

**INDEPENDENT AUDITOR'S REPORT**

To the Members of Edelweiss Rural &amp; Corporate Services Limited

**Report on the Audit of the Standalone Ind AS Financial Statements****Opinion**

We have audited the accompanying standalone Ind AS financial statements of Edelweiss Rural & Corporate Services Limited ("the Company"), which comprise the Balance sheet as at March 31, 2020, the Statement of Profit and Loss, including Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

**Basis for Opinion**

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

**Emphasis of matter**

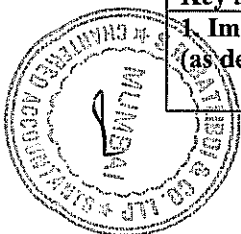
We draw attention to note 63 to the standalone Ind AS financial statements, which describes the uncertainty caused by Novel Coronavirus (COVID-19) pandemic with respect to the Company's estimates of impairment of loans and investments, and that such estimates may be affected by the severity and duration of the pandemic. Our opinion is not modified in respect of this matter.

**Key Audit Matters**

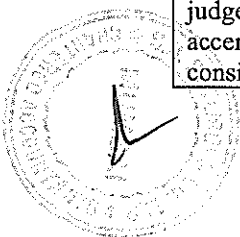
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone Ind AS financial statements.

Key audit matters	How our audit addressed the key audit matter
1. Impairment of financial assets as at balance sheet date (expected credit losses) (as described in note 54(c) of the standalone Ind AS financial statements)	



Key audit matters	How our audit addressed the key audit matter
<p>Ind AS 109 requires the Company to provide for impairment of its financial assets (designated at amortised cost) 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 Company'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"> <li>• Staging of financial assets (i.e. classification in 'significant increase in credit risk' ("SICR") and 'default' categories);</li> <li>• calculation of past default rates</li> <li>• assigning rating grades to loans for which external rating is not available</li> <li>• calibrating external ratings-linked probability of default to align with past default rates</li> <li>• applying macro-economic factors to arrive at forward looking probability of default</li> <li>• significant assumptions regarding the probability of various scenarios and discounting rates for different loan</li> <li>• Grouping of the loan portfolio in order to determine probability of default on a collective basis;</li> <li>• Estimation of management overlay for macro-economic factors which could impact the credit quality of the loans.</li> </ul> <p>The Company has recorded a management overlay as part of its ECL, aggregating to Rs.3,456.80 million to reflect among other things an increased risk of deterioration in macro-economic factors caused by COVID-19 pandemic. Given the unique nature and scale of the economic impact of this pandemic, and its timing being close to the year-end, the management overlay is based on various uncertain variables, which could result in actual credit loss being different than that being estimated.</p> <p>In view of the 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>	<ul style="list-style-type: none"> <li>• Read and assessed the Company'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.</li> <li>• Tested the operating effectiveness of the controls for staging of loans based on their past-due status.</li> <li>• Testing was performed on all the loans to assess whether any loss indicators were present which required a change in staging of such loans.</li> <li>• We performed test of details of the input information used in the ECL computation.</li> <li>• Performed analytical procedures by determining various ratios or percentage-based measures to review overall reasonableness of the estimate determined by the management.</li> <li>• Tested assumptions used by the management in determining the overlay for macro-economic factors (including COVID-19 pandemic).</li> <li>• Tested the arithmetical accuracy of computation of ECL provision performed by the Company in spreadsheets.</li> </ul> <p>Assessed disclosures included in the Standalone Ind AS financial statements in respect of expected credit losses.</p>



Key audit matters	How our audit addressed the key audit matter
<b>2. IT Systems and controls</b>	
<p>The reliability and security of IT systems play a key role in the financial reporting process of the Company. The Company'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>We performed the following procedures assisted by specialized IT auditors on the IT infrastructure and applications relevant to financial reporting:</p> <ul style="list-style-type: none"> <li>• Tested the design and operating effectiveness of IT access controls over the information systems.</li> <li>• Tested IT general controls (logical access, change management and aspects of IT operational controls). This included testing that requests for access to systems were appropriately reviewed and authorised.</li> <li>• Tested the Company's periodic review of access rights. We also inspected requests of changes to systems for appropriate approval and authorization.</li> <li>• In addition to the above, we tested the design and operating effectiveness of certain automated and IT dependent manual controls that were considered as key internal controls over financial reporting.</li> <li>• Where deficiencies were noted, we tested the design and operating effectiveness compensating controls and, where necessary, extended the scope of our substantive audit procedures.</li> <li>• We tested the design and operating effectiveness of automated controls critical to financial accounting and reporting. For any identified deficiencies, tested the design and operating effectiveness of compensating controls and, where necessary, extended the scope of our substantive audit procedures.</li> </ul>

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

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board report, but does not include the standalone Ind AS financial statements and our auditor's report thereon, which we obtained prior to the date of this auditors report, and the Annual report, which is expected to be made available to us after that date.

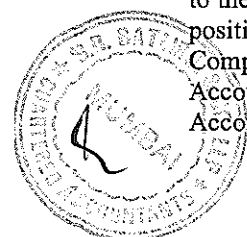
Our opinion on the standalone Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

When we read the Annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

### Responsibilities of Management for the Standalone Ind AS Financial Statements

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



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

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

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

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

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

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

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

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

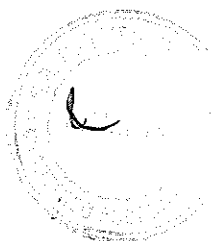
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements for the financial year ended March 31, 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
  - (e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
  - (g) In our opinion, the managerial remuneration for the year ended March 31, 2020 has been paid by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
  - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer note 42 to the standalone Ind AS financial statements;
    - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;



# **S.R. BATLIBOI & Co. LLP**

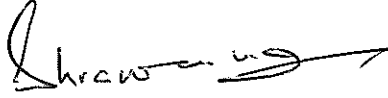
**Chartered Accountants**

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

**For S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005



**per Shrawan Jalan**

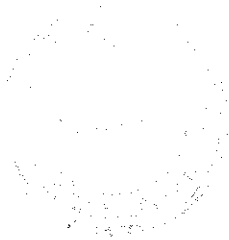
Partner

Membership Number: 102102

UDIN: 20102102AAAAHN3647

Place of Signature: Mumbai

Date: July 3, 2020



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

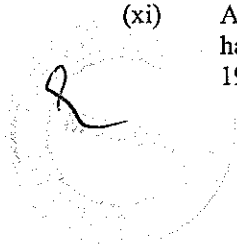
- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.
- (ii) The physical verification of inventory has been conducted at reasonable intervals by the Management during the year. On account of the COVID-19 related lock-down restrictions, management was able to perform year end physical verification of inventories, at all locations, subsequent to the year end. We have performed roll back procedures to audit the existence of Inventory as per the guidance provided by in SA 501 “Audit Evidence – Specific Considerations for Selected Items” and have obtained sufficient appropriate audit evidence. Our report is not modified in respect of this matter. The discrepancies noted on physical verification of inventory as compared to book records were not material.
- (iii) According to the information and explanations given to us and audit procedures performed, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us and audit procedures performed, 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 Central Government has not specified the maintenance of cost records under clause 148(1) of the Companies Act, 2013, for the services of the Company.
- (vii)(a) Undisputed statutory dues including provident fund, income-tax, goods and service tax, duty of custom, 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. As informed, the provisions of sales tax, wealth tax, value added tax and excise duty are currently not applicable to the Company.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees’ state insurance, income-tax, goods and service tax, duty of custom, 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. As informed, the provisions of sales tax, wealth tax, value added tax and duty of excise are currently not applicable to the Company.



- (c) According to the records of the Company, the dues of income-tax, duty of custom, value added tax and cess on account of any dispute, are as follows

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	1.30	A.Y. 2016-17	The Commissioner of Income Tax (Appeals)
Income tax Act ,1961	Income Tax	9.97 (demand paid under protest Rs.1.99)	A.Y. 2015-16	The Commissioner of Income Tax (Appeals)
Income tax Act ,1961	Income Tax	0.79 (demand paid under protest Rs. 0.16)	A.Y. 2017-18	The Commissioner of Income Tax (Appeals)
Income tax Act ,1961	Income Tax	28.80	A.Y. 2012-13	The Commissioner of Income Tax (Appeals)
Income tax Act ,1961	Income Tax	88.39	A.Y. 2015-16	The Commissioner of Income Tax (Appeals)
Rajasthan Value Added Tax	Value Added Tax	26.63 (demand paid under protest 13.50)	F.Y 2010-11	Tax Board
Gujrat Value Added Tax	Value Added Tax	123.43 (demand paid under protest 5.00)	F.Y 2009-10	Joint Commissioner (Appeals)
Madhya Pradesh Value Added Tax	Value Added Tax	2.74 (demand paid under protest 0.59)	F.Y 2012-13	Assistant Commissioner
West Bengal Value Added Tax	Value Added Tax	3.03 (demand paid under protest 0.33)	F.Y 2012-13	The President, W.B.C.T. Appellate & Revisional Board
Gujrat Value Added Tax	Value Added Tax	13.35 (demand paid under protest 2.00)	F.Y 2013-14	Joint Commissioner (Appeals)
Uttar Pradesh Value Added Tax	Value Added Tax	55.16 (demand paid under protest 11.03)	F.Y 2015-16	Commercial Tax Tribunal
Uttar Pradesh Value Added Tax	Value Added Tax	5.02	F.Y 2016-17	Additional Commissioner Appeals

- (viii) According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government or dues to debenture holders as at the balance sheet date.
- (ix) In our opinion, and according to the information and explanations given to us, the moneys raised by way of initial public offer or further public offer (including debt instruments) and term loans have been applied for the purposes for which they were obtained.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.





# **S.R. BATLIBOI & CO. LLP**

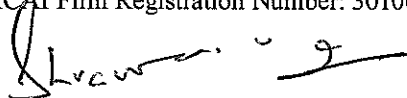
Chartered Accountants

- (xii) In our opinion, the Company is not a nidhi Company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management and audit procedures performed, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) The company has made private placement of Non-Convertible debentures during the year under review, in compliance with the section 42 of the Act. The amounts raised has been used for the purpose for which funds were raised.
- (xv) According to the information and explanations given by the management and audit procedures performed, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- (xvi) According to the information and explanations given to us and audit procedures performed, the Company is not required to be registered under section 45-IA of the Reserve bank of India Act, 1934.

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005



**per Shrawan Jalan**

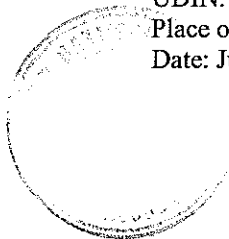
Partner

Membership Number: 102102

UDIN: 20102102AAAAHN3647

Place of Signature: Mumbai

Date: July 3, 2020



**ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF EDELWEISS RURAL & CORPORATE SERVICES LIMITED**

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

To the Members of Edelweiss Rural & Corporate Services Limited

We have audited the internal financial controls over financial reporting of Edelweiss Rural & Corporate Services Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditor's Responsibility**

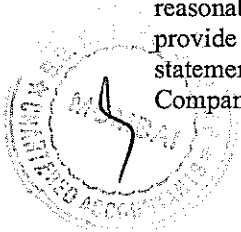
Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these 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 over financial reporting with reference to these standalone financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

**Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Financial Statements**

A Company's internal financial control over financial reporting with reference to these 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 control over financial reporting with reference to these 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 authorisations of management and directors of the Company;



# **S.R. BATLIBOI & CO. LLP**

Chartered Accountants

and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

## **Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Financial Statements**

Because of the inherent limitations of internal financial controls over financial reporting 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 over financial reporting with reference to these standalone financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

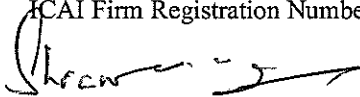
## **Opinion**

In our opinion, the has, in all material respects, adequate internal financial controls over financial reporting with reference to these financial statements and such internal financial controls over financial reporting with reference to these financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005



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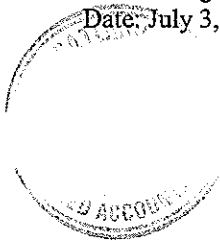
Partner

Membership Number: 102102

UDIN: 20102102AAAAHN3647

Place of Signature: Mumbai

Date: July 3, 2020



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

Balance Sheet

(Currency: Indian rupees in millions)

	Note	As at 31 March 2020	As at 31 March 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
(a) Property, Plant and Equipment	2	2,801.76	223.44
(b) Capital work in progress		105.37	41.30
(c) Investment property	2	2,111.08	2,894.51
(d) Other Intangible assets	2	95.03	117.01
(e) Intangible assets under development		-	1.20
(f) Financial Assets			
(i) Investments	3	13,124.21	11,246.68
(ii) Loans	4	12,738.32	9,171.78
(iii) Other financial assets	5	2.17	1.46
(g) Deferred tax assets (net)	6	1,323.10	464.01
(h) Income tax assets (net)	7	983.73	681.54
(i) Other non-current assets	8	26.95	26.95
		<b>33,311.72</b>	<b>24,869.88</b>
<b>Current assets</b>			
(a) Inventories	9	436.09	1,691.32
(b) Financial Assets			
(i) Stock-in-trade	10	813.57	8,077.99
(ii) Investments	11	4.40	1.22
(iii) Trade & Other receivables	12	786.91	3,099.16
(iv) Cash and cash equivalents	13	4,167.22	5,393.35
(v) Bank balances other than cash and cash equivalents	14	117.08	764.84
(vi) Loans	15	9,567.85	15,076.59
(vii) Other financial assets	16	401.81	491.91
(c) Current tax assets (net)	17	669.23	516.56
(d) Other current assets	18	413.46	504.23
		<b>17,377.62</b>	<b>35,617.17</b>
<b>TOTAL ASSETS</b>		<b>50,689.34</b>	<b>60,487.05</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
(a) Equity share capital	19	397.75	397.75
(b) Other equity	20	3,803.86	5,454.26
<b>Total Equity</b>		<b>4,201.61</b>	<b>5,852.01</b>
<b>Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	21	32,903.76	40,182.28
(ii) Other financial liabilities	22	1,056.26	51.24
(b) Provisions	23	10.80	13.22
<b>Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	24	11,679.51	11,482.12
(ii) Trade payables	25		
Total outstanding dues of micro enterprises and small enterprises		7.07	40.83
Total outstanding dues to creditors other than micro enterprises and small enterprises		442.08	1,815.02
(iii) Other financial liabilities	26	71.91	607.46
(b) Other current liabilities	27	269.52	354.21
(c) Provisions	28	46.82	51.80
(d) Current tax liabilities (net)	29	-	36.86
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>50,689.34</b>	<b>60,487.05</b>

Significant accounting policies

The accompanying notes are an integral part of the financial statements

As per our report of even date attached.

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

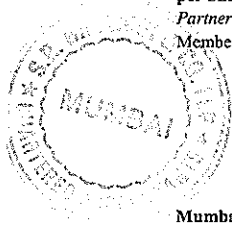
per Shrawan Jalan  
Partner  
Membership No: 102102

For and on behalf of the Board of Directors of  
Edelweiss Rural & Corporate Services Limited

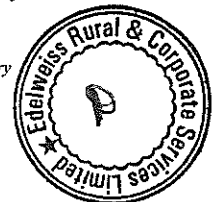
Rujan Hanjwani Santoshi Dadheech  
Executive Director Executive Director  
DIN No.: 00237366 DIN : 00196204

Manoj Sharma Rupa Agarwal  
Chief Financial officer Company Secretary

Mumbai  
03 July 2020



Mumbai  
03 July 2020



**Edelweiss Rural & Corporate Services Limited**  
(formerly known as Edelweiss Commodities Services Limited)

**Statement of Profit and Loss**

(Currency : Indian rupees in millions)

	Note	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Revenue from operations</b>			
Fee income	30	1,759.51	1,912.55
Gain /(loss) from treasury	31	(1,961.00)	1,095.08
Interest income	32	5,904.68	11,143.45
Sale of commodities		8,998.49	15,796.28
Other operating revenue	33	1,423.67	1,153.95
<b>Other income</b>	34	9.99	254.14
<b>Total Revenue</b>		<b>16,135.34</b>	<b>31,355.45</b>
<b>Expenses</b>			
Purchases of commodities		7,643.32	15,421.30
Changes in inventories of commodities		1,255.23	68.10
Impairment on financial instruments	35	2,868.34	(108.98)
Employee benefits expense	36	1,181.55	1,609.38
Finance costs	37	5,256.03	9,714.12
Depreciation and amortisation	2	379.04	309.79
Other expenses	38	1,558.47	2,218.43
<b>Total expenses</b>		<b>20,141.98</b>	<b>29,232.14</b>
(Loss)/ Profit before tax		(4,006.64)	2,123.31
<b>Tax expenses</b>			
(1) Current tax		(44.13)	360.84
(2) Deferred tax (net)		(1,389.89)	423.13
<b>(Loss) / Profit for the year</b>		<b>(2,572.62)</b>	<b>1,339.34</b>
<b>Other Comprehensive Income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Remeasurement gain / loss on defined benefit plans		(3.80)	(6.26)
Deferred Tax Benefit on above		1.33	2.19
Fair value gain on revaluation of Property, Plant and Equipment (refer note in schedule 2)		1,546.74	-
Income Tax effect on above		(540.49)	-
<b>Total Other Comprehensive Income</b>		<b>1,003.78</b>	<b>(4.07)</b>
<b>Total Comprehensive Income</b>		<b>(1,568.84)</b>	<b>1,335.27</b>
<b>Earnings per equity share (Face value of Rs. 10 each):</b>			
(1) Basic	45	(64.68)	44.86
(2) Diluted		(64.68)	44.86

**Significant accounting policies**

The accompanying notes are an integral part of the financial statements  
As per our report of even date attached.

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

per Shrawan Jalan  
Partner

Membership No: 102102

For and on behalf of the Board of Directors  
Edelweiss Rural & Corporate Services Limited

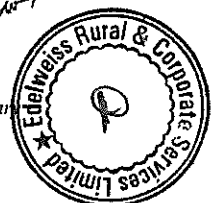
Rujan Panjwani  
Executive Director  
DIN No.: 00237366

Santosh Dadheech  
Executive Director  
DIN : 00196204

Manoj Sharma  
Chief Financial Officer

Rupa Agarwal  
Company Secretary

Mumbai  
03 July 2020



**Edelweiss Rural & Corporate Services Limited**  
(formerly known as Edelweiss Commodities Services Limited)

Notes to the financial statements

(Currency : Indian rupees in millions)

Statement of changes in Equity

Equity share capital

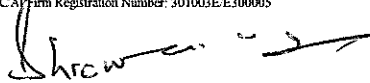
Balance at the end of the reporting period (31 March 2018)	Changes in equity share capital	Balance at the end of the reporting period (31 March 2019)	Changes in equity share capital	Balance at the end of the reporting period (31 March 2020)
297.75	100	397.75	-	397.75

Other Equity

	Reserves and Surplus						Other Comprehensive Income	Total
	Capital Reserve	Capital Redemption Reserve	Securities Premium Account	ESOP reserve	Debtenture redemption reserve	Retained earnings	Revaluation Reserve	
Balance at 31 March 2018	402.85	30.00	1,044.51	62.41	2,356.22	(1,336.76)	-	2,559.23
Profit or loss	-	-	-	-	-	1,339.34	-	1,339.34
Other comprehensive income	-	-	-	-	-	(4.07)	-	(4.07)
Total Comprehensive Income for the year	-	-	-	-	-	1,335.27	-	1,335.27
Issue of equity instruments	-	-	1,600.00	-	-	-	-	1,600.00
Income tax effect of ESOP	-	-	-	-	-	(48.95)	-	(48.95)
Income tax effect of other items recognised directly in equity	-	-	-	-	-	8.71	-	8.71
Balance at 31 March 2019	402.85	30.00	2,644.51	62.41	2,356.22	(41.73)	-	5,454.26
Transition impact of Ind AS 116 (net of tax)	-	-	-	-	-	(15.57)	-	(15.57)
Profit or loss	-	-	-	-	-	(2,572.62)	-	(2,572.62)
Other comprehensive income	-	-	-	-	-	(2.47)	-	(2.47)
Total Comprehensive Income for the year	-	-	-	-	-	(2,575.09)	-	(2,575.09)
Transactions with shareholders in their capacity as such - on issuance of preference shares	-	-	-	-	-	(65.99)	-	(65.99)
Revaluation of property, plant & equipment	-	-	-	-	-	-	1,006.25	1,006.25
Balance at 31 March 2020	402.85	30.00	2,644.51	62.41	2,356.22	(2,698.38)	1,006.25	3,803.86

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

For and on behalf of the Board of Directors of  
Edelweiss Rural & Corporate Services Limited



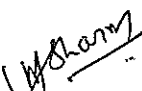
per Shrawan Jalan  
Partner  
Membership No: 102102



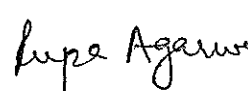
Rujan Panjwani  
Executive Director  
DIN.: 00237366



Santosh Dadheech  
Executive Director  
DIN.: 00196204



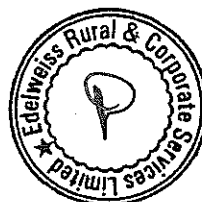
Manoj Sharma  
Chief Financial Officer



Rupa Agarwal  
Company Secretary

Mumbai  
03 July 2020

Mumbai  
03 July 2020



**Edelweiss Rural & Corporate Services Limited**  
(formerly known as Edelweiss Commodities Services Limited)

**Notes to the financial statements**

(Currency : Indian rupees in millions)

**Statement of changes in Equity**

**Nature and purpose of reserves**

**Capital reserve**

The Company recognises profit and loss on purchase, sale, issue or cancellation of the Company's own equity instruments to capital reserve

**Capital redemption reserve**

As per Companies Act, 2013, capital redemption reserve is created when company purchases its own shares out of free reserves or securities premium. A sum equal to the nominal value of the shares so purchased is transferred to capital redemption reserve. The reserve is utilised in accordance with the provisions of section 69 of the Companies Act, 2013.

**Securities premium**

Securities premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of section 52 of the Companies Act, 2013.

**General reserve**

The general reserve is a free reserve which is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to statement of profit and loss.

**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.

**ESOP reserve**

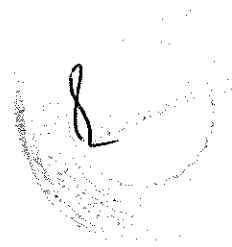
Certain of the company's employees have been granted options to acquire equity shares of the Ultimate Parent Company (Edelweiss Financial Services Limited). This reserve represents the cost of these options based on their fair value at the grant dates as recognised over the vesting period of such options, to the extent that the Ultimate Parent Company has not recovered such cost from the Company.

**Deemed contribution / distribution**

For transactions with group companies, where the transaction price is different than the fair value of the concerned financial instrument on the transaction date, the difference is treated as deemed contribution from the group or deemed distribution to the group (as the case may be) and recognized in retained earnings.

**Revaluation Reserve**

The Company decided to move to revaluation model from cost model for accounting a class of asset (i.e. flats and building) as at 31st March 2020. The management approved revaluation of owned land and buildings classified under property plant and equipment after assessing the valuation made by duly appointed independent valuer. The difference between valuation amount and the carrying value of land and buildings is accounted under Revaluation Reserve through other comprehensive income.



**Edelweiss Rural & Corporate Services Limited**  
(formerly known as Edelweiss Commodities Services Limited)

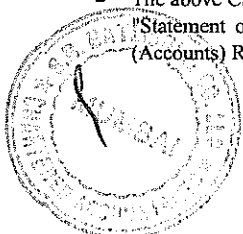
**Cash Flow Statement**

(Currency: Indian rupees in millions)

	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>A Cash flow from operating activities</b>		
(Loss) / Profit before tax	(4,006.64)	2,123.31
Adjustments for		
Impairment on financial instruments (net)	2,868.34	(108.98)
Depreciation and amortisation expense	379.04	309.79
Profit on sale of fixed assets (net)	(5.33)	(1.12)
Provision for employee benefits	(6.75)	(145.63)
Profit on sale of current and non-current investments	(11.37)	(8.10)
Dividend on Stock in trade	-	(0.35)
Interest income on Investment in Preference Shares	(0.33)	-
Fair valuation loss / (gains) of non-current investments	490.58	(889.87)
Share of (profit) / loss from partnership firm	(2.39)	4.33
Finance costs	5,174.27	9,395.34
<b>Operating cash flow before working capital changes</b>	<b>4,879.42</b>	<b>10,678.72</b>
<b>Changes in working capital</b>		
Decrease in trade receivables	2,324.83	7,315.36
Decrease in stock in trade and inventories	8,519.67	868.21
(Increase) / Decrease in loans and advances	(85.40)	55,971.06
Decrease in other assets	182.78	251.55
Decrease in trade payables	(1,406.70)	(2,503.60)
Increase / (Decrease) in liabilities and provisions	146.31	(528.76)
<b>Cash generated from operations</b>	<b>14,560.91</b>	<b>72,052.54</b>
Taxes paid (net of refunds)	(447.45)	(459.93)
<b>Net cash generated from operating activities - A</b>	<b>14,113.46</b>	<b>71,592.61</b>
<b>B Cash flow from investing activities</b>		
Purchase of property, plant and equipment	(339.02)	(520.72)
Proceeds from sale of property, plant and equipment	12.53	24.52
Net addition to capital work in progress	(64.07)	(41.05)
Purchase of current and non-current investments	(4,164.56)	(1,167.59)
Sale of current and non-current investments	1,482.81	818.02
Dividend received	-	0.35
<b>Net cash used in investing activities - B</b>	<b>(3,072.31)</b>	<b>(886.47)</b>
<b>C Cash flow from financing activities</b>		
Repayment of loans (net) (Refer note 1)	(6,260.70)	(10,528.50)
Proceeds from issuance of subordinated liabilities	500.00	-
Repayment of subordinated liabilities	(113.94)	(76.33)
Issue of Equity share capital	-	1,700.00
Proceeds from issuance of commercial paper	1,17,250.00	4,47,930.00
Redemption of commercial paper	(1,18,250.00)	(4,99,270.00)
Dividend and dividend distribution tax paid	(4.47)	(46.20)
Principal repayment of leases (Ind AS 116)	(60.37)	-
Interest paid	(5,327.80)	(8,123.03)
<b>Net cash used in financing activities - C</b>	<b>(12,267.28)</b>	<b>(68,414.06)</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>(1,226.13)</b>	<b>2,292.08</b>
Cash and cash equivalents as at the beginning of the year	5,393.35	3,101.27
Cash and cash equivalents as at the end of the year	4,167.22	5,393.35

**Note:**

- Bank 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.
- The above Cash Flow Statement has been prepared under "Indirect Method" as set out in Indian Accounting Standard (Ind AS) 7 "Statement of Cash Flows" specified under Section 133 of Companies Act, 2013 read with Paragraph 7 of the Companies (Accounts) Rules, 2014.





**Edelweiss Rural & Corporate Services Limited**  
(formerly known as Edelweiss Commodities Services Limited)

**Cash Flow Statement (continued)**

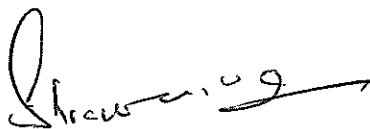
(Currency: Indian rupees in millions)

	As at 31 March 2020	As at 31 March 2019
<b>Note:</b>		
3 Component of cash and cash equivalents		
<b>Balances with banks</b>		
in current accounts	4,036.42	1,143.29
in fixed deposits with original maturity less than 3 months	130.63	4,250.02
Cash on hand	0.17	0.04
	<u>4,167.22</u>	<u>5,393.35</u>

This is the Cash Flow Statement referred to in our report of even date

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

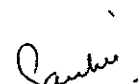
For and on behalf of the Board of Directors of  
Edelweiss Rural & Corporate Services Limited



per Shrawan Jalan  
Partner  
Membership No: 102102



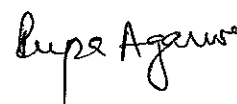
Rujan Panjwani  
Executive Director  
DIN.: 00237366



Santosh Dadheech  
Executive Director  
DIN.:00196204



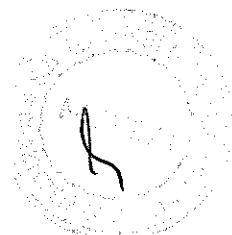
Manoj Sharma  
Chief Financial Officer



Rupa Agarwal  
Company Secretary

Mumbai  
03 July 2020

Mumbai  
03 July 2020



**2. Property, Plant and Equipment**

Description of Assets	Gross Block			Accumulated Depreciation and Impairment				Net Block					
	As at 1 April 2019	Transition impact of Ind AS 116	Additions / adjts during the year	Deductions / adjts during the year	As at 31 Mar 2020	As at 1 April 2019	Transition impact of Ind AS 116	Charge for the year	Deductions / adjts during the year	Adjustment of revaluation gains to accumulated depreciation	As at 31 March 2020	Revaluation adjustment if any	As at 31 March 2020
Property, Plant and Equipment													
Land *	-	-	56.73	-	56.73	-	-	-	-	-	-	106.29	163.02
ROU-leasehold premises	-	139.53	132.39	-	271.92	-	-	73.34	-	-	-	-	198.58
Building *	-	-	885.42	-	885.42	-	-	-	116.57	116.57	-	1,323.88	2,209.30
Leasehold Premises	19.78	-	17.55	4.76	32.57	13.21	-	6.32	4.53	-	15.00	-	17.57
Plant and Equipment	6.51	-	0.25	0.18	6.58	1.99	-	1.27	0.13	-	3.13	-	3.45
Furniture and Fixtures	56.00	-	41.58	5.47	92.11	22.43	-	14.64	4.67	-	32.40	-	59.71
Vehicles	11.02	-	2.19	5.45	7.76	3.40	-	2.65	2.68	-	3.37	-	4.39
Office equipment	81.73	-	37.74	4.25	115.22	43.71	-	27.65	4.02	-	67.34	-	47.88
Computers	193.97	-	19.07	10.15	202.89	102.31	-	45.63	8.50	-	139.44	-	63.45
Plant and Machinery-Solar power	62.05	-	-	-	62.05	20.57	-	7.07	-	-	27.64	-	34.41
<b>Total</b>	<b>431.06</b>	<b>139.53</b>	<b>1,192.92</b>	<b>30.26</b>	<b>1,733.25</b>	<b>207.62</b>	<b>-</b>	<b>178.57</b>	<b>141.10</b>	<b>116.57</b>	<b>361.66</b>	<b>1,438.17</b>	<b>2,801.76</b>

**Investment property\*\***

Description of Assets	Gross Block			Accumulated Depreciation and Impairment				Net Block					
	As at 1 April 2019	Transition impact of Ind AS 116	Additions / adjts during the year	Deductions / adjts during the year	As at 31 March 2020	As at 1 April 2019	Transition impact of Ind AS 116	Charge for the year	Deductions / adjts during the year	Adjustment of revaluation gains to accumulated depreciation	As at 31 March 2020	Revaluation adjustment if any	As at 31 March 2020
Land	194.16	-	-	56.73	137.43	-	-	-	-	-	-	-	137.43
Flat and Building	2,954.33	-	180.27	885.42	2,249.18	253.98	-	138.12	116.57	-	275.53	-	1,973.65
<b>Total</b>	<b>3,148.49</b>	<b>-</b>	<b>180.27</b>	<b>942.15</b>	<b>2,386.61</b>	<b>253.98</b>	<b>-</b>	<b>138.12</b>	<b>116.57</b>	<b>-</b>	<b>275.53</b>	<b>-</b>	<b>2,111.08</b>

**Other Intangible Assets**

Description of Assets	Gross Block			Accumulated Amortisation and Impairment				Net Block					
	As at 1 April 2019	Transition impact of Ind AS 116	Additions / adjts during the year	Deductions / adjts during the year	As at 31 March 2020	As at 1 April 2019	Transition impact of Ind AS 116	Charge for the year	Deductions / adjts during the year	Adjustment of revaluation gains to accumulated depreciation	As at 31 March 2020	Revaluation adjustment if any	As at 31 March 2020
Goodwill	18.68	-	-	-	18.68	18.68	-	-	-	-	18.68	-	-
Other Intangible Assets Software	241.43	-	40.37	16.00	265.80	124.42	-	62.35	16.00	-	170.77	-	95.03
<b>Total</b>	<b>260.11</b>	<b>-</b>	<b>40.37</b>	<b>16.00</b>	<b>284.48</b>	<b>143.10</b>	<b>-</b>	<b>62.35</b>	<b>16.00</b>	<b>-</b>	<b>189.45</b>	<b>-</b>	<b>95.03</b>

\*The Company decided to move to revaluation model from cost model for accounting a class of asset (i.e. Flats and building) as at 31 March 2020. The management approved revaluation of owned land and buildings classified under property plant and equipment after assessing the valuation made by duly appointed independent valuer. These valuations were determined basis open market values of similar property and its intrinsic value. The Management approved this valuation at Rs.2,372.32 millions. Had it continued to account on historical cost less depreciation basis, the carrying value of land and buildings would have been Rs.825.70 millions and deferred tax liability on it of Rs.540.49 million through Other Comprehensive Income. The amount Rs. 1,006.25 million shown in column "Revaluation adjustment if any" is net of accumulated depreciation amounting to Rs.116.57 million.

\*\* Fair value of the Land and building under Investment property is Rs. 5,535.40 millions. These assets are pledged for issuance of Non-convertible debentures (refer Note 21 and Note 24).



**Edelweiss Rural & Corporate Services Limited**  
(formerly known as Edelweiss Commodities Services Limited)

Notes to the financial statements (continued)

(Currency: Indian rupees in millions)

2 Property, Plant and Equipment

Description of Assets	Gross Block			Accumulated Depreciation and Impairment			Net Block	
	As at 1 April 2018	Additions during the year	Disposals during the year	As at 1 April 2018	Charge for the year	Disposals during the year	As at 31 March 2019	As at 31 March 2019
Property, Plant and Equipment								
Leasehold Premises	19.64	0.14	-	6.91	6.30	-	13.21	6.57
Plant and Equipment	6.47	0.04	-	1.02	0.97	-	1.99	4.52
Furniture and Fixtures	49.67	6.33	-	11.31	11.12	-	22.43	33.57
Vehicles	19.23	1.46	9.67	5.83	4.62	7.05	3.40	7.62
Office equipment	63.36	21.95	3.58	21.36	25.83	3.48	43.71	38.02
Computers	144.90	55.14	6.07	45.25	60.99	3.93	102.31	91.66
Plant and Machinery-Solar power	62.05	-	-	11.37	9.20	0.00	20.57	41.48
<b>Total</b>	<b>365.32</b>	<b>85.06</b>	<b>19.32</b>	<b>103.05</b>	<b>119.03</b>	<b>14.46</b>	<b>207.62</b>	<b>223.44</b>

Investment property\*

Description of Assets	Gross Block			Accumulated Depreciation and Impairment			Net Block	
	As at 1 April 2018	Additions during the year	Disposals during the year	As at 1 April 2018	Charge for the year	Disposals during the year	As at 31 March 2019	As at 31 March 2019
Land	194.16	-	-	-	-	-	-	194.16
Fiat and Building	2,612.18	342.15	-	130.61	123.37	-	253.98	2,700.35
<b>Total</b>	<b>2,806.34</b>	<b>342.15</b>	<b>-</b>	<b>130.61</b>	<b>123.37</b>	<b>-</b>	<b>253.98</b>	<b>2,894.51</b>

Other Intangible Assets

Description of Assets	Gross Block			Accumulated Amortisation and Impairment			Net Block	
	As at 1 April 2018	Additions during the year	Disposals during the year	As at 1 April 2018	Charge for the year	Disposals during the year	As at 31 March 2019	As at 31 March 2019
Goodwill	18.68	-	-	18.68	-	-	18.68	-
Other Intangible Assets Software	147.92	93.51	-	57.03	67.39	-	124.42	117.01
<b>Total</b>	<b>166.60</b>	<b>93.51</b>	<b>-</b>	<b>75.71</b>	<b>67.39</b>	<b>-</b>	<b>143.10</b>	<b>117.01</b>

\* Fair value of the Investment property is Rs. 6,441 millions. These assets are pledged for issuance of Non-convertible debentures (refer Note 21 and Note 24).



**Edelweiss Rural & Corporate Services Limited**  
(formerly known as Edelweiss Commodities Services Limited)

Notes to the financial statements (continued)

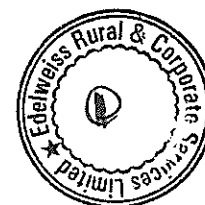
(Currency : Indian rupees in millions)

	As at 31 March 2020			As at 31 March 2019		
	Face value	Quantity	Amount	Face value	Quantity	Amount
<b>3 Non-current investments</b>						
<b>Unquoted Investments</b>						
<b>Investments in equity instruments of subsidiaries (fully paid up)</b>						
Edelweiss Housing Finance Limited	10	3,83,00,000	2,829.00	10	3,83,00,000	2,829.00
EC Commodity Ltd	10	2,99,99,994	501.43	10	2,99,99,994	501.43
Edelweiss Comtrade Limited	10	2,89,99,994	38.86	10	2,89,99,994	38.86
Edelweiss Investment Advisor Limited	10	10,00,00,000	1,000.00	-	-	-
<b>Investments in equity instruments of other group companies (fully paid up)</b>						
Allium Finance Private Limited	10	8,00,000	21.18	10	8,00,000	21.18
ECL Finance Limited	10	29,44,72,650	3,862.84	10	29,44,72,650	3,862.84
Edelweiss Asset Reconstruction Company Limited**	10	2,09,64,082	446.43	10	2,09,64,082	446.43
Edelweiss Finvest Private Limited	-	-	-	10	13,27,486	188.37
Lichen Metals Private Limited	10	39,920	2.69	10	39,920	2.69
<b>Investments in equity instruments of other companies (fully paid up)</b>						
Inditrade Business Consultants Limited	10	10,000	0.10	10	10,000	0.10
Metropolitan Stock Exchange of India Limited	-	-	-	10	3,70,20,000	44.64
Mantri Metalics Private Limited	10	4,87,156	34.44	10	4,87,156	60.45
Agri Warehousing Service Providers (India) Association	10	90,000	0.90	-	-	-
<b>Investments in preference shares of other group companies (fully paid up)</b>						
<b>Non-cumulative Non-convertible Redeemable</b>						
12% Ecap Equities Limited	10	10,00,000	881.34	-	-	-
<b>Non cumulative Compulsorily convertible redeemable</b>						
Allium Finance Private Limited	10	29,86,994	627.27	10	29,86,994	627.27
<b>Investment in share warrants</b>						
Team Geo Resources Private Limited	10.00	1,50,00,000	152.65	-	-	-
<b>Investments in debentures (fully paid up)</b>						
17% Edelweiss Asset Reconstruction Company Limited	-	-	-	10,00,000	1,500	1,500.00
10% Mantri Metalics Private Limited	-	-	-	10,00,000	128	128.47
14% Orissa Stevedores Limited	-	-	-	9,26,829	210	151.26
10% Appu Hotels Limited	-	-	-	6,29,122	130	126.77
10.25% ECL Finance Limited Perpetual Bonds	10,00,000	1,950.00	2,129.67	-	-	-
	-	-	-	-	-	-
<b>Investment in others</b>						
Edelweiss Private Equity Tech Fund	1,00,000	853.43	205.09	1,00,000	853	120.62
Edelweiss Value and Growth Fund	1,00,000	3,575.36	595.98	1,00,000	3,032	385.07
Edelweiss Real Estate Opportunities Fund	-	-	-	-	-	54.24
Edelweiss Alternative Investment Trust- EW Clover Scheme	-	-	-	-	-	156.99
Less : Impairment Allowance*			(205.66)			-
			<u>13,124.21</u>			<u>11,246.68</u>

\* Impairment allowances is taken basis the estimate of the fair value of the underlying assets.

\*\* 1,04,82,041 number of equity shares have been transferred in the Company's name subsequent to the balance sheet date

Note: Disclosures as required by IND AS 107 have been seperately provided in Note 55 and 58

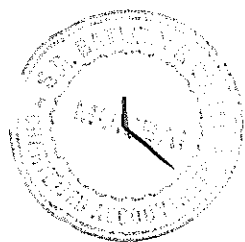


**Edelweiss Rural & Corporate Services Limited**  
(formerly known as Edelweiss Commodities Services Limited)

Notes to the financial statements (continued)

(Currency: Indian rupees in millions)

	As at 31 March 2020	As at 31 March 2019
<b>4 Loans- Non Current</b>		
<i>Secured*</i>		
Receivables from financing business	683.98	3,229.54
Provision for expected credit loss on loans	(428.11)	(212.63)
	<u>255.87</u>	<u>3,016.91</u>
Loans and advances to related parties	14,082.45	6,154.87
Provision for expected credit loss on loans**	(1,600.00)	-
	<u>12,482.45</u>	<u>6,154.87</u>
	<u><u>12,738.32</u></u>	<u><u>9,171.78</u></u>
<i>* Secured against securities</i>		
<i>**Impairment on loans given to its subsidiary basis the estimate of the fair value of the underlying assets of the said subsidiary.</i>		
<b>5 Other financial assets</b>		
Deposits placed with/ for exchange/ depositories	2.17	1.46
	<u>2.17</u>	<u>1.46</u>



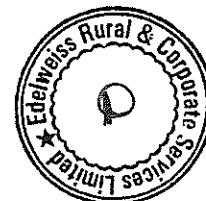
**Edelweiss Rural & Corporate Services Limited**  
(formerly known as Edelweiss Commodities Services Limited)

Notes to the financial statements (continued)

(Currency : Indian rupees in millions)

	As at 31 March 2020	As at 31 March 2019
<b>6 Deferred tax assets (net)</b>		
<b>Deferred tax assets</b>		
<u>Loans</u>		
Impairment on Loans	1,136.07	398.40
Leases - Ind AS 116	12.90	-
<u>Investments and other financial instruments</u>		
Provision for Diminution in value of current investments	71.87	3.29
Unrealised loss on Derivatives	-	1.47
<u>Unused tax credit</u>		
MAT credit entitlement	485.09	427.17
<u>Unused tax losses</u>		
Accumulated Losses	411.21	41.17
Gratuity & other Employee Benefits	24.50	23.51
Others	88.52	87.63
<b>Deferred tax assets (A)</b>	<b>2,230.16</b>	<b>982.64</b>
<b>Deferred tax liabilities</b>		
<u>Property, plant and equipment and intangibles</u>		
Difference between book and tax depreciation (including intangibles)	77.46	112.59
<u>Investments and other financial instruments</u>		
Unrealised Gain On Derivatives	10.18	-
Fair valuation gain of investments and stock in trade	119.69	244.29
Fair value of Property plant & Equipment	540.49	-
<u>Borrowings</u>		
Effective interest rate on borrowings	124.52	127.03
Others	34.72	34.72
<b>Deferred tax liabilities (B)</b>	<b>907.86</b>	<b>518.63</b>
<b>Deferred tax assets (net) (A-B)</b>	<b>1,323.10</b>	<b>464.01</b>

Note: Refer note 60 for disclosures on Deferred Tax.



**Edelweiss Rural & Corporate Services Limited**  
(formerly known as Edelweiss Commodities Services Limited)

Notes to the financial statements (continued)

(Currency : Indian rupees in millions)

	As at March 31, 2020	As at March 31, 2019
<b>7 Income tax assets (net)</b>		
Advance income taxes	983.73	681.54
<i>(net of provision for income tax of Rs.1,828.96 millions (Previous year: Rs. 1,300.92 millions))</i>	-	
	<u>983.73</u>	<u>681.54</u>
<b>8 Other non-current assets</b>		
Other deposits	26.95	26.95
	<u>26.95</u>	<u>26.95</u>
<b>9 Inventories</b>		
Stock in trade commodities*	436.09	1,691.32
	<u>436.09</u>	<u>1,691.32</u>

\* refer note 21 and 24 for charges on inventory



2

## Edelweiss Rural & Corporate Services Limited

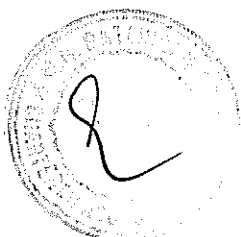
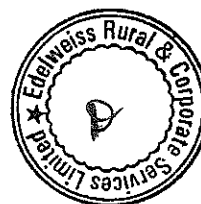
(formerly known as Edelweiss Commodities Services Limited)

### Notes to the financial statements (continued)

(Currency: Indian rupees in millions)

#### 10 Stock in trade

	As at March 31, 2020	As at March 31, 2019
<b>At fair value through profit or loss</b>		
(i) Mutual Fund	65.00	95.22
(ii) Debt securities	584.75	7,386.01
(iii) Equity instruments	0.33	0.30
(iv) Nifty-linked debentures	163.49	596.46
<b>TOTAL</b>	<b>813.57</b>	<b>8,077.99</b>
(i) Stock in trade held outside India	-	-
(ii) Stock in trade held in India	813.57	8,077.99
<b>Total</b>	<b>813.57</b>	<b>8,077.99</b>





**Edelweiss Rural & Corporate Services Limited**  
 (formerly known as Edelweiss Commodities Services Limited)

Notes to the financial statements (continued)

(Currency: Indian rupees in millions)

	As at 31 March 2020	As at 31 March 2019
	Amount	Amount
<b>11 Current investments</b>		
<b>Investments in partnership firm, Capital account</b>		
Edelvalue Partners - Capital Account	-	0.02
Edelweiss Resolution Advisors LLP	-	0.03
Edelweiss Multi Strategy Fund Advisors LLP	-	0.10
<b>Investment in others</b>		
Edelweiss Wealth Advisors LLP (Formerly known as Forefront Wealth Advisors LLP)	4.40	1.07
	<u>4.40</u>	<u>1.22</u>

Note: Disclosures as required by IND AS 107 have been separately provided in Note 55 and 58



**Edelweiss Rural & Corporate Services Limited**  
(formerly known as Edelweiss Commodities Services Limited)

Notes to the financial statements (continued)

(Currency: Indian rupees in millions)

	As at 31 March 2020	As at 31 March 2019
<b>12 Trade receivables</b>		
Receivables considered good - Secured*	114.88	1,500.43
Receivables considered good - Unsecured	618.56	1,729.54
Receivables - Credit impaired	409.22	237.58
	<u>1,142.66</u>	<u>3,467.55</u>
Less : Allowance for expected credit losses	355.75	368.39
	<u>786.91</u>	<u>3,099.16</u>
<i>*secured by inventory held on behalf of principal</i>		
<b>13 Cash and cash equivalents</b>		
Cash on hand	0.17	0.04
Balances with banks*	4,167.05	5,393.31
	<u>4,167.22</u>	<u>5,393.35</u>
<i>* Fixed deposit amounting to Rs.129.37 millions (Previous year: Rs.280.55 millions) held under encumbrance - refer note 44</i>		
<b>14 Bank balances other than cash and cash equivalents</b>		
Fixed deposits (refer note 44 on Encumbrances on fixed deposits )	61.86	733.96
Long term bank deposits with banks	53.96	30.52
Short term bank deposits with banks	1.26	0.36
	<u>117.08</u>	<u>764.84</u>



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**Edelweiss Rural & Corporate Services Limited**  
(formerly known as Edelweiss Commodities Services Limited)

Notes to the financial statements (continued)

(Currency: Indian rupees in millions)

	As at 31 March 2020	As at 31 March 2019
<b>15 Loans- Current</b>		
<i>Secured</i>		
Receivables from financing business*	590.88	-
Provision for expected credit loss on loans	(226.91)	-
	363.97	-
<i>Unsecured</i>		
Loans and advances to related parties	8,491.32	10,824.88
Accrued interest on loans given	233.63	366.15
Provision for expected credit loss on loans	(19.92)	-
	8,705.03	11,191.03
Intercorporate deposits placed	1,100.00	4,152.43
Accrued interest on intercorporate deposits	14.07	0.01
Impairment on intercorporate deposits placed	(620.45)	(270.29)
	493.62	3,882.15
Loans and advances to employees	5.23	3.41
	9,567.85	15,076.59
<i>* Secured against securities</i>		
<b>16 Other financial assets</b>		
Deposits placed with/exchange/depositories	4.16	1.88
Deposits- others	101.18	113.12
Receivable from exchange / clearing house (net)	0.52	0.52
Interest accrued on Fixed Deposits (refer note 44 on Encumbrances on fixed deposits)	-	5.58
Margin placed with broker	-	83.01
Advances recoverable in cash or in kind or for value to be received	295.95	287.80
	401.81	491.91
<b>17 Current tax assets (net)</b>		
Advance income taxes (net of provision for income tax of Rs.373.77 millions (Previous year: Rs.245.27 millions))	669.23	516.56
	669.23	516.56
<b>18 Other current assets</b>		
(Unsecured Considered good, unless stated otherwise)		
Input tax credit	330.10	405.23
Advances to others	0.09	0.38
Prepaid expenses	57.27	61.09
Vendor Advance	25.58	27.45
Advances recoverable in cash or in kind or for value to be received	0.42	10.08
	413.46	504.23



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**Edelweiss Rural & Corporate Services Limited**  
(formerly known as Edelweiss Commodities Services Limited)

Notes to the financial statements (continued)

(Currency: Indian rupees in millions)

	As at 31 March 2020	As at 31 March 2019
<b>19 Share capital</b>		
<b>Authorised:</b>		
4,25,00,000 (Previous year: 4,25,00,000) equity shares of Rs. 10 each	425.00	425.00
7,20,00,000 (Previous year: 7,20,00,000) preference shares of Rs. 10 each	720.00	720.00
	1,145.00	1,145.00
<b>Issued, Subscribed and Paid up:</b>		
3,97,75,367 (Previous year: 3,97,75,367) equity shares of Rs. 10 each, fully paid up	397.75	397.75
	397.75	397.75

**Reconciliation of shares outstanding at the beginning and at the end of the year:**

	31 March 2020		31 March 2019	
	Number of shares	Amount	Number of shares	Amount
<b>Equity shares of Rs. 10 each fully paid</b>				
Outstanding at the beginning of the year	3,97,75,367	397.75	2,97,75,368	297.75
Issued during the year	-	-	99,99,999	100.00
Outstanding at the end of the year	3,97,75,367	397.75	3,97,75,367	397.75

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

	31 March 2020		31 March 2019	
	Number of shares	Percentage Shareholding	Number of shares	Percentage Shareholding
<b>Equity shares</b>				
Edelweiss Financial Services Limited, the holding company and its nominees	3,27,16,544	82.25%	3,27,16,544	82.25%
Edel Finance company Limited	70,58,823	17.75%	70,58,823	17.75%

**Details of shares in the Company held by each shareholder holding more than 5 percent shares:**

	31 March 2020		31 March 2019	
	Number of shares	Percentage Shareholding	Number of shares	Percentage Shareholding
<b>Equity shares of Rs 10 each fully paid up</b>				
Edelweiss Financial Services Limited, the holding company and its nominees	3,27,16,544	82.25%	3,27,16,544	82.25%
Edel Finance company Limited	70,58,823	17.75%	70,58,823	17.75%

**Rights, preferences and restrictions attached to equity shares:**

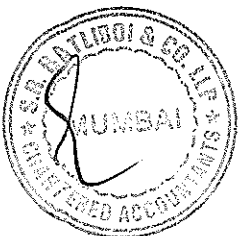
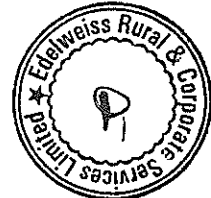
The Company has only one class of equity shares having a par value of Rs 10 each. Each holder of equity shares is entitled to one vote per share held. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**Note 1:**

No share allotted as fully paid up by way of bonus shares by the Company during the period of five years immediately preceding the balance sheet date.

**Note 2:**

No shares bought back by the Company during the period of five years immediately preceding the balance sheet date.



**Edelweiss Rural & Corporate Services Limited**  
(formerly known as Edelweiss Commodities Services Limited)

Notes to the financial statements (continued)

(Currency : Indian rupees in millions)

	As at 31 March 2020	As at 31 March 2019
<b>20 Reserves and surplus</b>		
Capital Reserve	402.85	402.85
Capital Redemption Reserve	30.00	30.00
Securities Premium Account	2,644.51	2,644.51
Debenture Redemption Reserve	2,356.22	2,356.22
Revaluation Reserve through other comprehensive income	1,006.25	-
ESOP Reserve	62.41	62.41
Retained earnings	(2,698.38)	(41.73)
	<u>3,803.86</u>	<u>5,454.26</u>
<b>Movement in Reserves and surplus</b>		
i. Capital Reserve - Opening balance	402.85	402.85
Add : Additions during the year	-	-
Capital Reserve	<u>402.85</u>	<u>402.85</u>
ii. Capital Redemption Reserve - Opening balance	30.00	30.00
Add : Additions during the year	-	-
Capital Redemption Reserve	<u>30.00</u>	<u>30.00</u>
iii. Securities Premium Account - Opening balance	2,644.51	1,044.51
Add : Additions during the year	-	1,600.00
Securities Premium Account	<u>2,644.51</u>	<u>2,644.51</u>
iv. Debenture Redemption Reserve - Opening balance	2,356.22	2,356.22
Add : Additions during the year	-	-
Debenture Redemption Reserve	<u>2,356.22</u>	<u>2,356.22</u>
v. Revaluation Reserve through other comprehensive income - Opening balance	-	-
Add : Additions during the year (refer note in schedule 2)	1,006.25	-
Revaluation Reserve through other comprehensive income	<u>1,006.25</u>	<u>-</u>
vi. ESOP Reserve - Opening balance	62.41	62.41
Add : Additions during the year	-	-
ESOP Reserve	<u>62.41</u>	<u>62.41</u>
vii. Retained Earnings - Opening Balance	(41.73)	(1,336.76)
Add: Transactions with shareholders in their capacity as such - on issuance of preference shares	(65.99)	8.71
Add: Deferred tax on ESOP	-	(48.95)
Add: Transition impact of Ind AS 116 (net of tax)	(15.57)	-
Add: Profit/ (loss) for the year	(2,572.62)	1,339.34
Add: Other comprehensive income for the year	(2.47)	(4.07)
Retained earnings	<u>(2,698.38)</u>	<u>(41.73)</u>



**Edelweiss Rural & Corporate Services Limited**  
(formerly known as Edelweiss Commodities Services Limited)

Notes to the financial statements (continued)

(Currency : Indian rupees in millions)

	As at 31 March 2020	As at 31 March 2019
<b>21 Long-term borrowings</b>		
<u>Secured</u>		
Non-convertible redeemable debentures *	24,385.79	36,880.20
Interest accrued on borrowings	1,076.91	1,502.23
<u>Unsecured</u>		
Non-convertible redeemable debentures	5,500.00	-
Interest accrued on borrowings	91.33	-
Preference Shares Capital - Fellow Subsidiaries	1,549.05	1,420.50
Preference Shares Capital - Outsiders	300.68	379.35
	32,903.76	40,182.28
<i>*Secured by charge on immovable property and a pari passu charge on the receivables and stock in trade to the extent equal to the principal and interest amount i.e. redemption value of debentures.</i>		
<b>22 Other financial liabilities</b>		
Rental Deposits	825.74	51.24
Lease Liabilities	230.52	-
	1,056.26	51.24
<b>23 Long-term provisions</b>		
Provision for employee benefits		
Gratuity	1.39	1.86
Compensated leave absences	9.41	11.36
	10.80	13.22



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**Edelweiss Rural & Corporate Services Limited**  
(formerly known as Edelweiss Commodities Services Limited)

Notes to the financial statements (continued)

(Currency : Indian rupees in millions)

	As at 31 March 2020	As at 31 March 2019
<b>24 Short-term borrowings</b>		
<b><u>Secured</u></b>		
Working capital demand loan <i>(Secured by charge on inventory, receivables and fixed deposits)</i>	-	207.19
Privately Placed Non-convertible debentures <i>(Secured by charge on immovable property and a pari passu charge on the receivables and stock in trade to the extent equal to the principal and interest amount i.e. redemption value of debentures)</i>	6,884.37	8,678.65
<b>Sub-total (A)</b>	6,884.37	8,885.84
<b><u>Unsecured</u></b>		
Loan from related parties	3,754.39	1,015.30
Inter-corporate deposits	-	4.00
Commercial paper	-	1,000.00
Less : Unamortised discount	-	(20.57)
	-	979.43
Preference Shares Capital - Fellow Subsidiaries	447.61	-
<b>Sub-total (B)</b>	4,202.00	1,998.73
<b>Interest accrued on borrowings (C)</b>	593.14	597.55
<b>Total (A+B+C)</b>	11,679.51	11,482.12

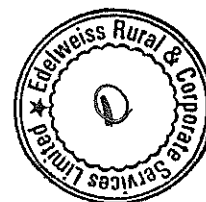


**Edelweiss Rural & Corporate Services Limited**  
(formerly known as Edelweiss Commodities Services Limited)

Notes to the financial statements (continued)

(Currency : Indian rupees in millions)

	As at 31 March 2020	As at March 31, 2019
<b>25 Trade Payables</b>		
Total outstanding dues of micro enterprises and small enterprises	7.07	40.83
Total outstanding dues to creditors other than micro enterprises and small enterprises	442.08	1,815.02
	<u>449.15</u>	<u>1,855.85</u>
<b>26 Other financial liabilities</b>		
Book overdraft	0.05	78.51
Accrued salaries and benefits	5.08	202.85
Payable to exchange / clearing house (net)	0.70	-
Others	-	1.26
Retention money payable	6.56	5.23
Other payables	54.44	319.61
Lease Liabilities	5.08	-
	<u>71.91</u>	<u>607.46</u>
<b>27 Other current liabilities</b>		
Withholding taxes, Goods & service tax and other taxes payable	33.30	6.82
Advances from customers	222.24	311.56
Others	13.98	35.83
	<u>269.52</u>	<u>354.21</u>
<b>28 Short-term provisions</b>		
Provision for employee benefits :		
Gratuity	2.77	2.77
Compensated absences	2.24	2.75
Proposed dividend	41.81	38.39
Provision for dividend distribution tax	-	7.89
	<u>46.82</u>	<u>51.80</u>
<b>29 Current tax liabilities (net)</b>		
Provision for taxation (net of income tax of Rs Nil (Previous year : Rs 625.38 millions))	-	36.86
	<u>-</u>	<u>36.86</u>



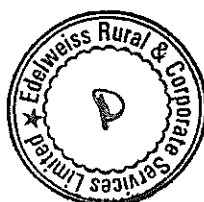


**Edelweiss Rural & Corporate Services Limited**  
(formerly known as Edelweiss Commodities Services Limited)

Notes to the financial statements (continued)

(Currency : Indian rupees in millions)

	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>30 Fee and commission income</b>		
Income from commodities services	233.53	200.15
Business support services income	1,457.18	1,594.64
Advisory income (including referral and arranger fees)	68.80	117.76
	<u>1,759.51</u>	<u>1,912.55</u>
<b>31 Gain/(loss) from Treasury</b>		
<b>(A) Net gain/ (loss) on financial instruments at fair value through profit or loss</b>	<u>(1,838.69)</u>	<u>1,107.51</u>
<b>Investments</b>	<u>(1,920.97)</u>	<u>1,110.48</u>
(Loss)/ profit on trading of securities (net)	(1,430.39)	220.27
Dividend on stock-in-trade	-	0.16
Dividend on long term investment	-	0.18
Fair value gain / (loss) - Equity	(802.04)	8.26
Fair value gain - Debt Instruments	311.46	881.61
<b>Derivatives</b>	<u>82.28</u>	<u>(2.97)</u>
(Loss)/ profit on trading in equity derivative instruments (net)	(42.69)	113.71
Gain on trading in commodity derivative instruments (net)	-	99.80
Profit /(loss) on trading in currency derivative instruments (net)	124.97	(225.11)
Gain on trading in interest rate derivative (net)	-	8.63
<b>(B) Others</b>	<u>13.76</u>	<u>(12.43)</u>
Profit / (loss) on sale of long term investment	11.37	(8.10)
Share of profit / (loss) in partnership firm	2.39	(4.33)
<b>(C) Loss on sale of financial instrument at amortised cost</b>	<u>(136.07)</u>	<u>-</u>
<b>Total Gain/(loss) from treasury (A+B+C)</b>	<u>(1,961.00)</u>	<u>1,095.08</u>
<b>32 Interest income</b>		
Interest Income from group company loan	2,180.29	5,839.87
Interest Income on credit substitutes	304.24	1,800.34
Interest income on intercorporate deposits	300.47	596.96
Interest income on fixed deposits	44.49	32.62
Interest income on debt instrument	2,942.42	2,324.34
Interest income on margin with brokers	3.15	25.56
Interest income on delayed payments	129.19	522.51
Interest income preference shares group companies	0.33	-
Interest income on unwinding of security deposit	-	1.25
Interest Income - others	0.10	-
	<u>5,904.68</u>	<u>11,143.45</u>
<b>33 Other operating revenue</b>		
Warehouse charges	712.35	771.61
Rental income	426.48	382.34
Profit on sale of investment	284.84	-
	<u>1,423.67</u>	<u>1,153.95</u>
<b>34 Other income</b>		
Profit on sale of fixed assets (net)	5.33	1.13
Foreign exchange (loss) / gain	(39.81)	64.22
Miscellaneous income	22.78	42.38
Interest on Income Tax Refund	21.69	146.41
	<u>9.99</u>	<u>254.14</u>

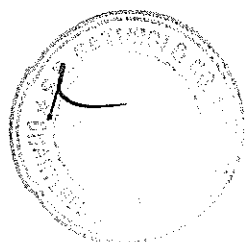
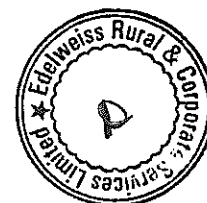


**Edelweiss Rural & Corporate Services Limited**  
(formerly known as Edelweiss Commodities Services Limited)

Notes to the financial statements (continued)

(Currency: Indian rupees in millions)

	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>35 Impairment on financial instruments</b>		
Bad- debts and advances written off	457.86	528.14
Diminution in value of investments	205.66	9.41
Provision for non performing assets	2,217.45	(222.63)
Provision for doubtful debts	(12.63)	(423.90)
	<u>2,868.34</u>	<u>(108.98)</u>
<b>36 Employee benefit expenses</b>		
Salaries, wages and Bonus	1,033.97	1,476.65
Contribution to provident and other funds	72.91	55.27
Expense on Employee Stock Option Scheme (ESOP) and Employee Stock Purchase Plan (ESPP)	20.19	(1.62)
Staff welfare expenses	54.48	79.08
	<u>1,181.55</u>	<u>1,609.38</u>
<b>37 Finance costs</b>		
Interest on debentures	3,449.00	4,530.55
Interest on inter-corporate deposits	0.79	58.66
Interest on term loan	17.96	-
Interest on bank overdraft	65.64	14.39
Interest on loan from holding company	0.29	-
Interest on loan from group companies	778.88	426.13
Interest on loan from others	90.21	88.93
Interest - others	7.47	19.59
Interest on lease liabilities - Ind AS 116	27.04	-
Discount on commercial paper	580.07	4,114.32
Financial and bank charges	74.28	292.32
Interest on buyer's credit	-	6.85
Finance charge on preference shares issued	164.40	162.38
	<u>5,256.03</u>	<u>9,714.12</u>



**Edelweiss Rural & Corporate Services Limited**  
(formerly known as Edelweiss Commodities Services Limited)

Notes to the financial statements (continued)

(Currency: Indian rupees in millions)

	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>38 Other expenses</b>		
Advertisement and business promotion	21.36	49.10
Auditor's remuneration (refer note below)	6.63	6.24
Commission and brokerage	21.77	55.95
Communication expenses	30.49	44.07
Computer expenses	63.86	161.19
Clearing and custodian charges	20.83	17.09
Contribution towards corporate social responsibilities (refer note no 53)	17.57	6.50
Dematerialisation charges	0.35	1.21
Directors' sitting fees	0.54	1.24
Donation	20.12	-
Electricity charges (net)	78.30	39.83
Foreign exchange loss (net)	0.20	-
Insurance	30.40	37.14
Legal and professional fees	107.03	324.84
Membership and subscription	0.37	2.29
Office expenses	289.29	248.68
Postage and courier	5.45	10.07
Printing and stationery	0.19	70.73
Rates and taxes	10.41	31.94
Rating support fees	0.91	1.30
Rent	80.44	120.36
Repairs and maintenance - Building	0.10	0.18
Repairs and maintenance - others	23.58	48.58
Goods and service tax (GST) / Service tax expenses	147.41	145.70
Stamp duty	3.74	6.26
Stock exchange expenses	0.96	0.48
Transportation charges	32.50	34.02
Travelling and conveyance	61.24	85.34
Warehousing charges	466.60	609.58
Miscellaneous expenses	15.83	58.52
	<b>1,558.47</b>	<b>2,218.43</b>
<b>Auditor's remuneration:</b>		
Statutory audit	3.44	4.34
Limited Review	2.10	1.20
Certification and consultation	0.65	0.60
Reimbursement of expenses	0.44	0.10
	<b>6.63</b>	<b>6.24</b>



# Edelweiss Rural & Corporate Services Limited

(formerly known as Edelweiss Commodities Services Limited)

## Notes to the financial statements

### 1. Significant accounting policies

#### 1.1 Background

Edelweiss Rural & Corporate Services Limited ('the Company') (formerly known as Edelweiss Commodities Services Limited) was incorporated on October 17, 2006 in the State of Maharashtra as a private Company. The Company is a subsidiary of Edelweiss Financial Services Limited. With effect from January 13, 2011, the status of the Company was changed from Private Limited Company to a Public Limited Company and the Registered Office of the Company was shifted from the state of Maharashtra to the state of Telangana.

Company deals in trading of commodities, debt securities, equities and derivatives as part of its treasury activities. The Company has obtained registration under the Real Estate Regulatory Act, 2016 (RERA) to act as a real estate agent in the State of Maharashtra as on June 9, 2017 and in Uttar Pradesh.

In February 2019, pursuant to order of honourable ROC Hyderabad, 5 subsidiaries of the Company were merged into the Company. As a result of which business of value added agri services (including warehousing services), collateral management and business support services to company companies were added to the current business stream of the Company.

#### 1.2 Basis of preparation and presentation of financial statements

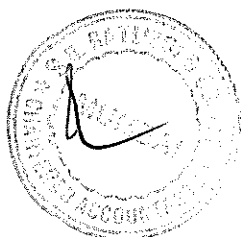
The Company's financial statements has been prepared and presented in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and in compliance with the Division II of the Schedule III to the Companies Act, 2013.

The Company's financial statements have been prepared on a historical cost basis, except for certain financial instruments such as financial asset measured at fair value through other comprehensive income (FVTOCI) instruments, derivative financial instruments, and other financial assets held for trading, which have been measured at fair value. The Company's financial statements are presented in Indian Rupees (INR) in millions.

All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle. Based on the nature of services rendered to customers and time elapsed between deployment of resources and the realisation in cash and cash equivalents of the consideration for such services rendered, the Company has considered an operating cycle of 12 months.

#### 1.3 Use of estimates

The preparation of the financial statements requires management to make certain estimates and assumptions that affect the reported amount of assets, liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported revenue and expense during the reporting period. Actual results could differ from the estimates.



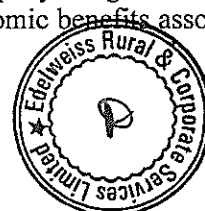
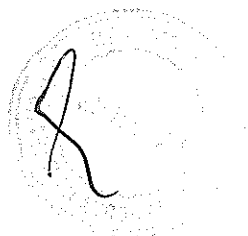
# Edelweiss Rural & Corporate Services Limited

(formerly known as Edelweiss Commodities Services Limited)

## Notes to the financial statements (*continued*)

### 1.4 Revenue recognition

- Revenue is measured at fair value of the consideration received or receivable. Revenue is recognized when 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 the customer obtains control of that asset. When 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 each performance obligation is satisfied
- Brokerage income on 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.
- Fee income including advisory fees is accounted over the period as the customer simultaneously receives and consumes the benefits, as the services are rendered.
- Business support services including web based services are accounted on accrual basis in accordance with the terms and contracts entered into between the Company and the counterparty.
- Profit / loss on sale of investments is recognised on trade date basis.
- Commodities sales are accounted as per terms of agreement with the parties.
- Interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortised cost. 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 is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR.
- Warehouse income is recognised on accrual basis by reference to the agreements entered with customers.
- Sales during the course of import by transfer of documents of title i.e. high seas sale of commodities are booked upon transfer of documents of title to the goods in favour of buyer before the goods cross the customs frontiers of India.
- Agency commission/procurement income is recorded in pursuant to the terms and conditions mentioned in scope of work /agreement.
- Insurance and other claims are recognized as revenue on certainty of realisation.
- Interests on delayed payments, warehousing charges and rental income are recognised on accrual basis by reference to the agreements entered.
- Profit / loss from share in partnership firm is accounted once the amount of the share of profit/ loss is ascertained and credited / debited to the Company’s account in the books of the partnership firm.
- Dividend income is recognised in profit or loss when the Company’s right to receive payment of the dividend is established, it is probable that the economic benefits associated



# Edelweiss Rural & Corporate Services Limited

(formerly known as Edelweiss Commodities Services Limited)

## Notes to the financial statements (*continued*)

with the dividend will flow to the entity, and the amount of the dividend can be measured reliably.

- Real estate advisory income is recognised basis the terms and conditions mentioned in the agreement.
- Revenue from Investment management services is recognised over the tenure in accordance with the terms and conditions of the investment management agreement with group companies.

### 1.5 Financial Instruments

#### *Date of recognition*

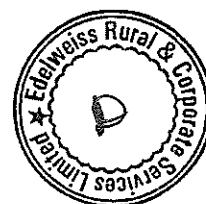
Financial assets and financial liabilities, with the exception of borrowings are initially recognised on the trade date i.e. the date that the Company becomes a party to the contractual provisions of the instrument. This includes regular way trades; purchases or sales of financial assets that require 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.

#### *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.

#### *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 Company 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 statement of profit and loss when the inputs become observable, or when the instrument is derecognised.



# Edelweiss Rural & Corporate Services Limited

(formerly known as Edelweiss Commodities Services Limited)

## Notes to the financial statements (*continued*)

### *Classification of financial instruments*

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

- Amortised cost
- Fair value through other comprehensive income (FVTOCI)
- Fair value through profit or loss (FVTPL)

The Company 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.

Sale that occur for below reason are considered as consistent with business model whose objective is to hold financial assets in order to collect contractual cash flows.

- if those sales are infrequent (even if significant in value) or insignificant in value both individually and in aggregate (even if frequent).
- if such sales are made close to maturity of financial asset and proceeds from sale approximate the collection of the remaining contractual cashflow
- selling a financial asset because of significant increase in credit risk.

Debt 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.

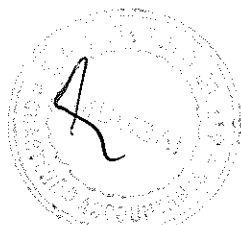
By default, all other financial assets are subsequently measured at FVTPL.

### *Amortized cost and Effective interest rate (EIR)*

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

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



# Edelweiss Rural & Corporate Services Limited

(formerly known as Edelweiss Commodities Services Limited)

## Notes to the financial statements (continued)

### *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 taking. Held for trading assets and liabilities are recorded and measured in the balance sheet at fair value.

### *Financial assets at fair value through profit or loss*

Financial assets 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. These include debt securities, equity instruments, mutual fund units, nifty linked debentures etc.

### *Disclosure requirement of Ind AS 107-Financial Instruments: Disclosure*

#### *Investment in equity instruments*

The Company subsequently measures all equity investments (other than subsidiaries, associates, and other group companies) 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 FVTOCI, when such instruments meet the definition of Equity under Ind AS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by-instrument basis. Investments in subsidiaries and associates are carried at cost as permitted under Ind AS 27 (Consolidated and Separate Financial Statements). The investment in other group companies are carried at cost.

#### *Investment in mutual funds and preference Shares*

The Company subsequently measures all investments in mutual fund and preference shares at fair value through profit or loss as these financial assets do not pass the contractual cash flow test as required by Ind AS- 109- Financial Instruments, for being designated at amortised cost or FVTOCI, hence classified at FVTPL.

#### *Financial liabilities*

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

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

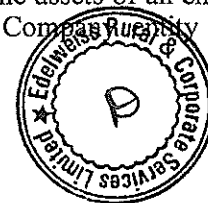
After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the EIR.

The Company has issued 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.

#### *Financial liabilities and equity instruments*

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

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





# Edelweiss Rural & Corporate Services Limited

(formerly known as Edelweiss Commodities Services Limited)

## Notes to the financial statements (*continued*)

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.

### *Redeemable preference shares*

Redeemable preference shares issued are classified as financial liabilities and are measured at fair value at inception and at amortised cost subsequently.

Where the transaction price for the preference shares issued differs from the fair value, the difference is recognized in profit or loss unless the difference is a deemed capital contribution from the Company, in which case, the said difference is recognized in equity.

In accounting for these preference shares at amortised cost subsequent to initial recognition, interest expense based on the effective interest rate is recognized in profit or loss. This effective interest rate is based on the initial measurement of the preference shares (fair value) and the maturity amount. Any gain or loss on derecognition is recognized in profit or loss unless the difference is due to a transaction with a related party, in which case, the same is recognized as a deemed distribution or return of deemed capital contribution, as the case may be.

### *Reclassification of financial assets and liabilities*

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line.

### *Derecognition of financial assets and financial liabilities*

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.

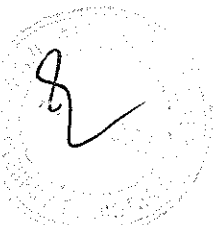
### *Derecognition of financial liabilities*

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 is recognised in profit or loss.

### *Impairment of financial assets*

The Company records allowance for expected credit losses for all loans, other debt financial assets not held at FVTPL, together with loan commitment and financial guarantee contracts, in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment.

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.



# Edelweiss Rural & Corporate Services Limited

(formerly known as Edelweiss Commodities Services Limited)

## Notes to the financial statements (*continued*)

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

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

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. As for the exposure at default (EAD), for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for loan commitments and financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate. The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

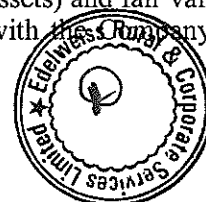
### *Collateral valuation*

To mitigate its credit risks on financial assets, the Company seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, 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 Company 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.

### *Collateral repossessed*

The Company'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 Company's policy.



# Edelweiss Rural & Corporate Services Limited

(formerly known as Edelweiss Commodities Services Limited)

## Notes to the financial statements (*continued*)

### *Write off*

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

### *Derivative financial instruments*

#### *Initial recognition and subsequent measurement*

The Company uses derivative financial instruments, such as forward currency contracts, interest rate swaps and forward commodity contracts, to hedge its foreign currency risks, interest rate risks and commodity price risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The purchase contracts that meet the definition of a derivative under Ind AS 109 are recognised in the statement of profit and loss. Commodity contracts that are entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the Company's expected purchase, sale or usage requirements are held at cost.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

### *Business model assessment*

Classification and measurement of financial assets depends on the results of the sole payments of principal and interest (SPPI) and the business model test. The Company 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 measured, the risks that affect the performance of the assets and how these are managed.

### *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.



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# Edelweiss Rural & Corporate Services Limited

(formerly known as Edelweiss Commodities Services Limited)

## Notes to the financial statements (*continued*)

### *Determination of fair value*

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

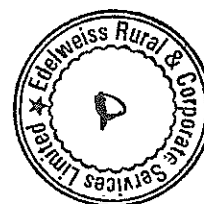
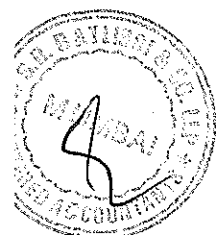
- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Company.

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

- Level 1 financial instruments –Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.
- Level 2 financial instruments–Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life.
- Level 3 financial instruments –Those that include one or more unobservable input that is significant to the measurement as whole. For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. The Company periodically reviews its valuation techniques including the adopted methodologies and model calibrations.

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

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



# Edelweiss Rural & Corporate Services Limited

(formerly known as Edelweiss Commodities Services Limited)

## Notes to the financial statements (*continued*)

### 1.6 *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.

### 1.7 *Foreign currency transactions*

The financial statements are presented in Indian Rupees which is also functional currency of the Company. Transactions in currencies other than Indian Rupees (i.e. foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

### 1.8 *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*

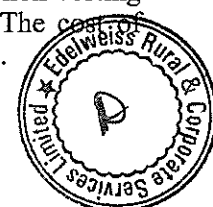
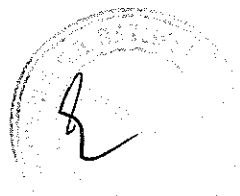
The Company's gratuity scheme is a defined benefit plan. The Company's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that the employees have earned in return for their service in the current and prior periods, that benefit is discounted 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.

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.



# Edelweiss Rural & Corporate Services Limited

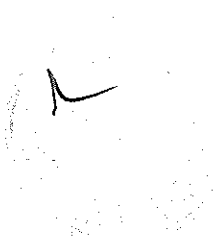
(formerly known as Edelweiss Commodities Services Limited)

## Notes to the financial statements (*continued*)

### 1.9 *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 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 'ESOP reserve'. In cases where the share options granted vest in instalments over the vesting period, the Company treats each instalment as a separate grant, because each instalment has a different vesting period, and hence the fair value of each instalment differs.



# Edelweiss Rural & Corporate Services Limited

(formerly known as Edelweiss Commodities Services Limited)

## Notes to the financial statements (continued)

### 1.10 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 are 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.

Capital work in progress is stated at cost, net of accumulated impairment loss, if any.

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. The estimated useful lives of the fixed assets are as follows:

Estimated useful lives of the assets are as follows:

Nature of assets	Estimated Useful Life
Building (Other than Factory Building)	60 years
Plant and equipments	15 years
Furniture and fittings	10 years
Vehicles	8 years
Office equipments	5 years
Computers - Servers and networks	6 years
Computers - End user devices, such as desktops, laptops, etc.	3 years
Solar Power Plant	15 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.

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.



# Edelweiss Rural & Corporate Services Limited

(formerly known as Edelweiss Commodities Services Limited)

## Notes to the financial statements (*continued*)

### *Change in accounting policy for land and buildings from 31 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.

### *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.

Right-of-use assets are presented together with property and equipment in the statement of financial position – refer to the accounting policy 1.16. 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.

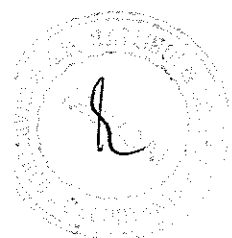
The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

### *Intangible fixed 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.

Intangible assets under development are recorded at the consideration paid for the acquisition of such assets.





# Edelweiss Rural & Corporate Services Limited

(formerly known as Edelweiss Commodities Services Limited)

## Notes to the financial statements (*continued*)

### *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.

### *1.11 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.

### *1.12 Inventories*

Inventories in the form of commodities are valued at weighted average cost or net realisable value, whichever is lower.

### *1.13 Stock in Transit*

Stock in transit in the form of commodities are stated at cost.

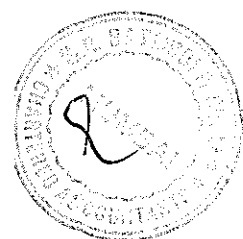
### *1.14 Provisions and other contingent liabilities*

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows to net present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

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

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



# Edelweiss Rural & Corporate Services Limited

(formerly known as Edelweiss Commodities Services Limited)

## Notes to the financial statements (*continued*)

### *1.15 Income tax expenses*

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

#### *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.

#### *Deferred tax*

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

Deferred tax assets are also recognised with respect to carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

It is probable that taxable profit will be available against which a deductible temporary difference, unused tax loss or unused tax credit can be utilised when there are sufficient taxable temporary differences which are expected to reverse in the period of reversal of deductible temporary difference or in periods in which a tax loss can be carried forward or back. When this is not the case, deferred tax asset is recognised to the extent it is probable that:

- the entity will have sufficient taxable profit in the same period as reversal of deductible temporary difference or periods in which a tax loss can be carried forward or back; or
- tax planning opportunities are available that will create taxable profit in appropriate periods.

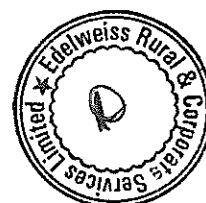
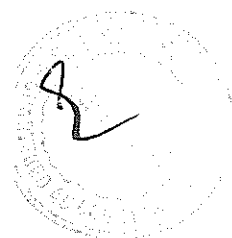
The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

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

#### *Minimum Alternative Tax (MAT) credit*

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



# Edelweiss Rural & Corporate Services Limited

(formerly known as Edelweiss Commodities Services Limited)

## Notes to the financial statements (*continued*)

### 1.16 Operating leases

#### *Accounting policy applicable from 1 April 2019*

As described in Note 47, the Company has applied Ind AS 116 using the modified retrospective approach and therefore comparative information has not been restated. This means comparative information is still reported under Ind AS 17.

#### *Company as a lessee*

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### *Right of use assets*

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

#### *Lease Liabilities*

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

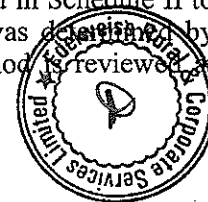
#### *Company as a lessor*

The Company's accounting policy under Ind AS 116 has not changed from the comparative period. As a lessor the Company classifies its lease as either operating or financing leases. A Lease is classified as 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 does not.

### 1.17 Investment property

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



# Edelweiss Rural & Corporate Services Limited

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## Notes to the financial statements (*continued*)

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.

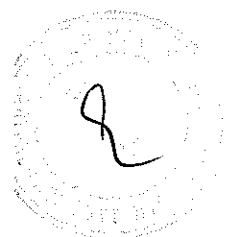
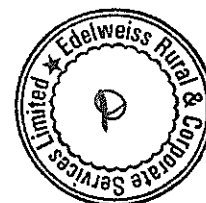
### **1.18 Receivables from Agency Business**

The Company's business includes 'Agency Business' wherein acts as a procurement agent for its various principals, and renders other related end to end value additive services like procurement formalities including importing, receiving and storing of goods, insuring, maintenance of goods in proper condition, dispatch to designated parties, facilitating funding, etc. The Company procures goods and makes payment to the supplier on behalf of the principal. The payment made to supplier is shown as Trade receivables (current) and is secured by inventory held on behalf of principal marked as lien.

### **1.19 Business Combination**

The acquisition method of accounting is used for business combinations by the Company. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values with certain limited exceptions. Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is from the acquisition date, allocated to each of the Company'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.

Common controlled business combination means a business combination involving entities or businesses in which all the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. Business combinations involving entities or businesses under common control are accounted for using the pooling of interests method.



# Edelweiss Rural & Corporate Services Limited

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## Notes to the financial statements (*continued*)

### *1.20 Critical accounting judgements and key sources of estimation uncertainty*

In the application of the Company's accounting policies, which are described in note 1, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

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

#### ***Business model assessment***

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

#### ***Significant increase in credit risk***

ECL is measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. In assessing whether the credit risk of an asset has significantly increased the Company takes into account qualitative and quantitative reasonable and supportable forward-looking information.

#### ***Determining lease term for lease contracts with renewal and termination option***

The Company 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.



2

# Edelweiss Rural & Corporate Services Limited

(formerly known as Edelweiss Commodities Services Limited)

## Notes to the financial statements (*continued*)

The Company has several lease contracts that include extension and termination options. The Company 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 Company 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).

### *1.21 Key sources of estimation uncertainty*

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, as described below. The Company based its assumptions and estimates on parameters available when the 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 Company. Such changes are reflected in the assumptions when they occur.

#### *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.

#### *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 expected credit loss (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:

- Probability of default (PD) calculation includes historical data, assumptions and expectations of future conditions.
- The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a life-time expected credit loss and the qualitative assessment.



# Edelweiss Rural & Corporate Services Limited

(formerly known as Edelweiss Commodities Services Limited)

## Notes to the financial statements (*continued*)

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

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

### *Effective interest rate method*

The Company's EIR methodology, as explained in Note 1.6, 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.

### *Accounting for deferred taxes*

Deferred tax assets are recognised on 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.

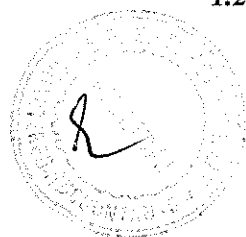
The Company has recognised deferred tax assets on carried forward tax losses with respect to certain subsidiaries where the Company believes that the said deferred tax assets shall be recoverable based on the estimated future taxable income which in turn is based on approved business plans and budgets. The losses are allowed to be carried forward to the years in which the Company expects that there will be sufficient taxable profits to offset these losses.

### *Estimating the incremental borrowing rate*

The Company 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 Company 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.

### *1.22 Standards issued but not yet effective*

There are no new standard or amendment issued but not effective



Edelweiss Rural & Corporate Services Limited  
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Notes to the financial statements (continued)

(Currency: Rupees in millions)

39 Segment reporting:

Primary Segment (Business segment)

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

Segment	Activities covered
Capital based business	Capital intensive business includes lending, investing and investment property
Treasury management	Interest income and trading in securities
Business Support Services	Centralized support services administration, compliance, payroll, finance and accounts, etc. provided to group companies
Warehouse services	Warehouse services includes warehousing and collateral management services for Agri commodities
Trading in commodities	Purchase and sale of Agriculture commodities

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 using basis such as employees headcount or segment revenue. 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 in terms of provisions of Accounting Standard on Segment Reporting (Ind AS 108)

Particulars		As at/ For the year ended 31 March 2020	As at/ For the year ended 31 March 2019
<b>I</b>	<b>Segment Revenue</b>		
	a) Capital based business	3,961.29	8,809.28
	b) Treasury management	647.79	3,448.91
	c) Business Support Services	1,457.18	1,594.64
	d) Warehouse Services	1,048.90	1,559.92
	e) Trading in commodities	8,998.49	15,796.28
	f) Unallocated	21.69	146.42
	<b>Total Income</b>	<b>16,135.34</b>	<b>31,355.45</b>
<b>II</b>	<b>Segment Results</b>		
	a) Capital based business	(3,999.54)	1,329.57
	b) Treasury management	76.03	412.33
	c) Business Support Services	148.05	178.47
	d) Warehouse Services	(352.81)	(243.84)
	e) Trading in commodities	99.94	306.86
	f) Unallocated	21.69	139.92
	<b>Profit before taxation</b>	<b>(4,006.64)</b>	<b>2,123.31</b>
	Less: Provision for taxation	(1,434.02)	783.97
	<b>Profit after taxation</b>	<b>(2,572.62)</b>	<b>1,339.34</b>
<b>III</b>	<b>Segment Assets</b>		
	a) Capital based business	43,552.84	45,956.47
	b) Treasury management	2,937.58	8,077.99
	c) Business Support Services	410.95	743.48
	d) Warehouse Services	375.96	2,355.68
	e) Trading in commodities	436.09	1,691.32
	f) Unallocated	2,975.92	1,662.11
	<b>Total</b>	<b>50,689.34</b>	<b>60,487.05</b>





Edelweiss Rural & Corporate Services Limited  
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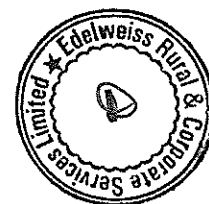
Notes to the financial statements (continued)

(Currency: Rupees in millions)

39 Segment reporting (continued):

Particulars		As at/ For the year ended 31 March 2020	As at/ For the year ended 31 March 2019
IV	<b>Segment Liabilities</b>		
	a) Capital based business	43,549.40	44,549.59
	b) Treasury management	2,525.68	7,723.67
	c) Business Support Services	12.86	61.01
	d) Warehouse Services	55.14	498.94
	e) Trading in commodities	344.65	1,764.97
	f) Unallocated	-	36.86
	<b>Total</b>	<b>46,487.73</b>	<b>54,635.04</b>
V	<b>Capital expenditure (including intangibles under development)</b>		
	a) Capital based business	339.02	561.80
	b) Treasury management	-	-
	c) Business Support Services	-	-
	d) Warehouse Services	-	-
	e) Trading in commodities	-	-
	f) Unallocated	-	-
	<b>Total</b>	<b>339.02</b>	<b>561.80</b>
VI	<b>Depreciation and amortisation</b>		
	a) Capital based business	273.41	179.94
	b) Treasury management	1.20	66.47
	c) Business Support Services	59.53	48.65
	d) Warehouse Services	44.90	14.73
	e) Trading in commodities	-	-
	f) Unallocated	-	-
	<b>Total</b>	<b>379.04</b>	<b>309.79</b>
VII	<b>Significant non-cash expenses other than depreciation and amortisation</b>		
	a) Capital based business	2,814.19	490.53
	b) Treasury management	5.67	(175.61)
	c) Business Support Services	-	-
	d) Warehouse Services	48.48	(423.90)
	e) Trading in commodities	-	-
	f) Unallocated	-	-
	<b>Total</b>	<b>2,868.34</b>	<b>(108.98)</b>

No single customer represents 10% or more of the Company's total revenue for the year ended 31 March 2020 and 2019.



Edelweiss Rural & Corporate Services Limited  
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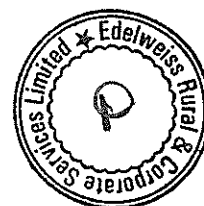
**Notes to the financial statements (continued)**

(Currency: Rupees in millions)

**40 Disclosure as required by Indian Accounting Standard (Ind AS) 24 – “Related Party Disclosures”**

Sr. No.	Particulars
<b>A.</b>	<b>Names of related parties by whom control is exercised</b>
	Edelweiss Financial Services Limited, ultimate Holding Company
<b>B.</b>	<b>Entities which are controlled by the Company</b>
	Edelweiss Agri Value Chain Limited
	Edelweiss Capital Markets Limited
	Edelweiss Housing Finance Limited
	Edel Commodities Limited
	EFSL Comrade Limited
	Edelweiss Business Services Limited
	EFSL Trading Limited
	EC Commodity Limited (w.e.f 29 <sup>th</sup> March 2019)
	Edelweiss Comtrade Limited (w.e.f 29 <sup>th</sup> March 2019)
	Edelweiss Investment Advisors Limited (w.e.f 31 <sup>st</sup> March 2020)

<b>C.</b>	<b>Fellow Subsidiaries with whom the Company has transactions</b>
	Edelweiss Finvest Private Limited
	Lichen Metals Private Limited
	Allium Finance Private Limited
	Edelweiss Asset Reconstruction Company Limited
	ECL Finance Limited
	Edelweiss Finance & Investments Limited
	Edelweiss Securities Limited
	Edelweiss Custodial Services Limited
	Edelweiss Trustee Services Limited



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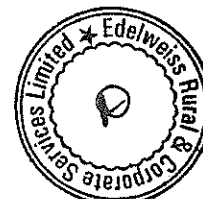
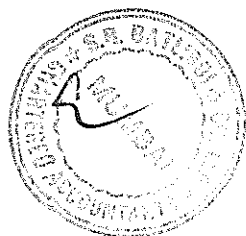
Edelweiss Rural & Corporate Services Limited  
(formerly known as Edelweiss Commodities Services Limited)

**Notes to the financial statements (continued)**

(Currency: Rupees in millions)

**40 Disclosure as required by Indian Accounting Standard (Ind AS) 24 – “Related Party Disclosures” (continued):**

C.	Fellow Subsidiaries with whom the Company has transactions (continued):
	Edelweiss Asset Management Limited
	Edelcap Securities Limited
	ECap Equities Limited
	Edelweiss Broking Limited
	Edelweiss Investment Adviser Limited (till 30 <sup>th</sup> March 2020)
	Edel Land Limited
	Edelweiss Global Wealth Management Limited
	Edel Finance Company Limited
	Edelweiss Insurance Brokers Limited
	Edelweiss Tokio Life Insurance Company Limited
	Edelweiss Alternative Asset Advisors Limited
	Edel Investments Limited
	Aster Commodities DMCC
	Edelweiss Multi Strategy Funds Management Private Limited (Merged with Edelweiss Asset Management Limited w.e.f 1 <sup>st</sup> February 2019)
	Edelgive Foundation
	Edelweiss Finvest Private Limited
	Edelweiss Retail Finance Limited
	Edelweiss General Insurance Company Limited
	EW Clover Scheme
	Edelweiss Trusteeship Company Limited
	EC Global Limited
	Edelweiss Capital Singapore Pte Limited
	EC International Limited, Mauritius
	Edelweiss Alternative Asset Advisors Pte Limited
	Edelweiss International Singapore Pte Limited
	Edelweiss Investment Advisors Private Limited



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

**Notes to the financial statements (continued)**

(Currency: Rupees in millions)

**40 Disclosure as required by Indian Accounting Standard (Ind AS) 24 – “Related Party Disclosures” (continued):**

C.	Fellow Subsidiaries with whom the Company has transactions (continued):
	EAAA, LLC
	EW Special Opportunities Advisors LLC
	EW India Special Assets Advisors LLC
	Edelweiss Securities (Hong kong) Private Limited
	Edelweiss Financial Services Inc
	Edelweiss India Capital Management
	EFSL International Limited
	Edelweiss Financial Services ( UK) Limited
	Edelweiss Holdings Limited (Merged with Ecap Equities Limited w.e.f 29 <sup>th</sup> November 2019.)
	Edelweiss Securities ( IFSC) Limited
	Alternative Investment Market Advisors Private Limited (Merged with Ecap Equities Limited w.e.f 2 <sup>nd</sup> December 2019)
	Allium Finance Private Limited w.e.f 02 <sup>nd</sup> December 2018
	Edelweiss Securities Trading and Management Private Limited (Formerly known as Dahlia Commodities Services Private Limited) (Merged with Edelweiss Securities and Investments Private Limited w.e.f 29 <sup>th</sup> November 2019)
	Edelweiss Securities and Investments Private Limited (Formerly known as Magnolia Commodities Services Private Limited)
D.	Enterprises in which fellow subsidiary companies exercise significant influence with whom transactions have taken place:
	Edelweiss Multi Strategy Fund Advisors LLP
	Edelweiss Wealth Advisors LLP (formerly known as Forefront Wealth Advisors LLP)
	Edelweiss Private Equity Tech Fund
	Edelweiss Value and Growth Fund



Edelweiss Rural & Corporate Services Limited  
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**Notes to the financial statements (continued)**

(Currency: Rupees in millions)

**40 Disclosure as required by Indian Accounting Standard (Ind AS) 24 – “Related Party Disclosures”  
(continued):**

<b>E.</b>	<b>Key Management Personnel with whom transactions have taken place</b>
	Mr. Rujan Panjwani (Executive Director) Mr. Santosh Dadheech (Executive Director) Mr. Manoj Sharma (Chief Financial Officer)
<b>F.</b>	<b>Non-Executive Directors</b>
	Ms. Kalpana Maniar Mr. Pradeep Nagori (Resigned w.e.f June 10, 2019)
<b>G.</b>	<b>Independent Directors</b>
	Dr. Vinod Juneja Mr. Kunnasagaran Chinniah



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**Edelweiss Rural & Corporate Services Limited**  
(formerly known as Edelweiss Commodities Services Limited)

**Notes to the financial statements (continued)**

(Currency: Rupees in millions)

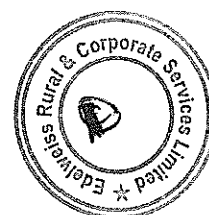
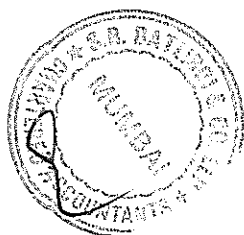
**41 Investments in partnership firms:**

Name of Partnership Firm	Edelweiss Multi Strategy Fund Advisors LLP (Formerly known as Forefront Alternative Investment Advisors LLP)	
	As at 31 March 2020	As at 31 March 2019
Total capital of partnership firm	Rs. 3,005.10 millions	Rs. 0.10 millions
Name of partners	Share in capital and share in profit/loss	
Edel Land Limited	25.041%	0.01%
Ecap Equities Limited	49.915%	-
EC Commodity Limited	25.041%	-
Edelweiss Rural & Corporate Services Limited	0.003%	99.99%

Name of Partnership Firm	Edelweiss Wealth Advisors LLP (Formerly known as Forefront Wealth Advisors LLP)	
	As at 31 March 2020	As at 31 March 2019
Total Capital of Partnership firm	Rs. 0.10 millions	Rs. 0.06 millions
Name of partners	Share in capital and share in profit/loss	
Edelweiss Rural & Corporate Services Limited	99.97%	50.00%
Ecap Equities Limited	0.01%	48.52%
Ram Setia	0.01%	0.74%
Mahindra Banjger	0.01%	0.74%

**42 Contingent liabilities (to the extent not provided for):**

(a)	Taxation matters in respect of which appeal is pending Rs.451.11 millions (Previous year: Rs.191.90 millions).
(b)	Corporate guarantee given by the Company to bank for Rs. 2,384.80 millions (Previous year: Rs. 3,106.17 millions) for availing Fund based Banking facilities by its subsidiary Company Edelweiss Housing Finance Limited.
(c)	During the year ended 31 March 2020 and 31 March 2019, ECL Finance Limited, Edelweiss Finvest Private Limited, Edelweiss Retail Finance Limited and Edelweiss Housing Finance Limited (together 'fellow subsidiaries') have sold financial assets aggregating to Rs.52,753.30 millions (net of provisions & losses) and Rs.5,828.60 millions (net of provisions & losses) respectively to various asset reconstruction Company trusts ('ARC Trusts') and has acquired security receipts (SR) from ARC Trusts amounting to Rs.46,797.10 millions. The Board approved committee of all fellow subsidiaries approved such sale of financial assets to ARC Trusts. Ind AS 109 - Financial Instruments, prescribed under section 133 of the Companies Act, 2013, requires substantial risks and rewards to be transferred for the purpose of de-recognition of such financial assets from the fellow subsidiaries' financial statements. Edelweiss Financial Services Limited (EFSL), Holding Company, and the Company, on 31 March 2020, have guaranteed significant risks and assumed significant rewards in respect of an aggregate value of financial assets of Rs.35,569.30 millions sold to ARC Trusts. As a result, these financial assets are de-recognized in the respective fellow subsidiaries financial statements. Further, as the risks and rewards continues in the EFSL and Company, these continue to be accounted as financial assets in the consolidated financial statements of the Group and the respective consequent expected credit loss will be recorded in the consolidated financial statements of the EFSL or the Company.



Edelweiss Rural & Corporate Services Limited  
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**Notes to the financial statements (continued)**

(Currency: Rupees in millions)

**42 Contingent liabilities (to the extent not provided for) (continued):**

The Company's pending litigations comprise of proceedings pending with Income Tax, customs, sales tax/VAT and other authorities. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in its financial statements. The amount of provisions / contingent liabilities is based on management's estimate, and no significant liability is expected to arise out of the same.

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 favourable 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.

**43** Under Supply Chain Management agreements, the Company procures agriculture commodities from market for its clients. The Company has obtained an opinion that pursuant to provisions of the Sale of Goods Act, 1930, the title to the commodities remains with the Company until fulfilment of conditions by these clients. On the basis of the opinion, the Company has been accounting for these transactions as purchase and sale of agricultural commodities and showing unsold stock as inventory. All statutory returns under applicable laws are being filed based on the above premise. On account of the COVID-19 related lock-down restrictions, management was able to perform year end physical verification of inventories, at all locations, subsequent to the year end. The Company has performed roll back procedures to ensure the existence of inventory as at the year end.

**44 Encumbrances on fixed deposits held by the Company:**

i)	Fixed deposits aggregating to Rs Nil (Previous year: Rs.0.88 millions) have been pledged with exchanges for meeting margin deposit requirements.
ii)	Fixed deposits aggregating to Rs 145.00 millions (Previous year: Rs. 195.00 millions) have been pledged with banks for securing bank overdrafts.
iii)	Fixed deposits aggregating to Rs. 0.10 millions (Previous year: Rs. 16.10 millions) have been pledged with sales tax authorities for meeting deposit requirements.
iv)	Fixed deposits aggregating to Rs. 23.39 millions (Previous year: Rs. 22.19 millions) have been pledged with banks for obtaining the bank guarantee provided to VAT authorities for meeting statutory requirements.
v)	Fixed deposits aggregating to Rs. 18.40 millions (Previous year: Rs.117.20 millions) have been pledged with bank for obtaining the bank guarantee provided to Customs authorities for meeting statutory requirements.
vi)	Fixed deposits aggregating to Rs. 56.39 millions (Previous year: Rs.47.77 millions) have been pledged with bank for obtaining the bank guarantee provided to various mandis for margin and license requirements.
vii)	Fixed deposits aggregating to Rs. Nil (Previous year: Rs. 615.37 millions) have been pledged with banks for Letter of credit.



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Notes to the financial statements (continued)

(Currency: Rupees in millions)

45 Earnings per share:

Basic earnings per share (EPS) is calculated by dividing the net profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.

Diluted EPS is calculated by dividing the net profit attributable to equity holders (after adjusting for interest on the convertible preference shares and interest on the convertible bond, in each case, net of tax) by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

	Particulars	For these year ended 31 March 2020	For the year ended 31 March 2019
(a)	(Loss) /Profit after tax (as per statement of profit and loss)	(2,572.62)	1,339.34
(b)	Calculation of weighted average number of equity Shares of Rs. 10 each		
	Number of shares outstanding at the beginning of the year	39,775,367	29,775,368
	Number of Shares issued during the year	-	9,999,999
	Total number of equity shares outstanding at the end of the year	39,775,367	39,775,367
	Weighted average number of equity shares outstanding during the year (based on the date of issue of shares)	39,775,367	29,857,560
(c)	Basic and diluted earnings per share (in rupees) (a)/(b)	(64.68)	44.86

The basic and diluted earnings per share are the same as there are no dilutive potential equity shares.

46 Capital commitments (to the extent not provided for):

Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for is Rs.72.93 millions (Previous year: Rs. 64.09 millions).

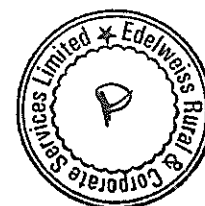
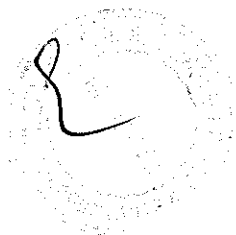
47 Leases:

As a Lessee:

The Company had taken office premises on operating lease agreements. Gross rental expenses for the year ended 31 March 2020 aggregated to Rs. 80.44 millions (Previous year: Rs. 623.18 millions) (Refer note 38) which has been included under the head other expenses as 'Rent' in the Statement of Profit and Loss. There are future minimum lease payments for the non-cancellable operating lease as per table below.

Particulars	As at	As at
	31 March 2020	31 March 2019
Not later than one year	35.90	8.78
Later than one year and not later than five years	4.50	4.50

The Company has given certain portion of the building on cancellable and non-cancellable operating lease for periods ranging from 12 months to 60 months, the details of which are given below:





Edelweiss Rural & Corporate Services Limited  
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Notes to the financial statements (continued)

(Currency: Rupees in millions)

47 Leases (continued):

Reconciliation of Lease commitment with opening lease liability

Measurement of lease liability	Amount
Opening lease commitment disclosed as at 31 March 2019	13.28
Discounted using the lessee's incremental borrowing rate of at the date of initial application	(0.95)
Less: Short Term Lease	-
Less: low value Lease	-
Lease payments relating to renewal periods not included in operating lease commitments as on 31st March 2019	-
Change in lease term under Ind AS 116	151.13
<b>Lease liability recognised as at 1 April 2019</b>	<b>163.46</b>

The change in accounting policy affected following items in the balance sheet as on 1 April 2019

Particulars	Amount
Lease liability - Increase by	163.46
PPE - ROU - Increase by	139.53
Deferred tax asset - Increase by	8.36
<b>Net impact on retained earnings on 1 April 2019 - Decreased by</b>	<b>15.57</b>

Other disclosures

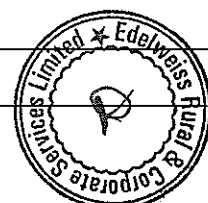
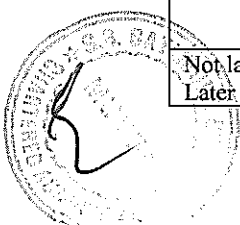
Particulars	% / Years / Amount
Incremental borrowing rate of Company (in %)	12.00%
The leases have a life of between (in years)	2.75 to 5.5
The total lease payment for the year (in amount)	87.41
Lease rent expenses recognised in P&L for short term lease (in amount)	34.05

Particulars	Amount
Depreciation expense of right-of-use assets	73.34
Interest expense on lease liabilities	27.04
Expense relating to short-term leases (included in other expenses)	80.44
<b>Total amount recognised in profit or loss</b>	<b>180.82</b>

As a Lessor:

Lease payments received and recognized in the Statement of Profit and Loss during the year ended 31 March 2020 is Rs. 426.48 millions (Previous year: Rs. 382.34 millions). The future minimum lease payments receivable under non-cancellable operating leases are as follows:

Particulars	As at	As at
	31 March 2020	31 March 2019
Not later than one year	-	28.78
Later than one year and not later than five years	-	4.82



**Notes to the financial statements (continued)**

(Currency: Rupees in millions)

**48 Disclosure pursuant to Indian Accounting Standard (Ind AS) 19 - Employee Benefits:**

**a) Defined contribution plan (Provident fund and national pension scheme):**

An amount of Rs. **59.08** millions (Previous year: Rs.61.54 millions) is recognized as expense and included in "Employee benefit expenses" – Note 36 in the statement of profit and loss.

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

The following tables summarize the components of the net benefit expenses recognised in the Statement of Profit and Loss, the funded status and amount recognised in the balance sheet for the gratuity benefit plan.

*Statement of profit and loss*

Expenses recognized in the statement of profit and loss account:

	2020	2019
Current service cost	14.10	13.84
Interest cost	0.10	2.52
Expected return on plan asset	-	-
Past service cost	-	-
Actuarial (gain) or loss recognized in the year	-	-
<b>Employer expense</b>	<b>14.20</b>	<b>16.36</b>

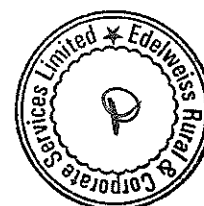
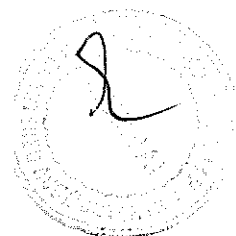
Balance sheet

Reconciliation of Defined Benefit Obligation (DBO):

	2020	2019
Present value of DBO at the beginning of the year	68.59	4.55
Acquisition/ (Divesture)	-	42.87
Transfer in / (out)	(4.71)	(0.61)
Interest cost	4.47	3.42
Current service cost	14.10	13.84
Benefits paid	(6.92)	(1.88)
Past service cost	-	-
Actuarial (gain)/loss on obligation	(0.57)	6.40
<b>Present value of DBO at the end of the year</b>	<b>74.96</b>	<b>68.59</b>

Reconciliation of fair value of plan assets:

	2020	2019
Fair value of plan assets at the beginning of the year	63.96	14.80
Interest income on plan assets	4.37	0.90
Contributions	13.77	50.00
Benefits paid	(6.92)	(1.88)
Actuarial gain/(loss) on plan assets	(4.38)	0.14
<b>Fair value of plan assets at the end of the year</b>	<b>70.80</b>	<b>63.96</b>



Edelweiss Rural & Corporate Services Limited  
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**Notes to the financial statements (continued)**

(Currency: Rupees in millions)

**48 Disclosure pursuant to Indian Accounting Standard (Ind AS) 19 - Employee Benefits (continued):**

Net (liability) / asset recognised in the balance sheet:

Particulars	2020	2019	2018	2017	2016
Present value of defined benefit obligation	74.96	68.59	4.55	11.74	21.34
Fair value of plan assets at the end of the year	70.80	63.96	14.80	14.26	12.70
<b>Amount recognised in balance sheet - asset/(liability)</b>	<b>4.16</b>	<b>4.63</b>	<b>(10.25)</b>	<b>(2.52)</b>	<b>8.64</b>

Experience adjustments:

Particulars	2020	2019	2018	2017	2016
On plan liabilities: (gain)/ loss	(4.76)	5.33	(0.53)	(1.22)	3.27
On plan assets: gain/ (loss)	-	-	-	-	(0.15)
<b>Estimated contribution for next year</b>	<b>4.00</b>	<b>4.50</b>	<b>-</b>	<b>-</b>	<b>-</b>

Principal actuarial assumptions at the balance sheet date:

	2020	2019
Discount rate	5.90%	7%
Salary escalation	7%	7%
Employee attrition rate	13% - 25%	13% - 25%
Expected return on plan assets	7.00%	7.30%
Mortality rate	IALM 2012-14 (Ult.)	IALM 2012-14 (Ult.)

Sensitivity analysis:

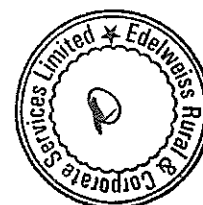
DBO increases / (decreases) by	March-20	March-19
Increase of 1% in Salary Growth Rate	4.11	3.71
Decrease of 1% in Salary Growth Rate	(3.80)	(3.43)
Increase of 1% in Discount Rate	(3.80)	(3.40)
Decrease of 1% in Discount Rate	4.19	3.74
Increase of 1% in Attrition Rate	(0.21)	(0.47)
Decrease of 1% in Attrition Rate	0.22	0.48
Mortality (Increase in expected lifetime by 1 year)	Negligible change	Negligible change
Mortality (Increase in expected lifetime by 3 years)	0.01	Negligible change

Percentage Break-down of Total Plan Assets:

	2020	2019
Insurer Managed Funds (Unit-linked)	98.40%	99.90%
Cash and Bank	1.60%	0.10%

**49 Employee Stock Option Plans**

The Holding Company (Edelweiss Financial Services Limited ("EFSL")) has Employee Stock Option Plans and Stock Appreciation Rights Plans (SAR) in force. Based on such ESOP/SAR schemes, parent entity has granted an ESOP/SAR option to acquire equity shares of EFSL that would vest in a graded manner to Company's employees. Based on group policy / arrangement, EFSL has charged the fair value of such stock options, Company has accepted such cross charge and recognised the same under the employee cost. Current year charge of Rs. 20.19 millions (previous year release of Rs. 1.62 millions).



Edelweiss Rural & Corporate Services Limited  
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**Notes to the financial statements (continued)**

(Currency: Rupees in millions)

**50 Cost sharing and other recoveries:**

*Cost sharing:*

Edelweiss Financial Services Limited, being the Holding Company along with fellow subsidiaries incurs expenditure like common senior management compensation cost, Group Medclaim, etc. which is for the common benefit of itself and its certain subsidiaries including the Company. This cost so expensed is reimbursed by the Company on the basis of number of employees, time spent by employees of other companies, actual identifications etc. On the same lines, costs like rent, electricity charges incurred by the Company for the benefit of fellow subsidiaries and associate companies are recovered as reimbursement by the Company from the subsidiaries and associate companies on similar basis. Accordingly, and as identified by the management, the expenditure heads in note 36 and 38 include reimbursements paid and are net of the reimbursements received based on the management's best estimate.

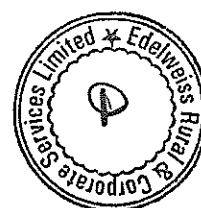
As per the master service agreement, The Company provides necessary support for activities relating to information technology, human resource, administrative, finance and operations related services to holding company, subsidiaries, fellow subsidiaries and associate companies. The income in note 30 as Business support services income relates to amount recovered from these entities for the said services.

*Other recoveries:*

The income in note 33 relates to amount recovered from the holding Company, subsidiaries, fellow subsidiaries, and other external parties for occupying office premises in the Company's building.

**51 Disclosure of loans and advances pursuant to regulation 53(f) of the Securities and Exchange Board of India (SEBI) (Listing obligations and disclosure requirements) Regulations, 2015:**

Particulars	31 March 2020		31 March 2019	
	Amount outstanding	Maximum Amount o/s during the year	Amount outstanding	Maximum Amount o/s during the year
<i>Short term loans-Subsidiary</i>				
EC Commodity Limited	360.85	1,232.70	0.23	1,816.85
EFSL Comtrade Limited	-	-	-	19,976.96
Edelweiss Capital Markets Limited	-	-	-	250.60
Edelweiss Housing Finance Limited	-	2,348.56	0.53	6,180.59
Edelweiss Business Services Limited	-	-	-	521.68
Edelweiss Comtrade Limited	26.53	523.99	106.89	447.70
Edelweiss Investment Advisor Limited	9,714.52	10,714.52	-	-
<i>Short term loan-Holding Company</i>				
Edelweiss Financial Services Limited	719.08	3,727.97	3,636.36	3,642.38



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Edelweiss Rural & Corporate Services Limited  
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**Notes to the financial statements (continued)**

(Currency: Rupees in millions)

**52 Details of dues to micro enterprise and small enterprise:**

Trade Payables includes Rs. 7.07 million (Previous year: Rs. 40.83 million) payable to “Suppliers” registered under the Micro, Small and Medium Enterprises Development Act, 2006. No interest has been paid / is payable by the Company during the year to “Suppliers” registered under this act. The aforementioned is based on the responses received by the Company to its inquiries with suppliers with regard to applicability under the said act.

**Details of dues to micro and small enterprises as defined under the MSMED Act ,2006**

Particulars	31 March 2020	31 March 2019
<b>The principal amount and interest due thereon remaining unpaid to any supplier as at end of accounting year</b>		
Principal amount due to micro and small enterprises	7.07	40.83
Interest due on above	-	-
<b>Total</b>	<b>7.07</b>	<b>40.83</b>
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	-	-



Edelweiss Rural & Corporate Services Limited  
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**Notes to the financial statements (continued)**

(Currency: Rupees in millions)

**53 Corporate social responsibility (CSR):**

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

- i) Gross amount required to be spent by the Company during the year was Rs. **17.57** millions (Financial Year 18-19 Rs. 68.23 millions)
- ii) Amount spent during the year on:

Sr. No.	Particulars	In cash	Yet to be paid in cash	Total
(i)	Constructions / acquisition of any assets	-	-	-
(ii)	On purpose other than (i) above	<b>17.57</b> (6.50)	- -	<b>17.57</b> (6.50)

Notes:

1. Figures in the bracket are in respect of previous year.

**54 Risk Management framework:**

**a) Governance framework**

The primary objective of the Company's risk and financial management framework is to protect the Company's shareholders from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. Key management recognises the critical importance of having efficient and effective risk management systems in place.

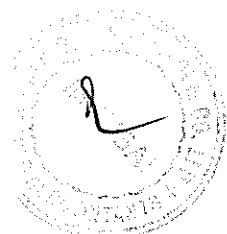
**b) Approach to capital management**

Company objectives when managing capital, are to (a) maximise shareholder value and provide benefits to other stakeholders and (b) maintain an optimal capital structure to reduce the cost of capital.

For the purposes of the Company's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders.

Company monitors capital using debt-equity ratio, which is total debt divided by total equity.

Particulars	As at 31 March 2020	As at 31 March 2019
Total Debt	44,583.27	51,664.40
Equity	4,201.61	5,852.01
<b>Net Debt to Equity</b>	<b>10.61</b>	8.83



**Notes to the financial statements (continued)**

(Currency: Rupees in millions)

**54 Risk Management framework (continued):**

**c) Credit risk**

Credit risk arises when a customer or counterparty does not meet its obligations under a customer contract or financial instrument, leading to a financial loss. The Company is exposed to credit risk from its operating activities primarily trade receivables and financial instruments.

The Company's management policy is to closely monitor creditworthiness of counterparties by reviewing their credit ratings, financial statements on regular basis.

The Company's financial assets subject to the expected credit loss model within Ind AS 109 are short-term trade and other receivables and financial instruments. Company applies the expected credit loss model for recognising impairment loss. Expected credit loss allowance in respect of receivables is computed based on a provision matrix which takes into account historical credit loss experience.

Company is exposed to credit risk on mutual fund investments, however these investments are not subjected to Ind AS 109 impairment requirements as they are measured at FVTPL. The carrying value of these investments, under Ind AS 109 represents the Company's maximum exposure to credit risk on financial instruments not subject to the Ind AS 109 impairment requirements on the respective reporting dates.

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

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

Credit loss is the difference between all contractual cash flows that are due to an entity in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR.

**Significant increase in credit risk (SICR)**

Company considers a financial instrument defaulted, classified as Stage 3 (credit-impaired) for ECL calculations, in all cases when the borrower becomes 90 days past due. Classification of assets 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.

**Probability of Default (PD)**

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.



**Notes to the financial statements (continued)**

(Currency: Rupees in millions)

**54 Risk Management framework (continued):**

**Loss Given Default (LGD)**

The LGD represents expected losses on the EAD given the event of default, taking into account, among other attributes, the mitigating effect of collateral value at the time it is expected to be realised and the time value of money. The Loss Given Default (LGD) has been computed with workout methodology. Workout LGD is widely considered to be the most flexible, transparent and logical approach to build an LGD model. Along with actual recoveries, value of the underlying collateral has been factored in to estimate future recoveries in LGD computation. Workout LGD computation involves the actual recoveries as well as future recoveries (as a part of the workout process) on a particular facility, as a percentage of balance outstanding at the time of Default/Restructuring. The assessment of workout LGD was then performed. Principal outstanding at NPA was assessed, which went into the denominator of the LGD calculation. LGD computation has been done for each segment and sub-segment separately.

**Exposure at Default (EAD)**

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





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**Notes to the financial statements (continued)**

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**54 Risk Management framework (continued):**

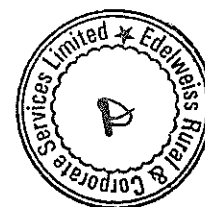
**Reconciliation of impairment allowance on trade receivables:**

Impairment allowance measured as per simplified approach	Total
Impairment allowance as on 1 April 2019	368.39
Additions / (reductions) during the year	(12.64)
Impairment allowance as on 31 March 2020	355.75

**Trade Receivables Ageing and Expected Credit loss (ECL):**

Year ended	Days past due	0-90days	91-180 days	181-270 days	270- 360 days	more than 360 days	Total
31-Mar-20	ECL rate	2.36%	9.70%	50.51%	58.41 %	83.16 %	48.62 %
	Gross	521.99	132.93	49.49	29.03	409.22	1,142.66
	ECL	(5.19)	(8.57)	(11.05)	(7.15)	(323.79)	(355.75)
	Net	516.80	124.36	38.44	21.88	85.43	786.91
31-Mar-19	Gross	3,045.42	28.79	88.45	67.31	237.58	3,467.55
	ECL	(1.47)	-	(73.33)	(56.01)	(237.58)	(368.39)
	Net	3,043.95	28.79	15.12	11.30	-	3,099.16

Note: While calibrating matrix, the Company has never experienced any historical credit loss on receivables within the Group entities. The Company has collateral against receivables, hence these receivables does not have any credit risk, thus no credit loss.



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**Notes to the financial statements (continued)**

(Currency: Rupees in millions)

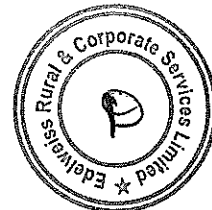
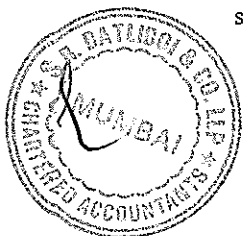
**54 Risk Management framework (continued):**

**Collateral held and other credit enhancements**

The tables on the following pages show the maximum exposure to credit risk by class of financial asset.

Maximum exposure to credit risk (carrying amount before ECL) as at	31 March 2020	31 March 2019	Principal type of collateral
<b>Financial assets</b>			
Retail Loans	5.23	3.42	No Collateral
Wholesale loans- Credit Substitutes	1,274.86	3,229.54	Diversified pool of Real Estate Projects, Land, for March 19, Equity shares for March 20.
ICD-Group Company	-	3,600.00	No Collateral
ICD External	1,114.07	167.83	No Collateral
ICD External	-	384.60	Equity shares
Wholesale loans- Group Loan	22,807.40	17,345.90	No Collateral
Trade receivables-Secured	114.88	1,500.43	Agri Stock
Trade receivables-Others	1,027.78	1,967.12	Unsecured
Debt instruments at amortised cost	2,129.67	1,500.00	No Collateral
Other Financial Assets	403.98	493.37	No Collateral
<b>Total financial assets at amortised cost</b>	<b>28,877.87</b>	<b>30,192.21</b>	
Financial assets at FVTPL (except equity)	-	406.50	No Collateral
Financial assets at FVTPL Stock in trade- except MF	748.24	7,982.50	No Collateral
<b>Total financial instruments at fair value through profit or loss</b>	<b>748.24</b>	<b>8,389.00</b>	
<b>Total Financial assets</b>	<b>29,626.11</b>	<b>38,581.21</b>	
Financial guarantee contracts*	37,954.10	3,106.17	No Collateral
<b>Other commitments</b>	<b>37,954.10</b>	<b>3,106.17</b>	
<b>Total</b>	<b>67,580.21</b>	<b>41,687.38</b>	

\*During the year ended 31 March 2020 and 31 March 2019, ECL Finance Limited, Edelweiss Finvest Private Limited, Edelweiss Retail Finance Limited and Edelweiss Housing Finance Limited (together 'fellow subsidiaries') have sold financial assets aggregating to Rs.52,753.30 millions (net of provisions & losses) and Rs.5,828.60 millions (net of provisions & losses) respectively to various asset reconstruction Company trusts ('ARC Trusts') and has acquired security receipts (SR) from ARC Trusts amounting to Rs.46,797.10 millions. The Board approved committee of all fellow subsidiaries approved such sale of financial assets to ARC Trusts. Ind AS 109 - Financial Instruments, prescribed under section 133 of the Companies Act, 2013, requires substantial risks and rewards to be transferred for the purpose of de-recognition of such financial assets from the fellow subsidiaries' financial statements. Edelweiss Financial Services Limited (EFSL), Holding Company, and the Company, on 31 March 2020, have guaranteed significant risks and assumed significant rewards in respect of an aggregate value of financial assets of Rs.35,569.30 millions sold to ARC Trusts. As a result, these financial assets are de-recognized in the respective fellow subsidiaries financial statements. Further, as the risks and rewards continues in the EFSL and Company, these continue to be accounted as financial assets in the consolidated financial statements of the Group and the respective consequent expected credit loss will be recorded in the consolidated financial statements of the EFSL or the Company..



Notes to the financial statements (continued)

(Currency: Rupees in millions)

54 Risk Management framework (continued):

Financial assets that are stage 3 and related collateral held in order to mitigate potential losses are given below:

31 March 2020	Maximum exposure to credit risk (carrying amount before ECL)	Associated ECL	Carrying amount	Fair value of collateral
<b>Financial assets</b>				
Loans:				
Wholesale loans	1,274.86	655.02	619.84	619.84
Inter corporate deposit	1,114.07	620.45	493.62	-
<b>Total financial assets at amortised cost</b>	<b>2,388.93</b>	<b>1,275.47</b>	<b>1,113.46</b>	<b>619.84</b>
Financial guarantee contracts*	35,569.30	-	35,569.30	-
<b>Total</b>	<b>37,958.23</b>	<b>1,275.47</b>	<b>36,682.76</b>	<b>619.84</b>

31 March 2019	Maximum exposure to credit risk (carrying amount before ECL)	Associated ECL	Carrying amount	Fair value of collateral
<b>Financial assets</b>				
Loans:				
Wholesale loans	542.43	270.29	272.14	272.14
<b>Total financial assets at amortised cost</b>	<b>542.43</b>	<b>270.29</b>	<b>272.14</b>	<b>272.14</b>
Financial guarantee contracts	-	-	-	-
<b>Total</b>	<b>542.43</b>	<b>270.29</b>	<b>272.14</b>	<b>272.14</b>

\* Refer note no 54 on Collateral held and other credit enhancements



Edelweiss Rural & Corporate Services Limited  
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**Notes to the financial statements (continued)**

(Currency: Rupees in millions)

**54 Risk Management framework (continued):**

**d) Liquidity Risk:**

Liquidity risk is defined as the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Exposure to liquidity risk arises because of:

- Possibility that the Company could be required to pay its trade payables earlier than expected.
- Mismatch in maturity profile of assets and liabilities
- Delay in receipt of receivables including agency receivables

The Company's policy is to satisfy redemption requests by the following means (in decreasing order of priority):

- Withdrawal of cash deposits
- Disposal of highly liquid assets (i.e. short-term, low-risk debt investments, inventory)
- Either disposal of other assets or increase of leverage

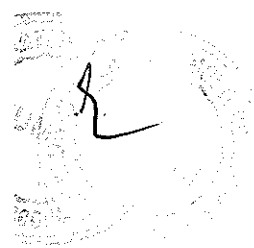
The Company also has undrawn borrowing facilities amounting to Rs. **500.00** millions as on 31 March 2020 (as on 31 March 2019: Rs. 3,000.00 millions)

**i. Analysis of financial assets and liabilities by remaining contractual maturities**

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

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

As at 31 March 2020	Less than 3 months	3 to 6 months	6 to 12 months	1 to 3 years	> 3 years	Total
Trade payables	-	449.15	-	-	-	449.15
Debt securities	5,458.44	939.76	4,014.70	27,660.99	8,903.98	46,977.87
Borrowings (other than debt securities)	-	3,793.34	-	-	-	3,793.34
Deposits	-	-	-	-	-	-
Subordinated financial liabilities	-	-	447.61	1,849.73	-	2,297.34
Other financial liabilities	5.83	61.00	-	825.73	235.60	1,128.16
<b>Total undiscounted non-derivative financial liabilities</b>	<b>5,464.27</b>	<b>5,243.25</b>	<b>4,462.31</b>	<b>30,336.45</b>	<b>9,139.58</b>	<b>54,645.86</b>



Edelweiss Rural & Corporate Services Limited  
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Notes to the financial statements (continued)

(Currency: Rupees in millions)

54 Risk Management framework (continued):

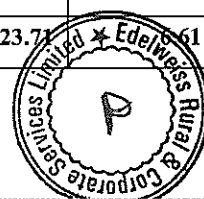
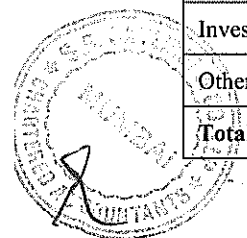
As at 31 March 2019	Less than 3 months	3 to 6 months	6 to 12 months	1 to 3 years	> 3 years	Total
Trade payables	-	1,855.85	-	-	-	1,855.85
Debt securities	12,162.17	1,121.95	7,649.91	27,223.57	9,792.48	57,950.08
Borrowings (other than debt securities)	-	1,327.20	-	-	-	1,327.20
Deposits	33.98	-	-	-	-	33.98
Subordinated financial liabilities	-	-	-	-	1,799.85	1,799.85
Other financial liabilities	282.61	324.84	51.25	-	-	658.70
<b>Total undiscounted non-derivative financial liabilities</b>	<b>12,478.76</b>	<b>4,629.84</b>	<b>7,701.16</b>	<b>27,223.57</b>	<b>11,592.33</b>	<b>63,625.66</b>

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

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

As at 31 March 2020	Less than 3 months	3 to 6 months	6 to 12 months	1 to 3 years	> 3 years	Total
Cash and cash equivalent and other bank balances	4,171.64	48.39	13.42	17.19	33.66	4,284.30
Stock in trade	147.64	-	73.83	202.52	389.58	813.57
Trade receivables	-	431.16	355.75	-	-	786.91
Loans	-	-	9,567.85	12,738.32	-	22,306.17
Investments at fair value through profit or loss	-	-	35.44	953.72	-	989.16
Investments at amortised cost	-	-	-	-	2,124.01	2,124.01
Other financial assets	7.25	289.21	6.33	101.19	-	403.98
<b>Total</b>	<b>4,326.53</b>	<b>768.76</b>	<b>10,052.62</b>	<b>14,012.94</b>	<b>2,547.25</b>	<b>31,708.10</b>

As at 31 March 2019	Less than 3 months	3 to 6 months	6 to 12 months	1 to 3 years	> 3 years	Total
Cash and cash equivalent and other bank balances	5,643.37	408.36	75.94	23.91	6.61	6,158.19
Stock in trade	4,888.54	2,212.24	959.67	17.54	-	8,077.99
Trade receivables	-	2,730.78	368.38	-	-	3,099.16
Loans	1,122.68	-	13,953.91	9,171.78	-	24,248.37
Investments at fair value through profit or loss	-	-	105.19	1,122.68	-	1,227.87
Investments at amortised cost	-	-	-	1,500.00	-	1,500.00
Other financial assets	148.15	57.42	-	287.80	-	493.37
<b>Total</b>	<b>11,802.74</b>	<b>5,408.80</b>	<b>15,463.09</b>	<b>12,123.71</b>	<b>6.61</b>	<b>44,804.95</b>



**Notes to the financial statements (continued)**

(Currency: Rupees in millions)

**54 Risk Management framework (continued):**

**e) Market risks**

Risk which can affect the Company's income or the value of its holdings of financial instruments due to adverse movements in market prices of instrument due to price risk. The objective of the Company's market risk management is to manage and control market risk exposures within acceptable parameters.

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. Company classifies exposures to market risk into either trading or non-trading portfolios and manages each of those portfolios separately.

**i. Interest rate risk**

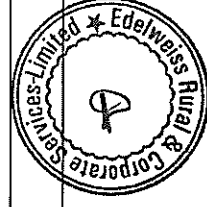
Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Company is not exposed to interest rate risk as it does not trade in Interest Rate Derivatives and does not have any loans having variable interest rates.

**ii. 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 Company had significant exposure at the end of the reported periods. The analysis calculates the effect of a reasonably possible movement of the currency rate against the INR (all other variables being constant) on the statement of profit and loss (due to the fair value of currency sensitive non-trading monetary assets and liabilities) and equity (due to the change in fair value of currency swaps and forward foreign exchange contracts used as cash flow hedges).

Currency	2019-20					
	Increase in currency rate (%)	Effect on profit before tax	Effect on Equity	Decrease in currency rate (%)	Effect on profit before tax	Effect on Equity
USD	5	114.93	-	5	(114.93)	



**Notes to the financial statements (continued)**

(Currency: Rupees in millions)

**54 Risk Management framework (continued):**

Currency	2018-19					
	Increase in currency rate (%)	Effect on profit before tax	Effect on Equity	Decrease in currency rate (%)	Effect on profit before tax	Effect on Equity
USD	5	82.22	-	5	(82.22)	-

**iii. 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 Mutual Funds	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
	5	3.25	-	5	(3.25)	-

Impact on Mutual Funds	2018-19					
	Increase in equity price (%)	Effect on profit before tax	Effect on Equity	Decrease in equity price (%)	Effect on profit before tax	Effect on Equity
	5	4.76	-	5	(4.76)	-



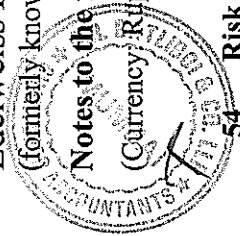
**Risk Management framework (continued):**

**iv. Other price risk**

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the level of market prices other than equity and index prices.

Impact on	2019-20					
	Increase in price (%)	Effect on profit before tax	Effect on Equity	Decrease in price (%)	Effect on profit before tax	Effect on Equity
Debt Securities	0.25	6.29	-	0.25	(6.29)	-

Impact on	2018-19					
	Increase in price (%)	Effect on profit before tax	Effect on Equity	Decrease in price (%)	Effect on profit before tax	Effect on Equity
Debt Securities	0.25	10.49	-	0.25	(10.49)	-





Edelweiss Rural & Corporate Services Limited  
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**Notes to the financial statements (continued)**

(Currency: Rupees in millions)

**55 Fair value measurement:**

**a) Valuation Principles**

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

**b) Assets and liabilities by fair value hierarchy**

The following table analyses financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised.

Particulars	31 March 2020			
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value on a recurring basis</b>				
Derivative financial instruments				
<b>Total derivative financial instruments</b>				
<b>Stock in trade</b>				
Other debt securities and preference shares	467.19	117.56	-	584.75
Mutual fund units	65.00	-	-	65.00
Equity instruments	0.33	-	-	0.33
Nifty linked debentures	-	-	163.49	163.49
<b>Total Stock in trade</b>	<b>532.52</b>	<b>117.56</b>	<b>163.49</b>	<b>813.57</b>
<b>Investments</b>				
Debt securities				
Equity instruments			35.44	35.44
Investments in Funds			595.98	595.98
Investment in Tech fund			205.09	205.09
Others	-	-	152.65	152.65
<b>Total investments measured at fair value</b>	<b>-</b>	<b>-</b>	<b>989.16</b>	<b>989.16</b>
<b>Total financial assets measured at fair value on a recurring basis</b>	<b>532.52</b>	<b>117.56</b>	<b>1,152.65</b>	<b>1,802.73</b>
<b>Property, Plant and Equipment at FVTOCI</b>				
Land and Building	-	-	2,372.32	2,372.32
<b>Grand Total</b>	<b>532.52</b>	<b>117.56</b>	<b>3,524.07</b>	<b>4,175.05</b>



Edelweiss Rural & Corporate Services Limited  
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Notes to the financial statements (continued)

(Currency: Rupees in millions)

55 Fair value measurement (continued):

Particulars	31 March 2019			
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value on a recurring basis</b>				
Derivative financial instruments	-	-	-	-
<b>Total derivative financial instruments</b>	-	-	-	-
<b>Stock in trade</b>				
Other debt securities and preference shares	2,787.79	-	4,598.22	7,386.01
Mutual fund units	95.22	-	-	95.22
Equity instruments	0.30	-	-	0.30
Nifty linked debentures	-	-	596.46	596.46
<b>Total Stock in trade</b>	<b>2,883.31</b>	<b>-</b>	<b>5,194.68</b>	<b>8,077.99</b>
<b>Investments</b>				
Debt securities	-	-	406.50	406.50
Equity instruments	-	-	105.19	105.19
Investments in Funds	-	-	595.56	595.56
Investment in Tech fund	-	-	120.62	120.62
Investment in Partnership firms	-	-	-	-
<b>Total investments measured at fair value</b>	<b>-</b>	<b>-</b>	<b>1,227.87</b>	<b>1,227.87</b>
<b>Total financial assets measured at fair value on a recurring basis</b>	<b>2,883.31</b>	<b>-</b>	<b>6,422.55</b>	<b>9,305.86</b>



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**Notes to the financial statements (continued)**

(Currency: Rupees in millions)

**55 Fair value measurement (continued):**

**Fair valuation techniques:**

**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. Company has used quoted price of national stock exchange wherever bonds are traded actively. In cases where debt securities are not activity traded Company has used CRISIL Corporate Bond Valuer model for measuring fair value.

**Equity instruments and units of Alternative Investment Funds**

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

**Derivatives**

The Company enters into derivative financial instruments with various counterparties, 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).

**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.

Company uses valuation models. Inputs to valuation models are determined from observable market (Indices) data wherever possible, including prices available from exchanges, dealers, brokers. Company classify these embedded derivatives as level 3 instruments



**Notes to the financial statements (continued)**

(Currency: Rupees in millions)

**55 Fair value measurement (continued):**

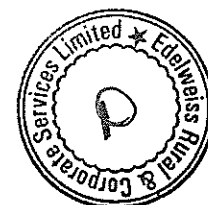
**c) Financial instruments not measured at fair value**

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. For the remaining financial assets and financial liabilities measured at amortised cost, the carrying amount approximates the fair value.

Particulars	31 March 2020				
	Total Carrying Amount	Total fair value	Level 1	Level 2	Level 3
<b>Financial assets:</b>					
Loans	12,738.32	12,727.76	-	-	12,727.76
Investments at amortised cost	2,124.01	1,318.39	-	1,318.39	-
<b>Total</b>	<b>14,862.33</b>	<b>14,046.15</b>	<b>-</b>	<b>1,318.39</b>	<b>12,727.76</b>
<b>Financial liabilities</b>					
Debt securities	38,492.59	38,697.42	-	-	38,697.42
<b>Total</b>	<b>38,492.59</b>	<b>38,697.42</b>	<b>-</b>	<b>-</b>	<b>38,697.42</b>

Particulars	31 March 2019				
	Total Carrying Amount	Total fair value	Level 1	Level 2	Level 3
<b>Financial assets:</b>					
Loans	9,171.78	9,235.55	-	-	9,235.55
<b>Total</b>	<b>9,171.78</b>	<b>9,235.55</b>	<b>-</b>	<b>-</b>	<b>9,235.55</b>
<b>Financial liabilities</b>					
Debt securities	47,523.93	48,129.40	-	-	48,129.40
<b>Total</b>	<b>47,523.93</b>	<b>48,129.40</b>	<b>-</b>	<b>-</b>	<b>48,129.40</b>

Carrying amounts of cash and cash equivalents, trade receivables, loans and trade and other payables as on March 31, 2020 approximate the fair value because of their short-term nature. Difference between carrying amounts and fair values of bank deposits, other financial assets, other financial liabilities and borrowings subsequently measured at amortised cost is not significant in each of the years presented.



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**Notes to the financial statements (continued)**

(Currency: Rupees in millions)

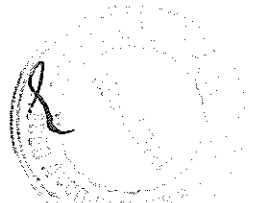
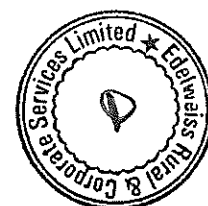
**55 Fair value measurement (continued):**

**d) Movement in financial instrument measured at fair value**

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

Particulars	Financial assets					Total
	Investments in units of AIF	Investments in unquoted equity shares (including share warrants)	Other investments classified as FVTPL	Debt Instruments classified as FVTPL	Nifty Linked Debentures	
At 1 April 2019	716.18	105.19	406.50	4,598.22	596.46	6,422.55
Purchase	-	150.90	-	-	14,376.42	14,527.32
Sales	218.79	51.78	412.28	4,585.31	12,485.20	17,753.36
Gains / (losses) for the period (2019-20) recognised in profit or loss	303.68	(16.22)	5.78	(12.91)	(2,324.19)	(2,043.86)
<b>At 31 March 2020</b>	<b>801.07</b>	<b>188.09</b>	<b>-</b>	<b>-</b>	<b>163.49</b>	<b>1,152.65</b>
Unrealised gains / (losses) related to balances held at the end of the period	295.39	(23.37)	-	-	3.22	275.24

Particulars	Financial assets					Total
	Investments in units of AIF	Investments in unquoted equity shares	Other investments classified as FVTPL	Debt Instruments classified as FVTPL	Nifty Linked Debentures	
At 1 April 2018	580.04	114.62	461.41	4,855.69	1,818.58	7,830.34
Purchase	95.05	-	-	1,461.37	8,635.18	10,191.60
Sales	-	0.02	102.60	2,342.44	9,888.62	12,333.68
Gains / (losses) for the period (2018-19) recognised in profit or loss	41.09	(9.41)	47.69	623.60	31.32	734.29
<b>At 31 March 2019</b>	<b>716.18</b>	<b>105.19</b>	<b>406.50</b>	<b>4,598.22</b>	<b>596.46</b>	<b>6,422.55</b>
Unrealised gains / (losses) related to balances held at the end of the period	45.67	(10.21)	72.79	636.08	15.17	759.50



**Notes to the financial statements (continued)**

(Currency: Rupees in millions)

**55 Fair value measurement (continued):**

**e) Unobservable inputs used in measuring fair value categorized within Level 3**

Following tables set out information about significant unobservable inputs used at respective balance sheet dates in measuring financial instruments categorised as Level 3 in the fair value hierarchy.

Type of Financial Instruments	Fair value of asset as on 31 March 2020	Valuation Techniques	Significant Unobservable input	Increase in the unobservable input (% or as the case may be)	Change in fair value	Decrease in the unobservable input (% or as the case may be)	Change in fair value
Nifty linked debentures	163.49	Fair value using Black Scholes model or Monte Carlo approach based on the embedded derivative	Market index Risk -adjusted discounted rate 4.5%- 6%	5% 1%	0.09 0.04	5% 1%	(0.07) (0.04)
Investments in units of AIF	801.07	Net Assets Approach	Fair value of underlying investments	5%	40.05	5%	(40.05)
Investments in unquoted equity shares (including share warrants)	188.09	Comparable transaction and P/E and discounted cashflow	Fair value per share	5%	9.40	5%	(9.40)
<b>Total</b>	<b>1,152.65</b>				<b>49.58</b>		<b>(49.56)</b>

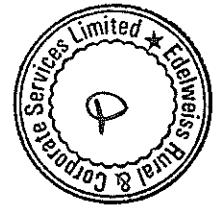


**Notes to the financial statements (continued)**

(Currency: Rupees in millions)

**55 Fair value measurement (continued):**

Type of Financial Instruments	Fair value of asset as on 31 March 2019	Valuation Techniques	Significant Unobservable input	Increase in the unobservable input (% or as the case may be)	Change in fair value	Decrease in the unobservable input (% or as the case may be)	Change in fair value
Stock in trade (Participative Non-Convertible Debentures)	4,598.22	Discounted cash flow	Expected future cash flows	5%	398.09	5%	(370.51)
			Discount rate @ 12%	0.5%	(110.99)	0.5%	121.89
Nifty linked debentures	596.46	Fair value using Black Scholes model or Monte Carlo approach based on the embedded derivative.	Market index curve	5%	0.15	5%	(0.18)
			Risk -adjusted discounted rate 5%- 6.25%	1%	0.04	1%	(0.03)
Investments in units of AIF	716.18	Net Assets Approach	Fair value of underlying investments	5%	35.81	5%	(35.81)
Investments in unquoted equity shares	105.19	Comparable transaction and P/E	Fair value per share/warrant	5%	5.26	5%	(5.26)
Other investments classified as FVTPL	406.50	Comparable transaction and P/E	Fair value of the instrument	5%	20.32	5%	(20.32)
<b>Total</b>	<b>6,422.55</b>						



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Notes to the financial statements (continued)

(Currency: Rupees in millions)

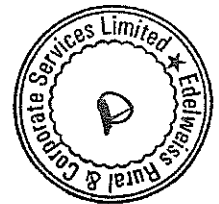
56 Derivative financial instruments:

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

Particulars	31 March 2020					Fair value of liability
	Notional		Fair value of asset	Notional		
	Unit	Notional amount*		Unit	Notional amount*	
<b>(i) Currency derivatives</b>						
-Currency Futures	Number of currency units	30.00	29.14	Number of currency units	-	
Less: Amount offset (refer note 57 - offsetting disclosure)	Number of currency units	-	(29.14)	Number of currency units	-	
<b>Total Derivative Financial Instruments</b>			-		-	-

Particulars	31 March 2019					Fair value of liability
	Notional		Fair value of asset	Notional		
	Unit	Notional amount*		Unit	Notional amount*	
<b>(i) Currency derivatives</b>						
-Currency Futures	Number of currency units	37.59	7.72	Number of currency units	4.33	0.89
Less: Amount offset (refer note 57 - offsetting disclosure)	Number of currency units	-	(7.72)	Number of currency units	-	(0.89)
<b>Total Derivative Financial Instruments</b>			-			-

\* Notional amount represents quantity of the Derivatives contracts and are reported in millions





**Notes to the financial statements (continued)**

(Currency: Rupees in millions)

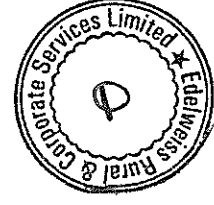
**57 Offsetting:**

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**

At 31 March 2020	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		
Derivative financial assets	29.14	29.14	-	-	-	-	Recognised in the balance sheet

At 31 March 2019	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		
Derivative financial assets	7.72	7.72	-	-	-	-	Recognised in the balance sheet



**Notes to the financial statements (continued)**

(Currency: Rupees in millions)

**57 Offsetting (continued):**

Financial liabilities subject to offsetting

At 31 March 2020	Offsetting recognised in the balance sheet			Netting potential not recognised in balance sheet		Liabilities not subject to netting arrangements Liabilities recognised on the balance sheet	Total liabilities Recognised in the balance sheet
	Gross liability before offset	Amount offset*	Net liability recognised in balance sheet	Financial assets	Liabilities after consideration of netting potential		
Derivative financial liabilities	-	-	-	-	-	-	-
At 31 March 2019	Offsetting recognised in the balance sheet			Netting potential not recognised in balance sheet		Liabilities not subject to netting arrangements Liabilities recognised on the balance sheet	Total liabilities Recognised in the balance sheet
	Gross liability before offset	Amount offset*	Net liability recognised in balance sheet	Financial assets	Liabilities after consideration of netting potential		
Derivative financial liabilities	0.89	0.89	-	-	-	-	-

\* As at the reporting date, the amount of cash margin received has been offset against the gross derivative assets. Similarly, the amount of cash margin paid has also been offset against the gross derivative liabilities.



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Notes to the financial statements (continued)

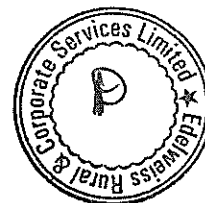
(Currency: Rupees in millions)

58 Investments:

As at 31 March 2020

Particulars	At Amortised cost (1)	At fair value			Subtotal 5 = (2+3+4)	At cost * (subsidiaries, associates, and joint ventures) (6)	Total (7)= (1+5+6)
		Through OCI (2)	Through P&L (3)	Designated at fair value through Profit or loss (4)			
(i) Debt securities	2,129.67	-	-	-	-	-	2,129.67
(ii) Equity instruments	-	-	35.44	-	35.44	-	35.44
(iii) Subsidiaries							
a) Equity	-	-	-	-	-	4,369.29	4,369.29
b) Debt securities	-	-	-	-	-	-	-
c) Preference shares	-	-	-	-	-	-	-
(iv) Other group companies							
a) Equity	-	-	-	-	-	4,333.14	4,333.14
b) Debt securities	-	-	-	-	-	-	-
c) Preference shares	-	-	-	-	-	1,508.61	1,508.61
(v) Preference shares	-	-	-	-	-	-	-
(vi) Others - Investment in Partnership Firm Group	-	-	-	-	-	4.40	4.40
(vii) Share warrants	-	-	152.65	-	152.65	-	152.65
(viii) Others - Investment in Funds	-	-	595.98	-	595.98	-	595.98
(ix) Others - Units of Tech Fund	-	-	205.09	-	205.09	-	205.09
<b>TOTAL - Gross (A)</b>	<b>2,129.67</b>	<b>-</b>	<b>989.16</b>	<b>-</b>	<b>989.16</b>	<b>10,215.44</b>	<b>13,334.27</b>
(i) Investments outside India	-	-	-	-	-	-	-
(ii) Investment in India	2,129.67	-	989.16	-	989.16	10,215.44	13,334.27
<b>Total (B)</b>	<b>2,129.67</b>	<b>-</b>	<b>989.16</b>	<b>-</b>	<b>989.16</b>	<b>10,215.44</b>	<b>13,334.27</b>
<b>Less: Allowance for impairment (C)</b>	<b>5.66</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>200.00</b>	<b>205.66</b>
<b>Total Net (A-C)</b>	<b>2,124.01</b>	<b>-</b>	<b>989.16</b>	<b>-</b>	<b>989.16</b>	<b>10,015.44</b>	<b>13,128.61</b>

\*Impairment allowances is taken basis the estimate of the fair value of the underlying assets of the said subsidiary.



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

Notes to the financial statements (continued)

(Currency: Rupees in millions)

58 Investments (continued):

Particulars	At Amortised cost (1)	At fair value			Subtotal 5 = (2+3+4)	At cost (subsidiaries, associates, and joint ventures) (6)	Total (7)= (1+5+6)
		Through OCI (2)	Through P&L (3)	Designated at fair value through Profit or loss (4)			
(i) Debt securities	1,500.00	-	406.50	-	406.50	-	1,906.50
(ii) Equity instruments	-	-	105.19	-	105.19	-	105.19
(iii) Subsidiaries							
a) Equity	-	-	-	-	-	3,369.29	3,369.29
b) Debt securities	-	-	-	-	-	-	-
c) Preference shares	-	-	-	-	-	-	-
(iv) Other group companies							
a) Equity	-	-	-	-	-	4,500.33	4,500.33
b) Debt securities	-	-	-	-	-	-	-
c) Preference shares	-	-	-	-	-	648.45	648.45
(v) Preference shares	-	-	-	-	-	-	-
(vi) Others - Investment in Partnership Firm Group	-	-	-	-	-	1.96	1.96
(vii) Others - Investment in Funds	-	-	595.56	-	595.56	-	595.56
(viii) Others - Units of Tech Fund	-	-	120.62	-	120.62	-	120.62
<b>TOTAL - Gross (A)</b>	<b>1,500.00</b>	<b>-</b>	<b>1,227.87</b>	<b>-</b>	<b>1,227.87</b>	<b>8,520.03</b>	<b>11,247.90</b>
(i) Investments outside India	-	-	-	-	-	-	-
(ii) Investment in India	1,500.00	-	1,227.87	-	1,227.87	8,520.03	11,247.90
<b>Total (B)</b>	<b>1,500.00</b>	<b>-</b>	<b>1,227.87</b>	<b>-</b>	<b>1,227.87</b>	<b>8,520.03</b>	<b>11,247.90</b>
Less: Allowance for impairment (C)	-	-	-	-	-	-	-
<b>Total Net (A-C)</b>	<b>1,500.00</b>	<b>-</b>	<b>1,227.87</b>	<b>-</b>	<b>1,227.87</b>	<b>8,520.03</b>	<b>11,247.90</b>



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

Notes to the financial statements (continued)

(Currency: Rupees in millions)

59 Income Tax:

The components of income tax expense.

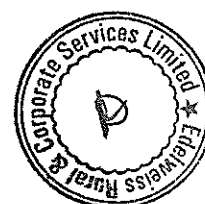
Particulars	2019-20	2018-19
Current tax	-	372.60
Adjustment in respect of current income tax of prior years	(44.13)	(11.76)
Deferred tax relating to origination and reversal of temporary differences	(1,389.89)	423.13
<b>Total tax charge</b>	<b>(1,434.02)</b>	<b>783.97</b>

Reconciliation of the total tax charge

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the years ended 31 March 2020 and 2019 is, as follows:

Particulars	2019-20	2018-19
Accounting (Loss)/ profit before tax as per financial statements	(4,006.64)	2,123.31
Tax rate (in percentage)	34.944%	34.944%
Income tax expense calculated based on this tax rate	(1,400.08)	741.97
Adjustment in respect of current income tax of prior years	(44.13)	(11.76)
Others -share of partnership firm / dividend Income	(0.83)	1.39
Penalties	1.22	0.01
Tax effect on Goodwill Amortisation	-	(16.10)
Preference shares cost	57.45	56.74
Standard Deduction and Property Tax on House Property Income	4.90	(4.91)
Effect of utilisation of tax losses or deferred tax assets on losses earlier recognised now considered not recoverable	(58.03)	16.12
Losses without DTA	-	6.60
Minimum alternate tax on book profits (incremental portion)	-	18.93
Recognition of available tax credits (for example, Minimum Alternate Tax credit)	-	(18.93)
Others (including Tax Rate changes)	5.48	(6.09)
<b>Tax charge for the year recorded in P&amp;L</b>	<b>(1,434.02)</b>	<b>783.97</b>

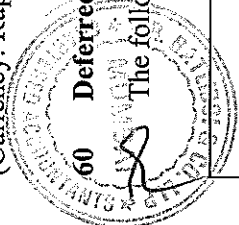
The Government of India, on 20 September 2019, vide the Taxation Laws (Amendment) Ordinance 2019 (the Ordinance), inserted a new Section 115BAA in the Income tax Act, 1961, which provides an option to the Company for paying Income tax at reduced rates. The Company is continuing status quo and in due course will evaluate whether to transit to available option under the Ordinance.



**Edelweiss Rural & Corporate Services Limited**  
(formerly known as Edelweiss Commodities Services Limited)

**Notes to the financial statements (continued)**

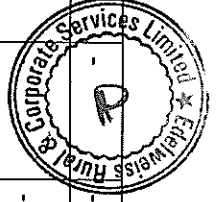
(Currency: Rupees in millions)



**60 Deferred Tax:**

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

	Movement for the period (2019-20)						Closing deferred tax asset / (liability) as per Ind AS
	Opening deferred tax asset / (liability) as per Ind AS	Recognised in profit or loss	Recognised in other comprehensive income	Recognised directly in equity	Reclassified from equity to profit or loss	Others	
Deferred taxes in relation to:							
Property, Plant and Equipment	(112.59)	39.67	(540.49)	8.36	-	-	(492.46)
Stock in trade & Investments	(241.00)	193.18	-	-	-	-	193.18
Employee benefits obligations	23.51	(0.34)	1.33	-	-	-	0.99
Fair valuation of Derivatives	1.47	(11.65)	-	-	-	-	(11.65)
Borrowings	(127.03)	2.51	-	-	-	-	2.51
Loans given	398.40	737.67	-	-	-	-	737.67
ESOP cost	-	-	-	-	-	-	-
Unused tax losses (including but not limited to business losses, unabsorbed depreciation)	41.17	370.04	-	-	-	-	370.04
Unused tax credits (including but not limited to Minimum Alternate Tax credit)	427.17	57.92	-	-	-	-	57.92
Share of profit from partnership firm	-	-	-	-	-	-	-
Reversal of fee income	86.80	-	-	-	-	-	86.80
Capitalised borrowing costs on building	(34.72)	-	-	-	-	-	(34.72)
Others (share issuance expenses, lease equalisation reserve etc)	0.83	0.89	-	-	-	-	0.89
<b>Total</b>	<b>464.01</b>	<b>1,389.89</b>	<b>(539.16)</b>	<b>8.36</b>	<b>-</b>	<b>-</b>	<b>859.09</b>



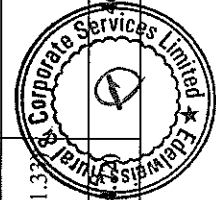
Edelweiss Rural & Corporate Services Limited  
(formerly known as Edelweiss Commodities Services Limited)

Notes to the financial statements (continued)

(Currency: Rupees in millions)

60 Deferred Tax (continued):

	Movement for the period (2018-19)						Closing deferred tax asset / (liability) as per Ind AS
	Opening deferred tax asset / (liability) as per Ind AS	Recognised in profit or loss	Recognised in other comprehensive income	Recognised directly in equity	Reclassified from equity to profit or loss	Others	
Deferred taxes in relation to:							
Property, Plant and Equipment	(123.75)	11.16	-	-	-	-	11.16 (112.59)
Stock in trade & Investments	(9.14)	(231.86)	-	-	-	-	(231.86) (241.00)
Employee benefits obligations	54.07	(32.75)	2.19	-	-	-	(30.56) 23.51
Fair valuation of Derivatives	10.32	(8.85)	-	-	-	-	(8.85) 1.47
Borrowings	21.73	(148.76)	-	-	-	-	(148.76) (127.03)
Loans given	705.40	(307.00)	-	-	-	-	(307.00) 398.40
ESOP cost	48.95	-	-	(48.95)	-	-	(48.95) -
Unused tax losses (including but not limited to business losses, unabsorbed depreciation)	23.17	18.00	-	-	-	-	18.00 41.17
Unused tax credits (including but not limited to Minimum Alternate Tax credit)	154.09	297.91	-	-	-	(24.83)	273.08 427.17
Share of profit from partnership firm	21.40	(21.40)	-	-	-	-	(21.40) -
Reversal of fee income	86.80	-	-	-	-	-	- 86.80
Capitalised borrowing costs on building	(36.47)	1.75	-	-	-	-	1.75 (34.72)
Others (share issuance expenses, lease equalisation reserve etc)	2.16	(1.33)	-	-	-	-	(1.33) 0.83
<b>Total</b>	<b>958.73</b>	<b>(423.13)</b>	<b>2.19</b>	<b>(48.95)</b>	<b>-</b>	<b>(24.83)</b>	<b>(496.02)</b> <b>64.01</b>



**Notes to the financial statements (continued)**

(Currency: Rupees in millions)

**61 Credit Quality:**

The table below shows the credit quality and the maximum exposure to credit risk based on the Company's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Company's internal grading system are explained in Note 55 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 55.

Particulars	31 March 2020			31 March 2019		
	At amortised cost	At FVTPL	Total	At amortised cost	At FVTPL	Total
Loans						
Corporate & retail loan	25,201.56	-	25,201.56	24,731.29	-	24,731.29
Gross Total	25,201.56	-	25,201.56	24,731.29	-	24,731.29
Less: Impairment loss allowance *	2,895.39	-	2,895.39	482.92	-	482.92
Net Loans	22,306.17	-	22,306.17	24,248.37	-	24,248.37

\*The Company has made an assessment for recoverability of loans given to its subsidiaries which reasonably indicates the recoverability of the loan given except for in case of one subsidiary wherein the Company has taken an impairment provision of Rs.1,600 millions basis the estimate of the fair value of the underlying assets of the said subsidiary and the economic impact on its business.

**Gross carrying amount of loan assets allocated to Stage 1, Stage 2, Stage 3**

Particulars	31 March 2020			31 March 2019				
	Stage I	Stage II	Stage III	Total	Stage I	Stage II	Stage III	Total
Loans (at amortised cost)								
Performing								
High grade	22,812.68	-	-	22,812.68	21,466.27	-	-	21,466.27
Standard grade	-	-	-	-	-	2,722.59	-	2,722.59
Substandard grade	-	-	-	-	-	-	-	-
Non-performing								
Impaired	-	-	2,388.88	2,388.88	-	-	542.43	542.43
Total	22,812.68	-	2,388.88	25,201.56	21,466.27	2,722.59	542.43	24,731.29





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

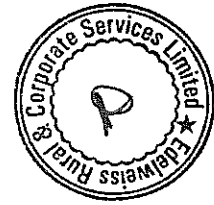
Notes to the financial statements (continued)

(Currency: Rupees in millions)

61 Credit Quality (continued):

Reconciliation of changes in gross carrying amount and allowances for expected credit loss

Particulars	Non-credit impaired			Credit impaired		Total	
	Stage I	Stage II	Stage III	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL
As at 1 April 2018 (i.e. 31 March 2018)	72,968.17	132.50	7,261.52	1,033.58	558.14	81,263.27	947.08
Transfers:	(979.05)	(3.53)	979.05	-	-	-	-
Transfers to 12 Month ECL (Stage 1)	(979.05)	(3.53)	979.05	-	-	-	-
Transfers to lifetime ECL (Stage 2)	-	-	-	-	-	-	-
Transfers to lifetime ECL- Credit impaired (Stage 3)	-	-	-	-	-	-	-
Net new and further lending/ (repayments)	(50,522.85)	5.95	(5,517.98)	(7.17)	(61.58)	(56,048.00)	(237.89)
Amounts written off (net)	-	-	-	(483.98)	(226.27)	(483.98)	(226.27)
As at 31 March 2019	21,466.27	134.92	2,722.59	542.43	270.29	24,731.29	482.92



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

Notes to the financial statements (continued)

(Currency: Rupees in millions)



61 Credit Quality (continued):

Particulars	Non-credit impaired			Credit impaired			Total		
	Stage I	Stage II	Stage III	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL
As at 1 April 2019	21,466.27	134.92	77.71	2,722.59	77.71	542.43	270.29	24,731.29	482.92
<b>Transfers:</b>									
1) Transfers to 12 Month ECL (Stage I)	-	-	-	-	-	-	-	-	-
2) Transfers to lifetime ECL (Stage II)	-	-	-	-	-	-	-	-	-
Transfers to lifetime ECL- Credit impaired (Stage 3)	(516.95)	(123.80)	(77.71)	(2,722.59)		3,239.54	201.51	-	-
Net new and further lending/ repayments	1,863.36	1,608.80	-	-	-	(850.66)	1,073.96	1012.70	2,682.76
Amounts written off	-	-	-	-	-	(542.43)	(270.29)	(542.43)	(270.29)
As at 31 March 2020	22,812.68	1,619.92	-	-	-	2,388.88	1,275.47	25,201.56	2,895.39



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

Notes to the financial statements (continued)

(Currency: Rupees in millions)

62 Other Disclosures:

i) Change in liabilities arising from financing activities

Below table shows changes in liabilities arising from financing activities during the reporting period

Particulars	1 April 19	Cash flows	Finance costs during the year	31 March 20
Debt securities	48,503.37	(14,039.85)	4,029.07	38,492.59
Borrowings other than debt securities	1,327.20	1513.17	952.97	3,793.34
Deposits	33.98	(34.78)	0.80	0.00
Subordinated liabilities	1,799.85	381.59	115.90	2,297.34
<b>Total liabilities from financing activities</b>	<b>51,664.40</b>	<b>(12,179.87)</b>	<b>5,098.74</b>	<b>44,583.27</b>

Particulars	1 April 18	Cash flows	Finance costs during the year	31 March 19
Debt securities	1,06,596.11	(66,737.60)	8,644.86	48,503.37
Borrowings other than debt securities	1,000.84	(203.09)	529.45	1,327.20
Deposits	3,026.17	(3,050.85)	58.66	33.98
Subordinated liabilities	1,679.21	(122.53)	243.17	1,799.85
<b>Total liabilities from financing activities</b>	<b>1,12,302.33</b>	<b>(70,114.07)</b>	<b>9,476.14</b>	<b>51,664.40</b>

ii) Revenue from contract with customers

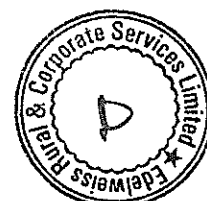
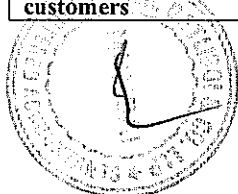
Below is the disaggregation of the revenue from contracts with customers and its reconciliation to amounts reported in statement of profit and loss:

For the year ended 31 March 2020

Particulars	Nature	Fees and commission income
Service transferred at a point in time	Agri Shared Services (ASC), Real Estate Advisory Practice (REAP) and Others	302.33
Service transferred over time	Enterprise cost sharing	1,457.18
<b>Total revenue from contract with customers</b>		<b>1,759.51</b>

For the year ended 31 March 2019

Particulars	Nature	Fees and commission income
Service transferred at a point in time	Agri Shared Services (ASC), Real Estate Advisory Practice (REAP) and Others	317.91
Service transferred over time	Enterprise cost sharing	1,594.64
<b>Total revenue from contract with customers</b>		<b>1,912.55</b>



**Notes to the financial statements (continued)**

(Currency: Rupees in millions)

**63 Estimation of uncertainties relating to the global health pandemic from COVID-19**

The outbreak of COVID-19 virus continues to spread across the globe including India, resulting in significant volatility in financial markets and a significant decrease in global and India's economic activities. On 11 March 2020, this outbreak was declared a global pandemic by the World Health Organization. On 24 March 2020, the Indian Government announced a 21 – days lockdown which was further extended till 31 May 2020 across the nation to contain the spread of the virus and still continues to be across many parts of the country in India. The pandemic and its consequent adverse effect on the economy also adversely impacted the financial markets. In preparing these financial statements, the Company's management has assessed the impact of the pandemic on its operations and its assets including the value of its investments as at 31 March 2020 based on estimate of the future results and various internal and external information available up to the date of approval of these financial statements. The estimates as at the date of approval of these financial results may differ based on the ongoing impact of the pandemic and the timing of the improvement in the economy and the financial markets.

**64 Rounding of amounts**

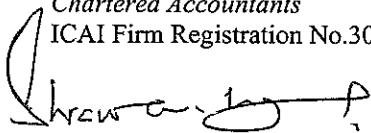
All amounts disclosed in the financial statements and notes have been rounded off to the nearest million as per the requirements of Schedule III, unless otherwise stated.

**65 Previous year comparatives**

Previous year's figures have been regrouped and rearranged wherever necessary to confirm to current year's presentation / classification.

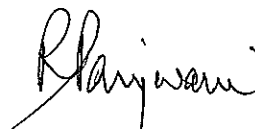
As per our report of even date attached.

For S.R. Batliboi & Co. LLP  
Chartered Accountants  
ICAI Firm Registration No.301003E/E300005

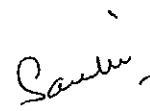


per Shrawan Jalan  
Partner  
Membership No.: 102102

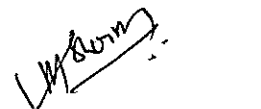
For and on behalf of the Board of Directors  
Edelweiss Rural & Corporate Services Limited



Rujan Panjwani  
Executive Director  
DIN.: 00237366



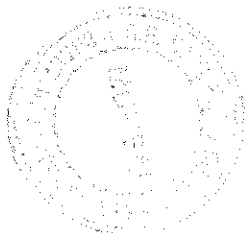
Santosh Dadheech  
Executive Director  
DIN.: 00196204



Manoj Sharma  
Chief Financial Officer



Rupa Agarwal  
Company Secretary



Mumbai  
03 July 2020

Mumbai  
03 July 2020

