
Total Turnover	7,666.16	5.35	1,877.84	2,500.73	0.80	6.08	2,046.40	813.54	381.98	6.09
Profit/(Loss) before taxation	(8,899.47)	(13.51)	(1,484.05)	329.60	(16.58)	5.94	(910.34)	73.86	266.86	(26.05)
Provision for taxation	275.71	1.56	(242.49)	61.05	(0.48)	0.98	-	45.04	0.82	0.00
Profit/(Loss) after taxation	(9,175.18)	(15.06)	(1,241.56)	268.55	(16.09)	4.96	(910.34)	28.82	266.03	(26.05)
Proposed dividend	-	-	-	-	-	-	-	-	-	-
% of shareholding	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%



Form AOC-I

(Pursuant to first proviso to sub-section (3) of Section 129 of the Companies Act, 2013, read with Rule 5 of the Companies (Accounts) Rules, 2014)
Statement containing salient features of the financial statements of subsidiaries/ associate companies/ joint ventures

Part "A": Subsidiaries (Continued)

(Currency : Indian rupees in millions)

Name of the Subsidiary Company	Edelweiss Alternative Asset Advisors Pte. Limited	Edelweiss International (Singapore) Pte. Limited	Aster Commodities DMCC	Edelgive Foundation	Edelweiss Alternative Asset Advisors Limited	Edelweiss Gallagher Insurance Brokers Limited	Edelweiss Private Tech Fund	Edelweiss Value and Growth Fund	Edelweiss Reconstruction Company Limited	EW Special Opportunities Advisors LLC
Reporting currency	SGD	USD	AED	INR	INR	INR	INR	INR	INR	USD
Exchange rate	54.39	73.50	19.91							73.50
Paid-up Equity Share Capital	446.64	2,063.31	133.73	104.20	1,223.75	52.86	263.40	908.15	2,437.26	21.27
Reserves of the Subsidiary	28.93	(185.33)	63.47	130.76	(212.19)	1,251.75	351.92	603.64	19,782.60	(20.76)
Total Assets of the Subsidiary	972.45	2,643.15	206.82	348.49	1,266.25	2,455.91	615.70	1,513.22	59,327.70	1.19
Total Liabilities of the Subsidiary	496.88	765.17	9.61	113.53	254.68	1,151.31	0.37	1.43	37,107.84	0.69
Investments	0.47	74.34	-	15.83	195.90	502.63	610.69	1,513.17	47,730.67	0.01
Total Turnover	495.93	673.04	0.43	598.86	1,444.54	631.07	(16.17)	4.65	8,673.82	-
Profit/(Loss) before taxation	11.37	350.93	(34.03)	97.39	148.52	172.63	(17.69)	0.73	2,452.25	(2.76)
Provision for taxation	1.40	4.58	-	-	(5.43)	26.69	-	0.00	595.93	-
Profit/(Loss) after taxation	9.97	346.35	(34.03)	97.39	153.94	145.95	(17.69)	0.73	1,856.32	(2.76)
Proposed dividend	-	-	-	-	-	-	-	-	-	-
% of shareholding	100%	100%	100%	100%	99.05%	70.00%	95.60%	70.05%	59.84%	67.00%



Form AOC-I
(Pursuant to first proviso to sub-section (3) of Section 129 of the Companies Act, 2013, read with Rule 5 of the Companies (Accounts) Rules, 2014)
Statement containing salient features of the financial statements of subsidiaries/ associate companies/ joint ventures

Part 'A': Subsidiaries (Continued)

(Currency: Indian rupees in millions)

Name of the Subsidiary Company	Edelweiss Tokio Life Insurance Company Limited	Allium Finance Private Limited	Edelweiss Global Wealth Management Limited	Edelweiss Capital Services Limited	India Credit Investment Fund II
Reporting currency	INR	INR	INR	INR	INR
Exchange rate					
Paid-up Equity Share Capital	3,126.21	68.26	22,274.00	520.00	3,177.93
Reserves of the Subsidiary	2,235.68	950.51	411.01	(16.22)	1.54
Total Assets of the Subsidiary	52,213.00	1,023.26	23,447.15	509.04	3,183.05
Total Liabilities of the Subsidiary	46,851.11	4.49	1,584.16	5.26	3.57
Investments	41,147.00	186.60	21,969.59	-	3,180.26
Total Turnover	18,664.00	96.27	333.99	1.47	2.74
Profit/(Loss) before taxation	(2,067.00)	90.82	(215.09)	(16.02)	1.75
Provision for taxation	0.00	23.74	(14.76)	-	-
Profit/(Loss) after taxation	(2,067.00)	67.07	(200.33)	(16.02)	1.75
Proposed dividend	-	-	-	-	-
% of shareholding	51.00%	70.00%	100%	51.00%	100%

For and on behalf of the Board of Directors

Rashesh Shah
Himanshu Kaji
Chairman, Managing Director & CEO
Executive Director
DIN: 00008322
DIN: 00009438

Sarju Simaria
Tarun Khurana
Chief Financial Officer
SVP & Company Secretary

Mumbai
June 11, 2021

**Form AOC-I**

(Pursuant to first proviso to sub-section (3) of Section 129 of the Companies Act, 2013, read with Rule 5 of the Companies (Accounts) Rules, 2014)
Statement containing salient features of the financial statements of subsidiaries/ associate companies/ joint ventures

Part "B": Associates

(Currency : Indian rupees in millions)

Sr No	Name of the Associate	Edelweiss Securities Limited
1	Latest Audited Balance sheet date	31-Mar-21
2	Share of Associate held by the Company on the year end No.	1,35,00,300
	Amount of Investment in Associates (₹ in millions)	124.52
	Extend of Holding %	38.53%
3	Reason why the associate is not consolidated	No Control
4	Networth attributable to Shareholding as per latest audited BalanceSheet (₹ in millions)	5,517.91
5	Profit / Loss for the year	
	i. Considered in Consolidation	(6.35)
	ii. Not Considered in Consolidation	641.31

For and on behalf of the Board of Directors

Rashesh Shah
Himanshu Kaji

Chairman, Managing Director & CEO
Executive Director

DIN: 00008322
DIN: 00009438

Sarju Simaria
Tarun Khurana

Chief Financial Officer
SVP & Company Secretary

Mumbai
June 11, 2021

Annexure II
Form AOC-2

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto:

I. Details of contracts or arrangements or transactions not at arm's length basis: Not Applicable

(Currency : Indian rupees in millions)									
Sr. No.	Name(s) of the related party and nature of relationship	Nature of contracts/arrangements/transactions	Duration of the contracts/arrangements/transactions	Salient terms of the contracts or arrangements including the value, if any	Justification for entering into such contracts or arrangements or transactions	Date of approval by the Board	Amount paid as advances, if any	Date on which the special resolution was passed in general meeting as required under first proviso to section 188	Amount paid as advances, if any
-	-	-	-	-	-	-	-	-	-

II. Details of material contracts or arrangement or transactions at arm's length basis:

(Currency : Indian rupees in millions)									
Sr. No.	Name(s) of the related party and nature of relationship	Nature of contracts/arrangements/transactions	Duration of the contracts/arrangements/transactions	Salient terms of the contracts or arrangements including the value, if any	Date of approval	Amount paid as advances, if any			
1	Edelweiss Securities Limited	Sale of securities	-	3,837.40	February 14, 2020	-			
2	Edel Finance Company Limited	Sale of securities	-	1,654.97	February 14, 2020	-			
3	Edelweiss Global Wealth Management Limited	Sale of securities	-	15,495.91	February 14, 2020	-			
4	ECap Equities Limited	Purchase of securities	-	4,100.76	February 14, 2020	-			
5	Edelweiss Securities Limited	Purchase of securities	-	714.13	February 14, 2020	-			
6	Edel Finance Company Limited	Purchase of securities	-	6,706.17	February 14, 2020	-			
7	Edel Land Limited	Purchase of Securities	-	922.46	February 14, 2020	-			
8	ECL Finance Limited	Management and advisory fees paid	-	669.15	February 14, 2020	-			

For and on behalf of the Board
Edelweiss Financial Services Limited

Rashesh Shah
Chairman & Managing Director
DIN: 00008322

Mumbai, June 11, 2021





NOTICE OF THE 26TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE 26th ANNUAL GENERAL MEETING OF THE MEMBERS OF EDELWEISS FINANCIAL SERVICES LIMITED WILL BE HELD ON FRIDAY, SEPTEMBER 3, 2021 AT 4.00 P.M. (IST) THROUGH VIDEO CONFERENCING OR OTHER AUDIO VISUAL MEANS (OAVM) TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS:

1. To consider and adopt:-
 - a. the audited Financial Statements of the Company for the financial year ended March 31, 2021, together with the Report of the Board and the Auditors thereon; and
 - b. the audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2021, together with the Report of the Auditors thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Mr. Venkatchalam Ramaswamy (DIN 00008509), who retires by rotation and, being eligible, offered himself for re-appointment.
4. To appoint a Director in place of Mr. Himanshu Kaji (DIN 00009438), who retires by rotation and, being eligible, offered himself for re-appointment.

SPECIAL BUSINESS:

5. Re-appointment of Mr. Rashesh Shah as the Managing Director

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED that pursuant to the provisions of Sections 196, 197, 203, Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) as amended from time to time, the Rules, Regulations, Guidelines and Circulars issued in this regard and subject to necessary approvals, if any, approval of the Members be and is hereby accorded for the re-appointment of Mr. Rashesh Shah (DIN 00008322) as the Managing Director of the Company for a period of 5 years with effect from April 1, 2022, on the following remuneration:-

- i) Basic Salary: Not exceeding ₹ 3 crores per annum.
- ii) Bonus: Not exceeding ₹ 6 crores per annum.
- iii) Perquisites: Not exceeding ₹ 3 crores per annum.

FURTHER RESOLVED that subject to the applicable provisions of the Act read with Schedule V and other prevalent laws, where in any financial year during the tenure of appointment of Mr. Rashesh Shah, the Company has no profits or its profits are inadequate, the Company may pay the aforesaid remuneration to Mr. Rashesh Shah within the overall limits prescribed under the provisions of the Act.



Notice (continued)

FURTHER RESOLVED that the Board of Directors of the Company (hereinafter referred to as ‘the Board’ which term shall be deemed to include any Committee which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this Resolution) be authorised on behalf of the Members of the Company to do all such acts, deeds, matters and things as may be necessary to give effect to this Resolution, and as it may, in its absolute discretion, deem necessary or expedient in the interest of the Company and with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in this regard including to vary the terms of re-appointment, without requiring the Board to secure any further consent or approval of the Members of the Company.”

6. Re-appointment of Mr. Venkatchalam Ramaswamy as an Executive Director

To consider and, if thought fit, to pass, with or without modification(s) the following resolution as an Ordinary Resolution:

“**RESOLVED** that pursuant to the provisions of Sections 196, 197, 203, Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) as amended from time to time, the Rules, Regulations, Guidelines and Circulars issued in this regard and subject to necessary approvals, if any, approval of the Members be and is hereby accorded for the re-appointment of Mr. Venkatchalam Ramaswamy (DIN 00008509) as an Executive Director of the Company for a period of 5 years with effect from April 1, 2022, on the following remuneration:-

- i) Basic Salary Limit: Not exceeding ₹ 3 crores per annum.
- ii) Bonus: Not exceeding ₹ 6 crores per annum.
- iii) Perquisites: Not exceeding ₹ 3 crores per annum.

FURTHER RESOLVED that subject to the applicable provisions of the Act read with Schedule V and other prevalent laws, where in any financial year during the tenure of appointment of Mr. Venkatchalam Ramaswamy, the Company has no profits or its profits are inadequate, the Company may pay the aforesaid remuneration to Mr. Venkatchalam Ramaswamy within the overall limits prescribed under the provisions of the Act.

FURTHER RESOLVED that the Board of Directors of the Company (hereinafter referred to as ‘the Board’ which term shall be deemed to include any Committee which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this Resolution) be authorised on behalf of the Members of the Company to do all such acts, deeds, matters and things as may be necessary to give effect to this Resolution, and as it may, in its absolute discretion, deem necessary or expedient in the interest of the Company and with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in this regard including to vary the terms of re-appointment, without requiring the Board to secure any further consent or approval of the Members of the Company.”



7. Issue of Securities

To consider and, if thought fit, to pass, with or without modification(s) the following resolution as a Special Resolution:

“RESOLVED that pursuant to the provisions of Sections 42 and 62 of the Companies Act, 2013, read with the Companies (Prospectus and Allotment of Securities) Rules, 2014 and the Companies (Share Capital and Debentures) Rules, 2014 and other applicable provisions, if any including any statutory modifications(s) or re-enactment thereof, for the time being in force (“the Act”), the relevant provisions of the Memorandum and Articles of Association of the Company and in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (“ICDR Regulations”), Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended (“the Listing Regulations”), the applicable provisions of the Foreign Exchange Management Act, 1999, (including any amendments, statutory modification(s) and / or re-enactment thereof for the time being in force) (‘the FEMA’), to the extent applicable, the Consolidated Foreign Direct Investment Policy issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India (“GOI”) and the Foreign Exchange Management (Transfer or Issue of Securities by a Person Resident outside India) Regulations, 2000, (including any amendments, statutory modification(s) and / or re-enactment thereof for the time being in force) and all other statutes, rules, regulations, guidelines, notifications, circulars and clarifications as may be applicable, as amended from time to time, issued by the GOI, the Ministry of Corporate Affairs (‘MCA’), the Reserve Bank of India (‘RBI’), SEBI, BSE Limited and National Stock Exchange of India Limited (‘the Stock Exchanges’) where the equity shares of the Company are listed and subject to requisite approvals, consents, permissions and/or sanctions of regulatory and other appropriate authorities, as may be required and subject to such conditions as may be prescribed by any of them while granting any such approvals, consents, permissions, and/or sanctions and which may be agreed to, by the Board of Directors of the Company (“Board”, which term shall be deemed to include any Committee constituted by the Board to exercise its powers including the powers conferred hereunder or any person authorised by the Board or its Committee for such purpose), the approval of the Members of the Company be and is hereby accorded to the Board to create, offer, issue and allot (including with provisions for reservations on firm and/or competitive basis, or such part of issue and for such categories of persons as may be permitted, including the employees of the Company), such number of Equity Shares and/or other Eligible Securities as defined in Chapter VI of SEBI ICDR Regulations and/or American Depository Receipts (“ADRs”) and / or Global Depository Receipts (“GDRs”) and/or Non-Convertible Debentures with warrants and / or Foreign Currency Convertible Bonds and / or securities convertible or exchangeable into equity including but not limited to Convertible Debentures or Convertible Preference Shares (compulsorily and/or optionally, fully and/or partly) and/or a combination thereof (hereinafter referred to as “Equity Shares” or other “Securities”, respectively) at a discount or premium to market price or prices permitted under applicable law, in such manner and on such terms and conditions including, security, rate of interest etc., as may be deemed appropriate by the Board, in one or more tranches, for cash, for an aggregate amount upto ₹ 2,000 crores or equivalent thereof, by way of Qualified Institutional Placement (“QIP”)/ Further Public Offer (“FPO”) of securities in accordance with the SEBI ICDR Regulations, or any combination thereof or by way of any other mode, through issue of placement document and/or prospectus and/or letter of offer and/or any other permissible/requisite offer document (“Offering Document/Disclosure Document / Information Memorandum”), on such terms and conditions, including the terms, type of Securities to be issued, etc., as decided



Notice (continued)

by the Board, in consultation with the book running lead managers appointed for the proposed Issue, to Qualified Institutional Buyers (“QIBs”) as defined under SEBI ICDR Regulations and/or by way of FPO or through any other permissible mode, whether they are holders of Equity shares or not, and on such terms and conditions as may be deemed appropriate by the Board at its absolute discretion including the discretion to determine the categories of investors to whom the offer, issue and allotment of the Securities shall be made, considering the prevailing market conditions and other relevant factors and wherever necessary in consultation with book running lead managers and/or underwriters and/ or other advisors appointed or to be appointed by the Company and as may be permitted under applicable law from time to time, and without requiring any further approval or consent from the Members of the Company (the “Issue”).

FURTHER RESOLVED that if the Issue or any part thereof is made by way of a QIP pursuant to Chapter VI of the ICDR Regulations:

- a) the allotment of the Equity Shares or other Eligible Securities, shall be completed within 365 days or such other period as may specified under the applicable guidelines from the date of the Special Resolution of the Members of the Company;
- b) the Equity Shares that may be issued by the Company in the proposed Issue shall rank pari passu with the then existing Equity Shares of the Company in all respects;
- c) no partly paid-up Equity Shares or other Eligible Securities shall be issued/allotted;
- d) the Relevant Date shall mean the ‘Relevant Date’ as defined under Regulation 171 of ICDR Regulations, on the basis of which the price of the Securities shall be determined;
- e) it shall be at such price which is not less than the price determined in accordance with Regulation 176(1) provided under Chapter VI of the SEBI ICDR Regulations (the “QIP Floor Price”) and that the Board may, however, at its absolute discretion in consultation with the book running lead managers, issue Equity Shares at a discount of not more than 5 per cent or such other discount as may be permitted under applicable regulations to the QIP Floor Price;.

FURTHER RESOLVED that the Board be and is hereby authorised to appoint lead manager(s), depositories, custodians, registrars, bankers, lawyers, advisors, consultants and all such other agencies / intermediaries as are or may be required to be appointed, involved or concerned and to remunerate them by way of commission, brokerage, fees or the like and also to reimburse them out of pocket expenses incurred by them and also to enter into and execute all such arrangements, agreements, memorandums, documents, etc. with such agencies and also to seek the listing of such Equity Shares other securities on the Stock Exchanges.

FURTHER RESOLVED that subject to the applicable provisions of the Act, the Board be and is hereby authorised, on behalf of the Company, to take all actions and do all such acts, deeds, matters and things and sign such documents as may be required in furtherance of, or in relation to, or ancillary to, the issue, offer and allotment of Securities including the finalisation and approval of the draft as well as final offer document(s), determining the form and manner of the Issue, identification of the eligible investors to whom the Securities are to be offered, utilization of the issue proceeds, authorising any Director or Officer of the Company to sign offer documents, execute any necessary documents, agreements, forms, deeds, appointment of intermediaries, open and close the period of subscription of the Issue, determine the issue price, premium amount on issue as permitted under applicable law and all other terms and conditions of



the Securities, signing of declarations, filing of necessary forms with regulatory authorities and to amend, vary or modify any of the above as the Board may consider necessary, desirable or expedient and to take such steps and to do all such acts, deeds, matters and things as they may deem fit and proper for the purposes of the Issue and resolve and settle all questions or difficulties that may arise in regard to such issue, offer or allotment of Equity Shares or other Eligible Securities or any other securities and take all steps which are incidental and ancillary in this connection, including in relation to utilization of the issue proceeds, as it may in its absolute discretion deem fit without being required to seek any further consent or approval of the Members and the Members shall be deemed to have given their approval thereto expressly by the authority of this Resolution and all actions taken by the Board or any duly authorised Committee constituted by the Board to exercise its powers, in connection with any matter(s) referred to or contemplated in any of the Resolution be and are hereby approved, ratified and confirmed in all respects”.

**For and on behalf of the Board
EDELWEISS FINANCIAL SERVICES LIMITED**

**Tarun Khurana
Company Secretary
(Membership No. A12344)**

**Mumbai, June 11, 2021
Registered Office:
Edelweiss House,
Off C.S.T. Road, Kalina,
Mumbai – 400 098.
CIN : L99999MH1995PLC094641**



Notice (continued)

NOTES:

1. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 (the Act), in respect of the Special Business to be transacted at the Annual General Meeting (AGM/Meeting) is annexed hereto. The Board of Directors have considered and decided to include the Item Nos. 5 to 7 given in the Notice as Special Business in the AGM considering the significance of the same.
2. Considering the current COVID-19 pandemic situation, restricting movement of people at several places in the country, the Ministry of Corporate Affairs (MCA), vide its General Circular No. 20/2020 dated May 5, 2020 and No. 2/2021 dated January 13, 2021 read with General Circular No. 14/2020 dated April 8, 2020 and No. 17/2020 dated April 13, 2020 (collectively referred to as the MCA Circulars) and the Circulars issued by the Securities and Exchange Board of India (SEBI) from time to time (SEBI Circulars), has allowed the Companies to conduct the AGM through VC/OAVM without the physical presence of the Members at a common venue. Accordingly, as per MCA Circulars and the applicable provisions of the Act, the 26th AGM of the Company shall be conducted through VC/OAVM on Friday, September 3, 2021, at 4 P.M. (IST).
3. Pursuant to Regulation 36 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time (the Listing Regulations) and Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India information in respect of the Directors seeking appointment/re-appointment at the AGM is given as an Annexure to the Notice.
4. **As per the provisions of the Act and the Articles of Association of the Company, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his / her behalf and the proxy need not be a Member of the Company. Since this AGM is being conducted in accordance with the MCA and SEBI Circulars through VC/OAVM, the requirement of physical attendance of Members has been dispensed with. Accordingly, the facility of appointment of proxies by Members will not be available for such meetings. Hence, the Proxy Form, Attendance Slip and Route Map of the venue of the AGM are not annexed to the Notice of the AGM. However, the Body Corporates, are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and participate there at and cast their votes through e-voting.**

Pursuant to the MCA Circulars, the Members are provided with the facility to join the AGM through the VC/OAVM mode 15 minutes before the scheduled time of commencement of the AGM and the same shall be kept open until 15 minutes after the scheduled time of commencement. The Members are requested to follow the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to at least 1,000 Members on a first come first serve basis as per the MCA Circulars. The Large Shareholders i.e. Shareholders holding 2% or more shareholding, Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. can attend the Meeting without restriction on account of first come first served principle.

The Institutional Investors, who are Members of the Company, are encouraged to attend the meeting through VC/OAVM mode and vote electronically. Pursuant to the provisions of the Act, such Members are required to send a scanned certified true copy (PDF/JPG Format) of the resolution/authorisation of its Board or governing body, authorising its representative to attend the AGM through VC/OAVM on its behalf and to vote through remote e-voting. The said certified Resolution/Authorisation shall be sent to the Scrutinizer at narasimhan.b8@gmail.com with a copy marked to evoting@nsdl.co.in.



5. In case of joint holders, the Member whose name appears as the first holder in the order of the names as per the Register of Members of the Company will be entitled to vote at the AGM.

6. QUORUM

The attendance of the Shareholders attending the AGM through VC / OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Act.

7. BOOK CLOSURE

The Register of Members and the Share Transfer Books of the Company will remain closed from August 28, 2021 to September 2, 2021 (both days inclusive).

8. DIVIDEND:

The dividend, as recommended by the Board, if approved at the AGM, will be paid subject to deduction of tax at source, as may be applicable, between September 7, 2021 to September 16, 2021, to those Members:

- (a) whose names appear as Beneficial Owners as on August 28, 2021 in the list of Beneficial Owners to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of the equity shares held in electronic form; and
- (b) whose names appear as Members in the Register of Members of the Company as on August 28, 2021 in respect of the equity shares held in physical form, after giving effect to valid request(s) received for transmission/ transposition of equity shares.

Pursuant to the Finance Act, 2020, dividend income will be taxable in the hands of Members w.e.f. April 1, 2020 and the Company is required to deduct tax at source from dividend paid to Members at the prescribed rates. For detailed information on the same, please refer the Company's website at www.edelweissfin.com.

9. UNCLAIMED DIVIDEND

Members are requested to note that dividend which has remained unpaid or unclaimed for 7 consecutive years or more from the date of transfer to the Company's Unpaid Dividend Account, will be transferred to the Investor Education and Protection Fund (IEPF) as per Section 124 of the Act.

Accordingly, pursuant to the provisions of the Act and the Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016 (IEPF Rules), the Company has transferred a sum of ₹ 5,56,906 to the IEPF during the year 2020-21.

Further, 21,035 equity shares of ₹ 1 each of the Company, in respect of which dividend has not been claimed for 7 consecutive years or more, have also been transferred to the beneficiary owner account of the IEPF Authority.

Members are further requested to note that the unpaid or unclaimed dividends and/or the equity shares transferred to the IEPF can be claimed by them by making an on-line/electronic application in Form IEPF-5. Upon submitting duly completed form, applicants are requested to take a print of the same and send the physical copy, duly signed, along with the requisite documents specified in Form IEPF-5, to the Company/ the RTA of the Company, M/s. Link Intime India Private Limited (Unit: Edelweiss Financial Services Limited), C 101, 247 Park, LBS Marg, Vikhroli (West), Mumbai-400083, e-mail: rnt.helpdesk@linkintime.co.in/iepf.shares@linkintime.co.in. The Rules and the application form (Form IEPF-5), as prescribed by the Ministry of Corporate Affairs(MCA) for claiming the shares/ dividends are available on the website of MCA/IEPF authority – www.iepf.gov.in.



Notice (continued)

In view of the above, Members who have not claimed / encashed the Dividend Warrants for Final Dividend 2013-14 and/ or any subsequent years are requested to claim their unpaid dividends within stipulated timeline by writing to the Company / RTA giving the necessary details.

10. GENERAL GUIDANCE TO SHAREHOLDERS

- **NOMINATION FACILITY**

As per the provisions of Section 72 of the Act, the facility for making nomination is available for the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. The Members are requested to submit the said form to their Depository Participant (DP) in case the shares are held in electronic form and to Link Intime India Private Limited the Registrar & Transfer Agent (RTA) of the Company in case the shares are held in physical form.

- **BANK MANDATES**

Members holding shares in physical form are requested to intimate the Registrar & Transfer Agent under the signature of the Sole/First holder, the following information:

- I. Name of the Sole/First holder and the folio number
- II. Particulars of Bank Account viz.,
 - a) Name of the Bank
 - b) Name of the Branch
 - c) Complete address of the Branch with Pin code
 - d) Bank Account Number allotted by the Bank.

In respect of the matters pertaining to Bank details, NECS mandates, nomination, power of attorney, change in name/address, etc., the Members are requested to approach:

- the Company's Registrar & Transfer Agent, in case of shares held in physical form; and
- the respective Depository Participants, in case of shares held in electronic form.

In any correspondence with the Company/Registrar & Transfer Agent, the Members are requested to quote their account/ Folio numbers or DP ID and Client ID in respect of physical or electronic holdings, respectively.

- **MODE OF HOLDING SHARES**

As per Regulation 40 of the Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with holding physical shares, the Members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company or Company's Registrars and Transfer Agents of the Company for any support in this regard.



- **UPDATION OF PERSONAL DETAILS**

- Pursuant to SEBI circular dated April 20, 2018, shareholders whose ledger folios having incomplete details with regard to PAN and Bank particulars are required to compulsorily furnish the same to the Registrar and Transfer Agent (RTA)/ to the Company for registration in the folio.
- Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone/ mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc., to their DPs in case the shares are held in electronic form and to Link Intime India Private Limited in case the shares are held in physical form.
- Members holding shares in physical form, in identical order of names, in more than one folio are requested to send to the Company or RTA of the Company the details of such folios together with the share certificates for consolidating their holdings in one folio. A consolidated share certificate will be issued to such Members after making requisite changes.

11. DISPATCH OF ANNUAL REPORT IN ELECTRONIC FORM AND PROCESS FOR REGISTRATION OF EMAIL ID FOR OBTAINING COPY OF ANNUAL REPORT BY E-MAIL:

- a. In accordance with the MCA and the SEBI Circulars and owing to the difficulties involved in dispatching of physical copies of the Annual Report for the financial year 2020-21 (including the Financial Statements, Board's Report, Auditor's report or other documents required to be attached thereto) (the Annual Report 2020-21), and the Notice of the AGM, are being sent in electronic mode to Members and other persons entitled to receive the Notice, whose e-mail address is registered with the Company or the Depository Participant(s).
- b. The Members holding Equity Shares of the Company in Demat Form or Physical Form and who have not yet registered their e-mail address are requested to follow the procedure stated in point no. 12 given below for the purpose of registration.
- c. A copy of the Annual Report 2020-21 along with the Notice of the AGM and Explanatory Statement is available on the website of the Company at www.edelweissfin.com, BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) at www.bseindia.com & www.nseindia.com respectively and National Securities Depository Limited (NSDL) at www.evoting.nsdl.com

12. PROCEDURE FOR REGISTRATION OF EMAIL IDS WITH THE DEPOSITORIES FOR PROCURING USER ID AND PASSWORD AND FOR E-VOTING ON THE RESOLUTIONS SET OUT IN THIS NOTICE :

- a. In case the shares are held in physical mode, shareholders are requested to provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), self-attested scanned copy of PAN and Aadhar Card by e-mail to the Company at Efsl.Shareholders@edelweissfin.com.
- b. In case the shares are held in demat mode, please provide DPID & CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, self-attested scanned copy of client master or copy of Consolidated Account statement, PAN Aadhar to the respective Depository Participants.
- c. If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at step 15(g) i.e. [Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.](#)



Notice (continued)

- d. Alternatively shareholder/members may send a request to evoting@nsdl.co.in for procuring user id and password for e-voting by providing above mentioned documents.

13. PROCEDURE TO RAISE QUESTIONS / SEEK CLARIFICATIONS WITH RESPECT TO ANNUAL REPORT:

- a. As the AGM is being conducted through VC / OAVM the Members are encouraged to express their views / send their queries in advance mentioning their name, demat account number (DP Id & Client Id) / folio number, email id, mobile number at Efsl.Shareholders@edelweissfin.com
- b. Members desirous of getting any information in respect of the contents of the Annual Report are requested to forward the same to the Company Secretary at least 10 days prior to the AGM so that the required information can be made available. The same will be replied by/on behalf of the Company suitably.
- c. In order to enable smooth conduct of AGM, the Members who would like to express their views during the AGM may register themselves as a Speaker by sending an email to Efsl.Shareholders@edelweissfin.com, alongwith your name and DP ID/CLIENT ID on Monday, August 30, 2021 between 9 A.M. to 6 P.M.

The Company reserves the right to restrict the number of questions and number of speakers, as appropriate for smooth conduct of the AGM.

14. PROCEDURE FOR JOINING THE AGM THROUGH VC/ OAVM:

- The Member will be provided with a facility to attend the AGM through VC/OAVM through the e-Voting system by following the instructions given in point 15(g).
- The link for VC/OAVM will be available in shareholder/members login where the Electronic Voting Event Number ('EVEN') of Edelweiss Financial Services Limited (the Company) will be displayed.
- On clicking this link, the Members will be able to attend and participate in the proceedings of the AGM of the Company.
- Please note that the Members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned below in point no. 15(g) of the Notice. Further, the members can also use the OTP based login for logging into the e-Voting system.
- The Members are encouraged to join the AGM through Laptops for better experience. The Members will need the latest version of any of the following browsers viz. Chrome, Safari, Internet Explorer 11, MS Edge or Firefox. Further, the Speaker Members are recommended to use an Internet with a good speed and choose 'allow camera' option in the browser for better communication.
- Please note that the Members/participants connecting through Mobile devices, Tablets or Laptop via mobile hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.



15. PROCEDURE FOR REMOTE E-VOTING AND E-VOTING DURING THE AGM:

- a. In compliance with the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended from time to time) [the Rules], Regulation 44 of the Listing Regulations and the MCA Circulars, the Company has provided the facility to its Members to exercise their right to vote on resolutions proposed to be considered at the AGM by electronic means. The facility of casting votes by a Member using remote e-voting system as well as remote e-voting during the AGM will be provided by NSDL having its office at Trade World, 'A' Wing, 4th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013.
- b. The members are requested to carefully read the instructions on e-voting given in point no. 15(g) before casting their vote electronically.
- c. The e-voting period begins on Tuesday, August 31, 2021 at 9 A.M. and ends on Thursday, September 2, 2021 at 5 P.M. (remote e-voting period). During the remote e-voting period, the Members of the Company, holding shares either in physical form or in dematerialized form, as on Friday, August 27, 2021, the cut-off date, may cast their vote electronically. This remote e-voting module shall be disabled by NSDL for voting thereafter. The voting rights of the members shall be in proportion to their equity shares held in the total paid up equity share capital of the Company as on the cut-off date.
- d. The Members who have not cast their votes during the aforementioned period, can cast their votes during the AGM by following the same process as applicable for remote e-voting. The remote e-voting module on the day of the AGM shall be disabled by NSDL for voting 15 minutes after the conclusion of the Meeting.
- e. Once the vote on a resolution is cast, the member shall not be allowed to change it subsequently or cast the vote again.
- f. The Members who had cast their votes by remote e-voting prior to the AGM may attend the AGM. However, they shall not be entitled to cast their vote again. Members holding shares in physical form are requested to access the remote e-voting facility provided by the Company through NSDL e-voting system at www.evoting.nsdl.com.
- g. **Procedure for e-voting as prescribed by NSDL**

The way to vote electronically on NSDL e-Voting system consists of “Two Steps” which are mentioned below:

Step 1: Access to NSDL e-Voting system

A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode

In terms of SEBI circular dated December 9, 2020 on e-voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-voting facility.



Notice (continued)

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	<ol style="list-style-type: none"> Existing IDeAS user can visit the e-Services website of NSDL Viz. https://eservices.nSDL.com either on a Personal Computer or on a mobile. On the e-Services home page click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section , this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nSDL.com. Select “Register Online for IDeAS Portal” or click at https://eservices.nSDL.com/SecureWeb/IdeasDirectReg.jsp Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nSDL.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Shareholders/Members can also download NSDL Mobile App “NSDL Speede” facility by scanning the QR code mentioned below for seamless voting experience.

NSDL Mobile App is available on





Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with CDSL	1. Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi.
	2. After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of e-Voting service provider i.e. NSDL . Click on NSDL to cast your vote.
	3. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration
	4. Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. NSDL where the e-Voting is in progress.
Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-voting facility. Upon logging in, you will be able to see e-voting option. Click on e-voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-voting feature. Click on company name or e-voting service provider i.e. NSDL and you will be redirected to e-voting website of NSDL for casting your vote during the remote e-voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 or 022-23058542/43

B) Login Method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

How to Log-in to NSDL e-Voting website?

- (i) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.



Notice (continued)

- (ii) Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section.
- (iii) A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nSDL.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

- (iv) Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****.
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

- (v) Password details for shareholders other than Individual shareholders are given below:
 - a) If you are already registered for e-voting, then you can use your existing password to login and cast your vote.
 - b) If you are using NSDL e-voting system for the first time, you will need to retrieve the ‘initial password’ which was communicated to you. Once you retrieve your ‘initial password’, you need to enter the ‘initial password’ and the system will force you to change your password.
 - c) Procedure to retrieve your ‘initial password’?
 - a) If your email ID is registered in your demat account or with the company, your ‘initial password’ is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your ‘User ID’ and your ‘initial password’.
 - b) If your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email ids are not registered.
- (vi) If you are unable to retrieve or have not received the “Initial password” or have forgotten your password:



- a) Click on “[Forgot User Details/Password?](#)”(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
- b) [Physical User Reset Password?](#) (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
- c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
- d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
- (vii) After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.
- (viii) Now, you will have to click on “Login” button.
- (ix) After you click on the “Login” button, Home page of e-Voting will open.

Step 2: Procedure to cast your vote electronically and join AGM on e-Voting system NSDL.

1. After successful login at Step 1, you will be able to see all the companies’ “EVEN” in which you are holding shares and whose voting cycle and AGM is in active status.
2. Select “EVEN” of the company – “116560” to cast your vote during the remote e-Voting period and casting your vote during the AGM. For joining virtual meeting, you need to click on “VC/OAVM” link placed under “Join General Meeting”.
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.
5. Upon confirmation, the message “Vote cast successfully” will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

16. THE INSTRUCTIONS FOR MEMBERS FOR E-VOTING ON THE DAY OF THE AGM ARE AS UNDER:-

- a. The procedure for e-voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
- b. Only those Members, who will be present in the AGM through VC/OAVM facility and have not cast their votes on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system in the AGM.
- c. Members who have voted through remote e-voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.



Notice (continued)

- d. Members may also send their queries relating to e-voting to Mr. Amit Vishal, Assistant Vice President/Ms. Pallavi Mhatre, Manager, NSDL, at email id: evoting@nsdl.co.in or call Toll Free No. 1800 1020 990 /1800 224 430

17. GENERAL INFORMATION FOR SHAREHOLDERS

- i. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such a event, you will need to go through the “Forget User Details/Password?” or “Physical User Rest Password?” option available on www.evoting.nsdl.com to reset the password.
- ii. The Statutory Registers under the Act and documents, if any, referred to in the Notice and Explanatory Statement pursuant to Section 102 of the Act will be available electronically for inspection by the Members during the AGM. Documents, if any, referred to in the Notice will also be available for electronic inspection by the Members from the date of circulation of this Notice up to the date of AGM. Members seeking to inspect such documents can send an email to Efsl.Shareholders@edelweissfin.com.
- iii. The Board of Directors of the Company has appointed Mr. B. Narasimhan, Proprietor - M/s. B. N. & Associates, Company Secretaries, failing him, Mr. Avinash Bagul, Partner - M/s. BNP & Associates, Company Secretaries, failing him, Mr. K. Venkataraman, Practicing Company Secretary as the Scrutinizer(s) to scrutinize the voting and remote e-voting process in a fair and transparent manner. The Scrutinizer’s decision on the e-voting shall be final.
- iv. The Scrutinizer shall, after the conclusion of voting at the AGM, count the votes cast at the meeting, and the votes cast through remote e-voting and make, within two working days from the of the conclusion of the AGM, a consolidated Scrutinizer’s Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- v. The results declared along with the report of the Scrutinizer shall be placed on the website of the Company www.edelweissfin.com and on the website of NSDL e-voting viz. www.evoting.nsdl.com after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be forwarded to BSE and NSE.



ANNEXURE TO THE NOTICE DATED JUNE 11, 2021

STATEMENT PURSUANT TO THE PROVISIONS OF SECTION 102 OF THE COMPANIES ACT, 2013 ('the Act')

ITEM NO. 5 & 6:

The Members at the 22nd Annual General Meeting of the Company held on August 2, 2017 had appointed Mr. Rashesh Shah as Managing Director and Mr. Venkatchalam Ramaswamy as an Executive Director of the Company for a term of 5 years with effect from April 1, 2017. The tenure of appointment of Mr. Shah and Mr. Venkatchalam Ramaswamy expires on March 31, 2022. The Board of Directors at their meeting held on June 11, 2021 had, subject to the approval of the Members re-appointed Mr. Rashesh Shah as the Managing Director and Mr. Venkatchalam Ramaswamy as an Executive Director for a period of five years w.e.f. April 1, 2022. The brief profile of the proposed appointees are as under:

a) Mr. Rashesh Shah

Mr. Rashesh Shah, co-founder of the Edelweiss group, is the Chairman & Managing Director of the Company. He has diverse experience in the financial markets and has been instrumental in building Edelweiss into one of India's leading diversified financial services organisations. He holds a post-graduate diploma in management from the Indian Institute of Management, Ahmedabad, and a post-graduate diploma in international trade from the Indian Institute of Foreign Trade. He has served as President of Federation of Indian Chambers of Commerce and Industry (FICCI), which is India's apex industry association in 2017-18. He has been a member of the High Level Task Force on Public Credit Registry for India, the Advisory Committee on Corporate Insolvency and Liquidation, Executive Committee of the National Stock Exchange and the High Level Committee to review the Insider Trading Regulations set up by SEBI.

b) Mr. Venkatchalam Ramaswamy

Mr. Venkatchalam Ramaswamy, co-founder of the Edelweiss group, is the Vice Chairman & Executive Director on the Board. He has diverse experience in the financial markets. He co-heads Edelweiss Group's advisory businesses and has been instrumental in building a client-need based solutions approach in the Distressed Asset Resolution and Asset Reconstruction business. He holds a master's degree in business administration from the University of Pittsburgh, and a bachelor's degree in engineering (electronics and communication branch) from Karnatak University, Dharwad.

Except for the proposed remuneration payable to Mr. Rashesh Shah and Mr. Venkatchalam Ramaswamy and to the extent of shares held in the Company by them and their relatives, they do not have any pecuniary relationship directly or indirectly with the Company or with any Director/Key Managerial Personnel except that Mr. Rashesh Shah is related to Ms. Vidya Shah, a Non-executive Director of the Company.

The Board recommends passing the Resolutions set out in Item No. 5 and Item No. 6 of the Notice as Ordinary Resolutions.

Except Mr. Rashesh Shah and Ms. Vidya Shah, none of the Directors and the Key Managerial Personnel and their relatives are interested or concerned, in any manner in Item No. 5 of the Notice.

Except Mr. Venkatchalam Ramaswamy, none of the Directors and the Key Managerial Personnel and their relatives are interested or concerned, in any manner in Item No. 6 of the Notice.



Notice (continued)

ITEM NO. 7:-

The Company together with its subsidiaries has been continuously diversifying in the financial services space. The Company in this pursuit has been consistently exploring various avenues for raising funds for various purposes including but not limited to augmenting its long-term resources, general corporate purposes, etc. The requirement of funds is proposed to be met through issue of securities, subject to approval of the Members of the Company, if required and other appropriate approvals, for an aggregate amount of upto ₹ 2,000 crores, to the eligible investors.

The consent of the Members is therefore being sought by way of a Special Resolution as set out in Item No. 7 of the Notice, pursuant to applicable provisions of the Companies Act, 2013, the SEBI ICDR Regulations and any other law for the time being in force and applicable for the issue/allotment of Equity Shares or Eligible Securities or any other securities which may be consummated in one or more tranches at such time and at such price, whether at a discount or premium to market price and on such terms and conditions as the Board (hereinafter referred to as the Board which term shall be deemed to include any Committee(s) constituted/to be constituted by the Board) may in its absolute discretion decide, taking into consideration prevailing market conditions and other relevant factors and wherever necessary in consultation with advisors, book running lead managers and such other authority or authorities as may be necessary and subject to, the SEBI ICDR Regulations, and other applicable guidelines, notifications, rules and regulations, as amended. The proposed issue of Equity shares/other securities by way of QIP/FPO or through any other mode may be offered to investors who may not be Members of the Company and hence approval of shareholders is sought in terms of the Companies Act, 2013.

The pricing of the Equity Shares and/or any other securities shall be determined in accordance with the relevant provisions of the SEBI ICDR Regulations, the Companies Act, and any other applicable law. In case of QIP, the Board in accordance with applicable law and in consultation with book running lead managers, may offer a discount of not more than 5 per cent or such percentage as permitted under applicable law on the floor price determined pursuant to the SEBI ICDR Regulations (i.e. not less than the average of the weekly high and low of the closing prices of the equity shares quoted on a stock exchange during the two weeks preceding the 'Relevant Date'). The 'Relevant Date' for the purpose of pricing the Securities shall, subject to applicable laws, be the date of the meeting in which the Board / Committee decides to open the proposed issue or such other date as may be permitted under the ICDR Regulations. The pricing of the Securities where the Securities are issued as ADRs/GDRs or FCCBs shall be determined in accordance with the provisions of the applicable laws, rules and regulations issued by relevant authorities.

The allotment of Equity Shares or other Securities shall be completed within timeline prescribed, if any, under applicable laws. The Equity Shares shall rank pari passu in all respects, including in respect of entitlement to dividend with the then existing equity shares and in accordance with the provisions of the placement document(s). The Eligible Securities or Equity Shares offered through QIP, shall not be eligible to be sold for a period of one year from the date of allotment, except on a recognised stock exchange, or except as may be permitted under the SEBI ICDR Regulations from time to time.

The Equity Shares allotted would be listed on BSE Limited and National Stock Exchange of India Limited and in case of ADR/GDR, on overseas Stock Exchange(s). The offer/ issue / allotment would be subject to the availability of the regulatory approvals, if any. The conversion of Securities held by foreign investors into Equity Shares would be subject to the applicable foreign investment cap and relevant foreign exchange regulations.

Accordingly, the Board of Directors recommends passing of the Special Resolution set out in Item No. 7 of the Notice. None of the Promoters or Directors and Key Managerial Personnel will be eligible to participate in the QIP and there will not be change in control.



None of the Directors or Key Managerial Personnel and/or their relatives, are in any way, financially or otherwise, interested or concerned in this Resolution, except to the extent of their shareholding in the Company.

Details of Directors seeking appointment/re-appointment at the Annual General Meeting pursuant to Regulation 36 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings (SS-2).

Particulars	Mr. Rashesh Shah	Mr. Venkatchalam Ramaswamy	Mr. Himanshu Kaji
Age	57 years	54 years	55 years
Date of first Appointment	November 21, 1995	February 20, 1996	November 1, 2011
Experience in functional Area	Has diverse experience of over three decades in financial services sector.	Has diverse experience of over three decades in financial services sector.	Has diverse experience of over three decades in financial services sector.
Qualification	<ul style="list-style-type: none"> • B. Sc., MBA from IIM, Ahmedabad • Diploma in International Trade from the Indian Institute of Foreign Trade, New Delhi 	<ul style="list-style-type: none"> • B.E. (Electronics & Communication) • MBA from the University of Pittsburgh 	<ul style="list-style-type: none"> • Chartered Accountant • Post Graduate Diploma in Securities Law
Terms and Conditions of Appointment/ Reappointment	Appointed as a Managing Director w.e.f. April 1, 2017 for a period of 5 years	Appointed as an Executive Director w.e.f. April 1, 2017 for a term of 5 years	Appointed as an Executive Director w.e.f. November 1, 2019 for a term of 5 years
Remuneration to be paid	Entitled for payment of Salary, Perquisites and Bonus as approved by the Members of the Company at the Annual General Meeting held on August 2, 2017.	Entitled for payment of Salary, Perquisites and Bonus as approved by the Members of the Company at the Annual General Meeting held on August 2, 2017.	Entitled for payment of Salary, Perquisites and Bonus as approved by the Members of the Company at the Annual General Meeting held on July 25, 2019.
Remuneration last drawn	Refer Corporate Governance Report forming a part of the Annual Report	Refer Corporate Governance Report forming a part of the Annual Report	Refer Corporate Governance Report forming a part of the Annual Report
No. of Board Meetings attended during the year	6	6	6

**Notice (continued)**

Particulars	Mr. Rashesh Shah	Mr. Venkatchalam Ramaswamy	Mr. Himanshu Kaji
Directorship in other Companies	1. ECL Finance Limited 2. Edelweiss Asset Reconstruction Company Limited 3. Edelweiss Tokio Life Insurance Company Limited 4. Mabella Trustee Services Private Limited 5. Rashesh & Vidya Shah Family Foundation 6. Edelweiss Securities Limited	1. ECL Finance Limited 2. Edelweiss Asset Reconstruction Company Limited 3. Edelweiss Capital (Singapore) Pte. Ltd. 4. Edelweiss Alternative Asset Advisors Pte. Ltd. 5. Edelweiss Investment Advisors Pte. Ltd. 6. Edelweiss Global Wealth Management Limited 7. Edelweiss Securities Limited 8. Edelweiss Finance & Investments Limited	Edelweiss Trusteeship Company Limited
Membership/ Chairmanship of Committees of other public limited companies*	-	Audit Committee- 1. Edelweiss Asset Reconstruction Company Limited 2. Edelweiss Securities Limited Stakeholders Relationship Committee- Edelweiss Finance & Investments Limited	Audit & Risk Committee- Edelweiss Trusteeship Company Limited
Relationship with other Directors inter- se and with Key Managerial Personnel of the Company	Ms. Vidya Shah, a Non-Executive Non-Independent Director of the Company is spouse of Mr. Rashesh Shah	None	None
No. of shares held in the Company	14,56,01,730 Equity Shares of ₹ 1 each	5,81,26,560 Equity Shares of ₹ 1 each	38,51,500 Equity Shares of ₹ 1 each

*Only Audit Committee and Stakeholders' Relationship Committee, in other public limited companies, have been considered for the Committee position.

**For and on behalf of the Board
EDELWEISS FINANCIAL SERVICES LIMITED**

**Tarun Khurana
Company Secretary
(Membership No. A12344)**

**Mumbai, June 11, 2021
Registered Office:
Edelweiss House,
Off C.S.T. Road, Kalina,
Mumbai – 400 098.
CIN : L99999MH1995PLC094641**



Raising the Bar



Best Private Bank, India 2021

Global Finance World's Best Private Banks Awards for 2021



Best Private Bank for Family Offices, India 2020

Asiamoney Best Private Banking Awards 2020



Best Broker, India

FinanceAsia Country Awards 2020



Best Private Bank, India Domestic 2020

Asian Private Banker Annual Private Banking Awards for Distinction 2020



Iconic Brands of India 2020 - Edelweiss Mutual Fund

The Economic Times



Utility M&A Deal of the Year (Edelweiss Investment Banking)

The Asset Triple A Infrastructure Awards 2020 for the sale of 57% of Sterlite Power to KKR and GIC



Most Innovative Technology Initiative of the Year & Best Use of Technology to Enhance Customer Experience (Edelweiss General Insurance – SWITCH)

Customer Fest Awards 2021



Great Place to Work

(Edelweiss Tokio Life Insurance) Great Place to Work® Institute, India



Asia's Best insurance Company Award (ETLI - Digital Sales Channel)

Insurance Alerts 2020



Best Product Innovation & Best Innovation and Emerging Technologies (Edelweiss General Insurance – SWITCH)

Asia Feather Awards 2021



Best Launch (Edelweiss MF Bharat Bond ETF)

India PR and Corporate Communication Awards – IPRCCA 2020



Best Innovation - Mobility Services (Edelweiss General Insurance – SWITCH)

8th World Auto Forum Awards 2021



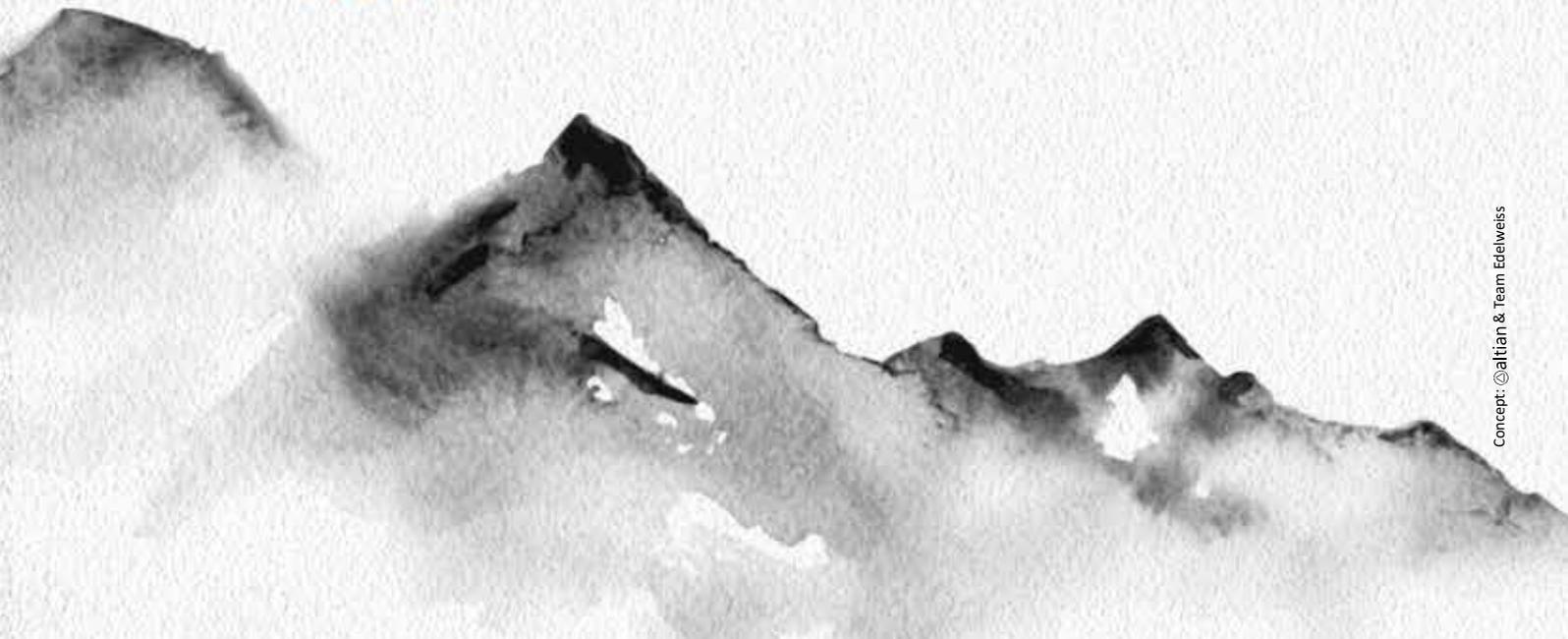
Best Innovation in Customer Service (ETLI)

25th BFSI Tech Innovation Forum (organised by Alden Global & NASSCOM)



Best Podcast Content of the Year (Edelweiss MF Money Connect Podcast & Webinar)

BuzzInContent Awards 2020



EDELWEISS GROUP

2 MILLION+
CUSTOMERS

8,500+
EMPLOYEES

300+
OFFICES



Registered Office:

Edelweiss Financial Services Limited
Edelweiss House, Off CST Road
Kalina, Mumbai 400 098
Maharashtra, India
CIN - L99999MH1995PLC094641
Tel: 022-4009 4400 Fax: 022-4086 3759
Email: efsl.shareholders@edelweissfin.com
www.edelweissfin.com

 EdelweissGroup  EdelweissFin  Company/EdelweissFin  edelweissgroup

All numbers and data are as of 31st March 2021 and includes EWM



The map is a graphic representation and is not to scale: Only major cities shown