

Edelweiss Retail Finance Limited

Corporate Identity Number: U67120MH1997PLC285490

Financial Statement for the year ended March 31, 2017

Edelweiss Retail Finance Limited

Financial Statement for the year ended March 31, 2017

Board of Directors

Mr. Mitul Bhagvandas Shah	- Independent Director
Mr. Sanjay Nathalal Shah	- Independent Director
Mr. Anil Kothuri	Non-Executive Director
Mr. Krishnaswamy Siddharth	Non-Executive Director
Ms. Shalinee Mimani	Non-Executive Director

Chief Executive Officer

Mr. Arun Kumar Nayyar

Chief Financial Officer

Mr. Vineet Mahajan

Company Secretary

Ms. Sudipta Majumdar

Statutory Auditors

B S R & Associates LLP

Registered Office

Edelweiss House,
OFF C.S.T. Road, Kalina,
Mumbai- 400 098.
Corporate Identity No.:
U67120MH1997PLC285490
Tel: +91 22 4009 4400;
Fax: +91 22 4019 4925;
Email: Rfcompliance@edelweissfin.com

Debenture Trustee

IDBI Trusteeship Services Limited
Asian Building, Ground Floor,
17, R. Kamani Marg, Ballard Estate,
Mumbai – 400 001, Maharashtra
Tel: 022- 4080 7000
Fax: 022 6631 1776/ 4080 7080
E-mail: itsl@idbitrustee.com
Website: www.idbitrustee.com

Registrar & Transfer Agent

Link Intime India Pvt Ltd
C 101, 247 Park , L B S Marg, Vikhroli West,
Mumbai 400 083, Maharashtra, India
Tel No: +91 22 49186000
Fax: +91 22 49186060
E-mail : ganesh.jadhav@linkintime.co.in
Website: www.linkintimeco.in

BOARD'S REPORT

To the Members of Edelweiss Retail Finance Limited,

The Directors hereby present their 20th Annual Report on the business, operations and the state of affairs of the Company together with the audited financial statement for the year ended March 31, 2017:-

Financial Highlights

(₹ in million)

Particulars	2016-17	2015-16
Total Income	2,535.34	1,614.72
Total Expenditure	2,046.04	1,235.43
Profit before tax	489.30	379.29
Provision for tax (including Deferred Tax)	169.84	132.27
Profit after tax	319.46	247.02
Add: Profit and Loss account balance brought forward from previous year	259.80	62.19
Profit available for appropriation	579.26	309.21
Transfer to Special Reserve under Section 45-IC of the RBI Act, 1934	63.89	49.40
Surplus carried to Balance Sheet	515.37	259.80

Dividend

Your Directors do not recommend any dividend for the financial year ended March 31, 2017. Out of profit for the year, ₹ 63.89 million has been transferred to Special Reserve under Section 45-IC of the RBI Act, 1934 and the balance has been transferred to Reserves & Surplus.

Information on the state of affairs of the Company

Information on the operational and financial performance, among others, is given in the Management Discussion and Analysis Report as annexed to this Report as **Annexure B** and is in accordance with the provisions of the RBI Circular Nos. RBI/2014-15/299 DNBR (PD) CC.No.002/03.10.001/2014-15 dated November 10, 2014 and DNBR (PD) CC. No. 029/03.10.001/ 2014-15 April 10, 2015 on Revised Regulatory Framework for NBFC.

Holding/Subsidiary Company

M/s. Edelcap Securities Limited (holding 76.66%) is the Holding Company of the Company. M/s Edelweiss Financial Services Limited is holding 14.24% equity of the Company, which is also holding 100 % equity of Ecap Equities Limited who in turn holds 100 % equity in. Edelcap Securities Limited. Indirectly, Company is a subsidiary of Edelweiss Financial Services Limited. The Company does not have any subsidiary or Associate Company.

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Share Capital

During the year under review, the Company had allotted 30,00,000 Equity Shares of ₹ 10 for cash at a premium of ₹ 78 per share to Edelweiss Finvest Private Limited on August 31, 2016 on Private placement basis.

Consequently, the Paid-up Share Capital and Authorised Share Capital of the Company stands at ₹ 329.50 million and ₹ 500 million respectively.

Debenture Redemption Reserve

In respect of privately placed Non-Convertible Debentures (NCD), no Debenture Redemption Reserve (DRR) is required in terms of the clarification issued by Ministry of Corporate Affairs by Notification dated June 18, 2014 as the Company is registered as Non-Banking Finance Company with Reserve Bank of India.

There were Nil non-convertible debentures which have not been claimed by the Investors or not paid by the Company after the date on which the non-convertible debentures became due for redemption.

Finance

Your Company continued to borrow funds from various Banks. The Company enjoys credit rating from various Rating Agencies. The credit ratings reflect the Company's financial discipline and prudence. The details of the credit ratings are furnished in the Notes to the Financial Statements.

Loans, Investments and Guarantees

Particulars of loans given and investments made are provided in the Notes to the Financial Statements. During the year under review, the Company has given guarantee amounting to ₹ 364.68 million as credit enhancement for Unsecured Business Loans pool securitized by the Company.

Material changes and commitments, if any, affecting the financial position of the company

There has been no Material changes and Commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statement relate (i.e. March 31, 2017) and the date of the report i.e. May 16, 2017.

Extract of the Annual Return

In accordance with the provisions of Section 92 of the Companies Act, 2013 and the Rules framed thereunder, the extract of the Annual Return in the prescribed Form MGT - 9 is provided in **Annexure A** to this Report.

Related Party Transactions

The particulars of contracts or arrangements with related parties referred to in Section 188 (1) of Act are provided in the Form AOC-2 under **Annexure-C** which forms part of this Report. All the Related Party Transactions entered by the Company are on arm's length basis and in

the ordinary course of business. All the Related Party Transactions as required under AS-18 are reported in the Notes to the Financial Statements.

The company has also framed the related party transaction policy in this regard and copy of the same is enclosed and marked as **Annexure-C.1**. The Policy is uploaded on the Company's website at the link: <https://www.edelweissretailfin.com>

Internal Control System and Internal Financial Controls

The Company has in place adequate internal financial control with reference to financial statement. The Company also has an Internal Control System, commensurate with the size, scale and complexity of its operations.

Directors and Key Managerial Personnel

i. Board of Directors

At present the Board of Directors consists of Mr. Mitul Bhagvandas Shah, Mr. Sanjay Nathal Shah, Mr. Anil Kothuri, Mr. Krishnaswamy Siddharth and Ms. Shalinee Mimani.

In accordance with the provisions of Section 149 of the Companies Act, 2013, the Independent Directors have given requisite declaration that they meet the criteria of independence as provided in the said section.

ii. Retirement by Rotation of the Directors

Mr. Anil Kothuri retires by rotation at the forthcoming Annual General Meeting and, being eligible, offers himself for re-appointment.

iii. Key Managerial Personnel

The Company has following persons Key Managerial Personnel (KMPs) of the Company as per provisions of the Companies Act, 2013 (the Act) and the Rules framed thereunder:-

Mr. Arun Kumar Nayyar - Chief Executive Officer
Mr. Vineet Mahajan - Chief Financial Officer
Ms. Sudipta Majumdar - Company Secretary

Board Meetings

During the financial year 2016-17, four (4) board meetings were held: May 12, 2016, August 6, 2016, November 8, 2016 and February 8, 2017. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

Committees of the Board

The following are 9 Committees constituted by the Board:

- i) Audit Committee;
- ii) Risk Management Committee;
- iii) Asset Liability Management Committee;

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- iv) Corporate Social Responsibility Committee;
- v) Nomination & Remuneration Committee;
- vi) Operations Committee;
- vii) Resource Mobilization Committee;
- viii) Investment Committee;
- ix) Identification Committee; and
- x) Review Committee.

The Composition of Board and Committees were as under:

S. No.	Name	Designation
1	Mr. Mitul Bhagvandas Shah	Independent Director
2	Mr. Sanjay Nathalal Shah	Independent Director
3	Mr. Anil Kothuri	Non-Executive Director
4	Mr. Krishnaswamy Siddharth	Non-Executive Director
5	Ms. Shalinee Mimani	Non-Executive Director

S. No.	Name of the Committee	Composition
1.	Audit Committee	1. Mr. Anil Kothuri
		2. Mr. Sanjay Nathalal Shah
		3. Mr. Mitul Bhagvandas Shah
2.	Risk Management Committee	1. Mr. Anil Kothuri
		2. Mr. Krishnaswamy Siddharth
		3. Ms. Shalinee Mimani
		4. Mr. Vineet Mahajan
		5. Mr. Arun Kumar Nayyar
		6. Mr. Karthik Balasubramanian
		7. Mr. Sachin Bawari
3.	ALCO Committee	1. Mr. Anil Kothuri
		2. Mr. Krishnaswamy Siddharth
		3. Mr. Arun Nayyar
		4. Mr. Vincet Mahajan
		5. Ms. Shalinee Mimani
		6. Mr. Vikas Mohan Srivastava
		7. Mr. Karthik Balasubramanian
		8. Mr. Sanjay Mishra
		9. Mr. Sachin Bawari
		10. Ms. Sudipta Majumdar
4.	Nomination & Remuneration Committee	1. Mr. Sanjay Nathalal Shah
		2. Mr. Mitul Bhagvandas Shah
		3. Mr. Krishnaswamy Siddharth

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5.	Corporate Social Responsibility Committee	1. Mr. Anil Kothuri
		2. Mr. Krishnaswamy Siddharth
		3. Mr. Sanjay Nathalal Shah
6.	Operations Committee	1. Mr. Anil Kothuri
		2. Mr. Krishnaswamy Siddharth
		3. Ms. Shalinee Mimani
7.	Resource Mobilization Committee	1. Mr. Anil Kothuri
		2. Mr. Krishnaswamy Siddharth
		3. Mr. Vineet Mahajan
8.	Investment Committee	1. Mr. Anil Kothuri
		2. Mr. Krishnaswamy Siddharth
		3. Mr. Vineet Mahajan
		4. Mr. Arun Nayyar
9.	Identification Committee	1. Mr. Krishnaswamy Siddharth
		2. Ms. Shalinee Mimani
		3. Mr. Sachin Bawari
10.	Review Committee	1. Mr. Arun Kumar Nayyar
		2. Mr. Mitul Bhagvandas Shah
		3. Mr. Sanjay Nathalal Shah

Committee Meetings

Table containing details of meetings of Board and various committees along with dates are as below:

<u>S. No</u>	<u>Board/ Committee Name</u>	<u>No. of meetings</u>	<u>Date of Meetings</u>
1	Board Meetings (BM)	4	May 12, 2016 August 06, 2016 November 08, 2016 February 08, 2017
2	Audit Committee (ACM)	4	May 12, 2016 August 06, 2016 November 08, 2016 February 08, 2017
3	Risk Committee (RMC)	4	May 12, 2016 August 05, 2016 November 04, 2016 February 06, 2017

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4	ALCO Committee (ALCO)	10	May 13, 2016 June 10, 2016 August 10, 2016 September 13, 2016 October 14, 2016 November 14, 2016 December 19, 2016 January 12, 2017 February 17, 2017 March 16, 2017
5	Corporate Social Responsibility Committee (CSR)	2	May 12, 2016 February 06, 2017
6	Operations Committee (OC)	8	April 22, 2016 June 24, 2016 August 06, 2016 August 31, 2016 October 10, 2016 November 08, 2016 February 08, 2017 March 21, 2017

Note: No meeting held for Nomination & Remuneration Committee, Resource Mobilization Committee, Investment Committee, Identification Committee and Review Committee.

ATTENDANCE OF DIRECTORS/MEMBERS AT BOARD AND COMMITTEE MEETINGS

As per Standard 9 of the Secretarial Standard on Meetings of the Board of Director ('SS-1') issued by the Institute of Company Secretaries of India ('ICSI'), the attendance of Directors at Board and Committee meetings held during the financial year 2016-17 is provided as under:

Name of Director	BM		ACM		RMC		ALCO		CSR		OC	
	H	A	H	A	H	A	H	A	H	A	H	A
Anil Kothuri	4	4	4	4	4	3	10	7	2	2	8	8
K. Siddharth	4	2	NA	NA	4	2	10	8	2	1	8	7
Shalinee Mimani	4	4	NA	NA	4	4	10	10	NA	NA	8	8
Mitul Bhagvandas Shah	4	4	4	4	NA	NA	NA	NA	NA	NA	NA	NA
Sanjay Nathalal Shah	4	4	4	4	NA	NA	NA	NA	2	1	NA	NA

H- Held; A- Attended

Remuneration Policy

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

Evaluation of the Performance of the Board

The Board has formulated an Evaluation Policy (the Policy) for evaluating the performance of the Board, Managing Director, Executive Directors, Independent Directors, Non-executive Directors and its Committees. Based on the same, the performance was evaluated for the financial year ended March 31, 2017.

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

Directors' Responsibility Statement

Pursuant to Section 134 of the Companies Act, 2013 (the Act), your Directors confirm that:-

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) we had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2017 and of the profit of the Company for the financial year ended on that date;
- (iii) proper and sufficient care had been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the annual accounts have been prepared on a going concern basis;
- (v) internal financial controls have been laid down and the same are adequate and were operating effectively; and
- (vi) we have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Audit Committee

The Audit Committee of the Board of Directors of the Company comprises of the following Directors:-

Mr. Mitul Bhagvaridas Shah - Independent Director

Mr. Sanjay Nathalal Shah - Independent Director

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Mr. Anil Kothuri

- Non Executive Director

The majority of the members of the Committee are Independent Directors and have financial management expertise. The constitution and terms of reference of the Committee are in compliance with the requirements of Section 177 of the Companies Act, 2013.

Corporate Social Responsibility Committee (CSR Committee)

In accordance with the provisions of the Section 135 of the Companies Act, 2013, the Board of Directors of the Company has constituted the Corporate Social Responsibility Committee (CSR Committee) comprising of the following Directors as its members:-

Mr. Sanjay Nathalal Shah	- Independent Director
Mr. Anil Kothuri	- Non Executive Director
Mr. Krishnaswamy Siddharth	- Non Executive Director

The constitution and terms of reference of the CSR Committee include the matters specified in Section 135 of the Act.

The CSR Policy of the Company is uploaded on www.edelweissretailfin.com. Further details in this regard are provided in Annexure E to this Report.

The Company is a subsidiary of Edelcap Securities Limited and it is a subsidiary of Edelweiss Financial Services Limited. Edelweiss group is conscious of its Corporate Social Responsibility and, had accordingly established a CSR arm, "EdelGive Foundation" in the year 2008. As an amount of Rs. 115.68 million (representing more than 2% of the consolidated profit of the group) was spent towards CSR activities during the year ended March 31, 2017, the Company has not incurred the prescribed CSR expenditure on a standalone basis during the year ended March 31, 2017.

Auditors & Auditors Report

The members of the Company at the 17th Annual General Meeting (AGM) of the Company held on August 4, 2014, had appointed B S R & Associates LLP, Chartered Accountants, as the Auditors of the Company till the conclusion of the 20th AGM of the Company to be held in the year 2017, subject to ratification of their appointment at every AGM.

They have shown their unwillingness for their re-appointment at ensuing Annual General Meeting. Board accordingly recommends the appointment of M/s Price Waterhouse LLP as statutory auditors of the Company for period of 5 years subject to ratification of their appointment in every annual general meeting.

The Company has received the consent from the Auditors and confirmation to the effect that they are not disqualified to be appointed as the Auditors of the Company in terms of the provisions of the Companies Act, 2013 and rules made thereunder.

The Auditors' Report is without any qualification, adverse remark, reservation or disclaimer. The observations of the Auditors in their report read together with the Notes on Accounts are

self-explanatory and therefore, in the opinion of the Directors, do not call for any further explanation.

Secretarial Audit

The Board had appointed M/s. Sanjay Grover & Associates, Company Secretaries, as Secretarial Auditor, to conduct the secretarial audit for the financial year ended March 31, 2017. The Report of the Secretarial Auditor is provided as an Annexure F to this Report.

Sexual harassment of Women at Workplace

The Company has framed a Policy on Prevention of Sexual Harassment at workplace. There were no cases reported during the year ended March 31, 2017 under the Policy.

Disclosure pertaining to Remuneration

Disclosure pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is enclosed with this report as Annexure-G & G.1.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings / Outgo

A. CONSERVATION OF ENERGY

- (i) the steps taken or impact on conservation of energy - The operations of your Company are not energy-intensive. However, adequate measures have been initiated for conservation of energy.
- (ii) the steps taken by the Company for utilising alternate source of energy - though the operations of the Company are not energy intensive, the Company shall explore alternative source of energy, as and when the necessity arises.
- (iii) the capital investment on energy conservation equipments - Nil

B. TECHNOLOGY ABSORPTION

- (i) the efforts made towards technology absorption - The minimum technology required for the business has been absorbed.
- (ii) the benefits derived like product improvement, cost reduction, product development or import substitution - Not Applicable
- (iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) - Not Applicable
 - (a) the details of technology imported;
 - (b) the year of import;
 - (c) whether the technology been fully absorbed; and
 - (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof
- (iv) the expenditure incurred on Research and Development - Not Applicable

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year under review, there were no foreign exchange earnings and outgo (previous year: nil).

Other Disclosure

No disclosure is required in respect of the details relating to the deposits covered under Chapter V of the Companies Act, 2013, issue of Equity Shares with differential rights as to dividend, voting or otherwise, sweat Equity Shares, as there were no transactions on these matters during the year ended March 31, 2017. There were no significant or material order passed by any regulator or court or tribunal which would impact the status of the Company as a going concern and the operations in future.

Risk Management

The Risk Management Committee constituted by the Board of Directors of the Company has framed and implemented a Risk Management Policy.

Whistle Blower Policy/Vigil Mechanism

The Company has a Whistle Blower Policy for employees to report genuine concerns/grievances. The Policy provides for the adequate safeguards against the victimization of the employees who use the vigil mechanism. The vigil mechanism is overseen by the Audit Committee.

Resource Mobilization

Your Company continued to borrow funds in the form of Term loan and Working Capital from banks and in the form of Non Convertible Debentures (NCDs) on private placement basis.

Your Company has been able to avail new long term loans from Banks amounting to Rs. 1,750 million with tenor up to 5 years.

Your Company has striven to work within the ALM requirements as prescribed by Reserve Bank of India (RBI) and approved by the Board.

Non-Convertible Debentures (NCDs)

During the year under review, no new NCDs were issued during the year.

During the year under review, NCDs amounting to Rs. 200 crores were due for redemption, which have been redeemed by your Company on its due date.

Subordinate Debt

During the year under review, your Company also completed issuance of Unsecured Subordinate Non-Convertible Debenture aggregating to Rs. 120 million on a private placement basis. The NCDs are listed on BSE. The Subordinate Debt issuance is for a tenor of 10 years and the issuance has helped to augment the long term capital requirements of your Company. During the year under review, NCDs were neither due nor outstanding for redemption.

Ratings

Your Company's long term and short term debt instruments and bank loans are rated by Brickworks, ICRA and CARE, which are as under:

Nature of Borrowing	ICRA	CARE	Brickwork
Short Term Debt	A1+	A1+	-
Non-Convertible Debentures	AA/Stable	AA	BWR AA+
Bank Loan Facilities	AA/Stable	AA	-
Sub Debt	AA/Stable	AA	-

Securitization of Loans

During the current year, your Company entered into securitization transaction through PTC route of Unsecured Business Loans amounted to Rs. 3,298.44 million. Your Company plans to securitize regularly going forward.

Branch Expansion

During the year under review, the Company opened 5 new branch offices and as at March 31, 2017, the Company had network of 20 branches.

Public Deposits

The Company did not accept any public deposits during the year under review. Therefore, the disclosures as required under the Companies Act, 2013 and the Rules framed thereunder and RBI Directions are not applicable.

Statutory Disclosures

None of the Directors of your Company is disqualified as per provision of section 164(2) of the Companies Act, 2013. The Directors of the Company have made necessary disclosures, as required under various provisions of the Companies Act, 2013.

Human Resource-Initiatives

During the year under review, a lot of focus was given to engaging employees at the branch level by conducting structured interactions at the branch manager level and sharing the company's long term perspective and their role within. New behavioural training programs were introduced to widen the scope of learning and development activity. The employee

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engagement survey done at the corporate level continued to reveal high scores strengthening our value of people first even further.

Acknowledgments

The Board of Directors wish to acknowledge the continued support extended and guidance given by Reserve Bank of India, Securities and Exchange Board of India, Stock Exchanges, Ministry of Corporate Affairs, Banks, other Government authorities and other stakeholders. The Board would like to acknowledge the support of its clients and members. Your Directors would also like to take this opportunity to express their appreciation for the dedicated efforts of the employees of the Company.

For and on behalf of the Board of Directors
Edelweiss Retail Finance Limited


Anil Kothari
Director
DIN: 00177945
K Siddharth
Director
DIN: 02463804

Mumbai, May 16, 2017

Annexure A**Form No. MGT-9****EXTRACT OF ANNUAL RETURN****As on the financial year ended on 31st March, 2017****[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies
(Management and Administration) Rules, 2014]****I. REGISTRATION AND OTHER DETAILS:**

CIN	U67120MH1997PLC285490
Registration Date	February 18, 1997
Name of the Company	EDELWEISS RETAIL FINANCE LIMITED
Category / Sub-Category of the Company	Category: Public Company limited by shares Subcategory: Indian Non-government Company
Address of the Registered office and contact details	Edelweiss House, Off C.S.T. Road, Kalina, Mumbai- 400098, Maharashtra; Tel: +91 22 4009 4400; Fax: +91 22 40194925; E-mail: Rfcompliance@edelweissfin.com Website: www.edelweissretailfin.com
Whether listed company Yes / No	The Non-convertible Debentures of the Company are listed on BSE Limited
Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India Private Limited C 101, 247 Park , L B S Marg, Vikhroli West, Mumbai 400 083, Maharashtra, India; Tel No: +91 22 49186000 Fax: +91 22 49186060

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the Company
•	Financing activity	649	92.22

As per National Industrial Classification- Ministry of Statistics and Programme Implementation
 \$ On the basis of Gross Income

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

Sr. No	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Edelcap Securities Limited(ESL) Address:2nd Floor, MB Towers, Plot No 5, Road No 2, Banjara Hills, Hyderabad - 500034	U67120AP2008PLC057145	Holding	76.66	2(46)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	De ma t	Physical	Total	% of total Sha res	De ma t	Physical	Total	% of total Shares	
A. Promoters									
(1) Indian									
a) Individual /HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-

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c) State Govt (s)	-	-	-	-	-	-	-	-	-
d) Body corporate	-	29,950,000	29,950,000	100	-	32,950,000	32,950,000	100	Nil
e) Banks / FI	-	-	-	-	-	-	-	-	-
d) Any other	-	-	-	-	-	-	-	-	-
Sub-total (A) (1):-	-	29,950,000	29,950,000	100	-	32,950,000	32,950,000	100	Nil
(2) Foreign									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other - Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A) (2):-	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A) = (A)(1) + (A)(2)	-	29,950,000 *	29,950,000 *	100	-	32,950,000 *	32,950,000	100	Nil
B. Public Shareholding	-	-	-	-	-	-	-	-	-
1. Institutions	-	-	-	-	-	-	-	-	-
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-									
2. Non-Institutions									
a) Bodies Corporate	-	-	-	-	-	-	-	-	-
Indian	-	-	-	-	-	-	-	-	-
Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
• Individual shareholders holding nominal share capital	-	-	-	-	-	-	-	-	-

upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-
• Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B)=(B)(1)+(B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	29,950,000*	29,950,000*	100	-	32,950,000*	32,950,000	100	Nil

* Includes six individual shareholders who are holding one share each as nominee of Edelcap Securities Limited.

(ii) Shareholding of Promoters

Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the Year			
	No. Of Shares	% of Total Shares of the company	% of Shares Pledged/ Encumbered to total shares	No. of Shares	% of Total Shares of the company	% of Shares Pledged/ encumbered to total shares	% change In share holding during the year
Edelcap Securities Limited*	25,258,333	84.34	Nil	25,258,333	76.66	Nil	(7.68)
Edelweiss Financial Services Limited	4,691,667	15.66	Nil	4,691,667	14.24	Nil	(1.42)
Edelweiss Finvest Private Limited	Nil	-	-	30,00,000	9.10	Nil	9.10
Total	29,950,000	100	Nil	32,950,000	100	Nil	Nil

* Includes six individual shareholders who are holding one share each as nominee of Edelcap Securities Limited.

Edelweiss Retail Finance Limited

Corporate Identity Number: U67120MH1997PLC285490

Registered Office: Edelweiss House, Off. C.S.T Road, Kalina, Mumbai-400098, Maharashtra ☎ +91 22 4009 4400 ☎ +91 22 4019 4925

www.edelweisssretailfin.com

(iii) Change in Promoters' Shareholding during the FY 2016-17:

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Edelcap Securities Limited*				
	At the beginning of the year	25,258,333	84.34	25,258,333	76.66
	Date wise Increase /Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer /bonus/ sweat equity etc)	Allotment of 30,00,000 equity shares on August 31,2016 to Edelweiss Finvest Private Limited	(7.68)	NA	(7.68)
	At the End of the year	2,52,58,333	84.34	2,52,58,333	76.66
2	Edelweiss Financial Services Limited				
	At the beginning of the year	46,91,667	15.66	46,91,667	15.66
	Date wise Increase /Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer /bonus/ sweat equity etc).	Allotment of 30,00,000 equity shares on August 31,2016 to Edelweiss Finvest Private Limited	(1.42)	NA	(1.42)
	At the End of the year	46,91,667	14.24	46,91,667	14.24
3	Edelweiss Finvest Private Limited				
	At the beginning of the year	-	-	-	-
	Date wise Increase /Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer /bonus/ sweat equity etc).	Allotment of 30,00,000 equity shares on August 31,2016 to Edelweiss Finvest Private Limited	9.10	Allotment of 30,00,000 equity shares on August 31,2016 to Edelweiss Finvest Private Limited	9.10
	At the End of the year	30,00,000	9.10	30,00,000	9.10

Includes six individual shareholders who are holding one share each as nominee of Edelcap Securities Limited.

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(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Edelcap Securities Limited*				
	At the beginning of the year	25,258,333	84.34	25,258,333	76.66
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc)	Allotment of 30,00,000 equity shares on August 31,2016 to Edelweiss Finvest Private Limited	(7.68)	NA	(7.68)
	At the End of the year	2,52,58,333	84.34	2,52,58,333	76.66
2	Edelweiss Financial Services Limited				
	At the beginning of the year	46,91,667	15.66	46,91,667	15.66
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc).	Allotment of 30,00,000 equity shares on August 31,2016 to Edelweiss Finvest Private Limited	(1.42)	NA	(1.42)
	At the End of the year	46,91,667	14.24	46,91,667	14.24
3	Edelweiss Finvest Private Limited				
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc).	Allotment of 30,00,000 equity shares on August 31,2016 to Edelweiss Finvest Private Limited	9.10	Allotment of 30,00,000 equity shares on August 31,2016 to Edelweiss Finvest Private Limited	9.10
	At the End of the year	30,00,000	9.10	30,00,000	9.10

*Includes six individual shareholders who are holding one share each as nominee of Edelcap Securities Limited.

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(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	For Each of the Directors and KMP				
	At the beginning of the year	Nil	Nil	Nil	Nil
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):				
	At the End of the year				

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment
 ((₹ in million)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
• Principal Amount	10,243.57	526.11	-	10,769.68
• Interest due but not paid	5.45	1.70	-	7.16
• Interest accrued but not due	291.65	13.68	-	305.3
Total (i+ii+iii)	10,540.67	541.49	-	11,082.16
Change in Indebtedness during the financial year				
• Addition	1624.38	488.33	-	2112.71
• Reduction	(2088.13)	-	-	(2088.13)
Net Change	(463.75)	488.33		24.58
Indebtedness at the end of the financial year				
• Principal Amount	9926.11	992.47	-	10918.58

• Interest due but not paid	-	-	-	-
• Interest accrued but not due	150.81	37.35	-	188.16
Total (i+ii+iii)	10076.92	1029.82	-	11106.74

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:-NIL

Sl. no.	Particulars of Remuneration	Total Amount		
		Managing Director	Whole Time Director/Manager	Total
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission - as % of profit - others, specify...	-	-	-
5.	Others, please specify (Bonus)	-	-	-
	Total (A)	-	-	-
	Ceiling as per the Act			*

* In terms of the provisions of the Companies Act, 2013 and the Rules framed thereunder and the Circulars issued thereunder, the remuneration paid to the Managing Directors and the Executive Directors is within the ceilings prescribed.

B. Remuneration to other directors:

(₹ in million)

Particulars of Remuneration	Name of Directors		Total Amount
1. Independent Directors	Mr. Mitul Shah	Mr. Sanjay Shah	
• Fee for attending board / committee meetings	0.18	0.18	0.36
• Commission	-	-	-
• Others, please specify	-	-	-
Total (1)	0.18	0.18	0.36
2. Other Non-Executive Directors	-	-	-

• Fee for attending board / committee meetings	-	-	-
• Commission	-	-	-
• Others, please specify	-	-	-
Total (2)	-	-	-
Total (B)=(1+2)	0.18	0.18	0.36
Total Managerial Remuneration(A+B)	-	-	0.36
Overall Ceiling as per the Act			Refer note

Note: The total managerial remuneration within the ceilings prescribed.


C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD: (₹. in million)

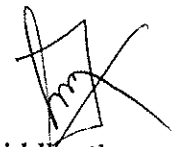
Sl. no.	Particulars of Remuneration	Key Managerial Personnel			
		CEO Mr. Arun Kumar Nayyar	CFO Mr. Vineet Mahajan	Company Secretary Ms. Sudipta Majumdar	Total
1.	Gross salary				
(a)	Salary as per provisions contained in sec. 17(1) of the Income-tax Act, 1961	14.32	10.67	0.52	25.51
(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961		0.026	-	0.026
(c)	Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission - as % of profit - others, specify...	-	-	-	-
5.	Others, please specify	-	-	-	-
	Total	14.32	10.696	0.52	25.536

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	None				
Punishment					
Compounding					
B. DIRECTORS					
Penalty	None				
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty	None				
Punishment					
Compounding					

For and on behalf of the Board of Directors
 Edelweiss Retail Finance Limited


 Anil Kothuri
 Director
 DIN: 00177945


 K Siddharth
 Director
 DIN: 02463804

Mumbai, May 16, 2017

Edelweiss Retail Finance Limited (ERFL) FY2016-17

Management Discussion & Analysis Report

MACRO-ECONOMIC ENVIRONMENT

MACRO ECONOMY: REVIEW AND OUTLOOK

FY17 was an eventful year both economically and politically for the global economy. On the political side, Brexit fears and US Presidential elections were two big events though the markets shrugged off these developments soon. Global trade flows have rebounded, Purchasing Managers' Indices (PMIs) have picked up across the board, and consumer & business confidence has recovered globally.

The Indian economy is back on growth trajectory, inflation remains benign and fiscal and current account position remains comfortable. FDI flows continue to remain buoyant at USD 36bn and portfolio flows too have returned to USD 8bn in FY17 after an outflow of USD 2.5bn in FY16. What is most encouraging is that India's exports finally emerged from 2 years of contraction with a 5% growth in FY17 after contracting nearly 16% in FY16.

On the monetary side, RBI has moved to neutral stance from accommodative and hence chances of further rate cut remain low. INR has benefitted from strong FDI flows with RBI staying away from intervention in the forex market.

Overall the macro-fundamentals of the economy remain strong and the business cycle conditions have improved. Rebound in exports, improving corporate earnings, good monsoons and government's continued push towards infrastructure, rural development and affordable housing augur well for FY18.

INDUSTRY STRUCTURE AND DEVELOPMENTS

Commercial Credit Markets

Indian banking sector growth slowed during FY17 (non-food credit at ~5%), as capex cycle is yet to pick up and incrementally financing is shifting from banks to financial markets – commercial paper, corporate

bond markets etc., which will keep corporate credit growth subdued. Additionally, asset quality pressure continues unabated. While large part of NPA recognition seems to have been done, the resolution is still a missing link. Hence, the profitability of PSU banks continued to be under strain and will recover only gradually over the medium term.

NBFC Industry

While commercial banks continued to remain dominant source of credit in India, NBFCs are gaining significant ground. While the banking sector was beset with worsening asset quality in FY17, NBFCs could restrict the impact in their portfolios due to their ability to respond quickly as well as availability of a higher collateral cover. The growing relevance and interconnectedness of the NBFC sector also highlights the importance of risk management in the sector. Going ahead, comfortable capitalisation levels and conservative liquidity management will continue to support the credit profile of NBFCs.

Retail Finance

While corporate credit growth continues to be slow, retail segment continues to maintain momentum. NBFCs and HFCs continue to scale up their portfolio focusing on housing finance, LAP, SME finance and consumer finance. Within these segments, housing continues to do well and also presents huge potential given the government thrust for housing for all and supporting demographic factors. The other large opportunity is SME segment which continues to be under-banked and NBFCs are increasingly turning towards this sector. Thus, the potential for NBFCs and HFCs to scale up their business remains large providing ample growth opportunities to lenders like us.

EDELWEISS RETAIL FINANCE LIMITED OVERVIEW

Edelweiss Retail Finance Limited (ERFL) was formerly known as Affluent Dealcom Private Limited (ADL) which was incorporated on February 18, 1997. It was an NBFC registered with the Reserve Bank of India bearing Registration number 05.03052 authorised to commence/carry on the business of a non-banking financial institution subject to the conditions given in the Certificate. The Company was acquired by Edelcap Securities Limited (ESL) and was converted into a public limited company with the name changed to “Affluent Dealcom Limited” on receipt of a fresh certificate of incorporation consequent to change in status on January 1, 2014 from the Registrar of Companies, West Bengal. Subsequently the Company’s name was changed to “**Edelweiss Retail Finance Limited**” pursuant to fresh certificate of Incorporation dated January 6, 2014.

Subsequently, ERFL obtained a Certificate of Registration dated October 14, 2014 bearing Registration no. B-05.03052 issued by the Reserve Bank of India under section 45IA of the Reserve Bank of India Act, 1934, to commence/carry on the business of a non banking financial institution without accepting public deposits subject to the conditions mentioned in the Certificate of Registration.

The registered office of the Company was shifted from the state of West Bengal to Maharashtra pursuant to Certificate of Registration of Regional Director order for Change of State dated September 2, 2016 and fresh Certificate of Registration dated January 4, 2017 bearing Registration no. B-13.02149 has been issued by the Reserve Bank of India, Mumbai.

It is a systemically important NBFC (NBFC – ND – SI).

We are part of the Edelweiss Group which is one of India’s prominent financial services organization having businesses organized around three **broad business groups – Credit businesses** including Retail Credit, Corporate Credit and Distressed Assets Resolution business, **Franchise businesses** including

Wealth Management, Asset Management and Capital Markets, and **Life Insurance**.

Today, ERFL is a Rs.14 billion asset base company with presence in all the significant areas of retail finance businesses including SME finance, Loan against Property and Rural Finance.

FINANCIAL PERFORMANCE HIGHLIGHTS

FINANCIAL HIGHLIGHTS FOR FY17

A summary of our FY17 financial highlights is as under:

- **Total Revenue Rs.2,535 million** (Rs.1,615 million for FY16), up 57%
- **Profit after Tax Rs.319 million** (Rs.247 million for FY16), up 29%
- **Networth as per Balance Sheet Rs.3,135 million** (Rs.2,600 million at the end of FY16)
- **Return on Average Equity 10.88%** (13.48 % for FY16)
- **EPS Rs.10.08** (Rs.12.28 for FY16) (FV Rs.10 per share)

INCOME

Fund Based Revenue

Our fund-based businesses earned revenue of Rs.2,348 million for FY17 (Rs.1,534 million for FY16), up 53%. Out of this, interest income was Rs.2,338 million (Rs.1,533 million for FY16). Thus, almost all of the fund based revenue comprises of interest earnings.

Agency Fee & Commission

Our agency fee & commission revenue was Rs.187 million for the year, compared to Rs.81 million in FY16, up 131%.

Net Revenue

For NBFCs, like banking industry, the concept of Net Revenue (net of interest cost) is another way of analyzing performance. This is because interest cost, as with all Banks and large NBFCs/HFCs, should reflect above the expenses line. On a net revenue basis, our Agency fee & commission for FY17 was Rs.187 million (Rs.81 million for FY16) and Fund

based net revenue, i.e. net of interest cost, all the interest cost being for fund based revenue, was Rs.1,187 million (Rs.741 million for FY16). Thus the total net revenue for FY17 was Rs.1,374 million (Rs.822 million for FY16), up 67%.

EXPENSES

Our total costs for FY17 was Rs.2,046 million (Rs. 1,235 million in FY16), up 66%. Within our total costs, operating expenses accounted for Rs.666 million in FY17 (Rs.392 million for FY16) as we continued to invest in building our business and infrastructure. Our employee expenses increased from Rs.49 million in FY16 to Rs.216 million in FY17 as we added about 123 employees during the year taking our total headcount to 224 at the end of FY17. As regards interest expense which grew from Rs.793 million in FY16 to Rs.1,161 million in FY17, our borrowings at the end of FY17 were Rs.10,860 million compared to Rs. 10,770 million at the end of FY16. The scale up of our assets size via a higher borrowing as well as average level of borrowings during FY17 being higher resulted in this increase in the interest cost.

PROFIT AFTER TAX

Our Profit after Tax for FY17 was Rs.319 million compared to Rs.247 million for FY16, up 29%.

Our Profit before Tax margin for FY17 was 19% and Profit after Tax margin 13% compared to 23% and 15% respectively for FY16. Margins have suffered slightly during FY17 due to a higher equity base arising out of equity infusion in ERFL during FY17 to take care of future growth.

Analysis of Profitability

We have demonstrated growth in profitability aided by the following factors:

- Our Credit book grew to Rs.14,737 million at the end of FY17 compared to Rs.13,959 million at the end of FY16. However, the average loan book during the year was higher. At the same time, the average yield on loans booked during FY17 was higher

than that in the past. This improved our interest income from loans in FY17.

- Our fee and commission income also grew to Rs.187 million at the end of FY17 compared to Rs.81 million at the end of FY16.

Balance Sheet Gearing

We believe that a strong balance sheet imparts unique ability to our company to be able to meet demands of our clients and be able to raise debt capital whenever required. ERFL has a total net worth of Rs.3,135 million as at the end of FY17 compared to Rs.2,600 million at the end of FY16. Amount of debt on the Balance Sheet as on March 31, 2017 was Rs.10,860 million (Rs.10,770 million as on March 31, 2016), a Gearing Ratio of 3.46 times. The comfortable leverage allows us enough headroom to continue to grow and invest in business. The gross Balance Sheet size at the end of FY17 was Rs.15,517 million compared to Rs.14,539 million a year ago.

BUSINESS PERFORMANCE HIGHLIGHTS

Brief highlights of our business performance in FY17 are as under:

CREDIT BUSINESS

Credit business of ERFL broadly offers SME Finance, Loan against Property and Rural Finance. These products provide us with the intended diversification in our business thereby reducing the concentration risk. Retail segment loans also provide the desired potential for scaling up in a vast underpenetrated market like India.

Total credit book of ERFL stands at Rs.14,737 million at the end of this year compared to Rs.13,959 million at the end of previous year, up 6%.

The composition of Credit Book is as under:

(Rs. in million)

Product/Segment	Book size as on March 31, 2017	Book size as on March 31, 2016
Loan against Property	4,536	5,292
SME Loans	9,300	7,688
Rural Loans	137	653
Equipment Finance	624	312
Others	140	14
Total Loan Book	14,737	13,959

As at the end of FY17, loans amounting to Rs.14,737 million were outstanding compared to Rs.13,959 million as on March 31, 2016. Higher securitisation of loans also resulted in an apparent lower growth in the credit book.

As a result of strict adherence to conservative credit appraisal, constant collateral monitoring and best-in-class risk management, ERFL has managed to control its asset quality satisfactorily. Our Gross NPLs were at 0.42% and Net NPLs at 0.36% at the end of FY17 compared to Gross NPLs at 0.28% and Net NPLs at 0.07% at the end of FY16. Our Provision Cover Ratio as on March 31, 2017 was 14%. We continue to focus on risk management and achieving growth in the book without diluting risk standards.

SME Finance

Small and Medium Enterprises (SMEs) are extremely essential to the Indian Economy. They account for almost 40% of India's domestic production, around 50% of the total exports and 45% of the industrial employment. They are also the second largest employers of manpower, after agriculture. Thus they need large amounts of capital to run their operations, which they acquire through the financing provided by NBFCs, Banks and the Government.

Edelweiss launched SME finance during FY12 as this sector is underfinanced and credit plays a crucial role in the growth of this sector. The business currently operates in 19 major cities which account for a large part of the addressable SME market. The SME loans book size at the end of FY17 in ERFL is Rs.9,300 million compared to Rs.7,688 million at the end of FY16. During FY17, we also scaled up our new line of business of Equipment Finance to the SMEs to Rs. 624 million compared to Rs.312 million a year ago. Given the sizeable contribution of SMEs to the Indian Economy, this business presents a significant opportunity to build a highly profitable and scalable business.

Loans against Property

Loan against Property (LAP) is a convenient way of borrowing by salaried or self – employed persons and SMEs and NBFCs account for a major chunk of the market share in this space. The loan is collateralised by either residential or commercial property and interest rates on such loans are lower as compared to personal loans. Thus, borrowers can get funds against the value of the collateral at a relatively lower interest rate as compared to personal loans.

Edelweiss started LAP business as a part of Retail Finance business in FY12 and the LAP loans book size in ERFL at the end of FY17 is Rs.4,536 million compared to Rs.5,292 million at the end of FY16. The end of year outstandings are lower due to repayments.

Rural Finance

Edelweiss diversified its retail loans product portfolio by foraying into Rural Finance in December 2013 as a part of the strategy to serve all the sections of the society. As at the end of FY17, we provided Rural Finance in the nature of Micro Finance across beneficiaries in 3 cities and around 3,070 villages in and around Tamil Nadu and other states. Our Rural Finance portfolio serves over 3,71,000 beneficiaries at the end of FY17 compared to around 2,69,000 at the end of the previous year. These loans are provided in partnership with various channel

partners. The Rural Finance book in ERFL at the end of FY17 was Rs.137 million compared to Rs.653 million at the end of FY16.

BALANCE SHEET MANAGEMENT

From its earliest days, ERFL has recognised this and has always focused its energies in creating a strong balance sheet. A strong capital base provides us the freedom and ability to deploy capital for scaling up our business. A strong balance sheet also enables us easier access to market borrowings on the back of a strong credit rating. It also helps in confidence building exercise with our lenders.

Changing Liabilities Profile in Sync with Asset Profile

ERFL has embarked on a strategy of reducing dependence on group borrowings and is increasing liabilities in the six months to five years bucket thereby bringing down dependence on short term borrowings. Towards this end, FY17 witnessed ERFL contracting around Rs.1,750 million of medium to long term debt by way of Bank term loan.

We maintain a matched ALM as we keep changing the profile of our liabilities in sync with the assets being booked.

Capital Adequacy Ratio

As per the Non Banking Financial Companies Prudential Norms stipulated by Reserve Bank, all NBFCs–ND–SI are required to maintain a minimum Capital to Risk-weighted Assets Ratio (“CRAR”) of 15%. ERFL’s CRAR as on March 31, 2017 was 18.67% with a Tier I Ratio of 17.90% compared to CRAR of 18.70% and a Tier I Ratio of 17.68% as on March 31, 2016.

OPPORTUNITIES

The roll out of GST shortly and the performance of the BJP in recent polls will place the agenda of economic reforms on a firm footing. The global economy is also showing signs of recovery. These developments augur well for growth of financial services in India for firms like Edelweiss. We thus see

immense opportunities coming our way in FY18 and beyond as under:

- India is already the fastest growing economy globally and various projections for growth by World Bank or IMF etc. indicate that India will continue to outperform other economies. This would open up vast opportunities for us to grow our various diversified businesses.
- We believe the policy liberalization and regulatory changes for enhancing the ease of doing business will help create all round opportunities for growth, thus helping providers of financial services grow their business.

THREATS

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

- Slower than expected recovery of macro-economy, domestically as well as globally, or delay in revival of capex cycle can impede the growth.
- While the monsoon is predicted to be normal this year, any unforeseen failure of the monsoon or return of the dreaded El Nino can hinder the recovery in rural economy.

OUTLOOK & STRATEGY

- The resilient Indian economy is back on a path to recovery. Going ahead we anticipate growth to improve based on rebound in exports and global economy, introduction of GST, stability in rural economy and government’s continued push towards infrastructure, rural development and affordable housing.
- The commercial credit sector is expected to grow once the conditions start improving, early signs of which are already visible. While the commercial banks are grappling with asset quality issues, the NBFCs are expected to continue to be an effective channel for credit dispensation.
- In this backdrop, we believe our strategic approach whose cornerstones are

profitability, scalability, constant focus on risk and growth in adjacent markets, building leadership and maintaining culture, will continue to manifest in constant growth for us.

At Edelweiss we believe that we must add significant value by providing cutting edge products and services by focusing on five key vectors in our journey in future – **people management, cost management and risk management technology, customer experience and innovation.**

ENTERPRISE GROUPS

The business of ERFL is controlled and supported by a core of Enterprise Groups that provide consistent quality and rigour to key process functions. Various steps taken by us to improve efficacy of Enterprise functions are detailed below.

RISK MANAGEMENT

The business activities of ERFL are exposed to various risks that are either inherent to the business or have their genesis in changes to external environment. In order to maintain financial soundness of the company, Edelweiss Group has established a proprietary eight risk framework. The framework provides comprehensive risk control by way of identification, monitoring and reporting of all critical risks. Highest standards are always maintained in Risk Management at Edelweiss. It is the constant endeavour of Edelweiss to heighten risk awareness and effectiveness of risk management. We at ERFL share the same ethos in regard to Risk as our parent Group.

We have the business risk team within ERFL which ensures implementation of risk philosophy and practices at business level. Our risk team also ensures that necessary action is taken to make certain that identified risks are adequately addressed.

Key Risks

ERFL deals in multiple asset classes and client segments and is thus exposed to various risks that

can be broadly classified as credit risk, market risk and operational risk.

Credit Risk

The credit risk framework of ERFL ensures prior and periodic comprehensive assessment of every client, counterparty and collateral. Exposure limits are sanctioned to counterparties based on their credit worthiness. Credit risk monitoring mechanism ensures that exposure to clients is diversified and remains within stipulated limits. Effective credit risk management has enabled us to steer through environmental stress conditions without any major impact.

Market Risk

ERFL faces the usual market risks on the liabilities as well as assets side. In order to monitor such market risk, a comprehensive set of reports and limits has been put in place that track positions, value at risk and duration of assets. The risk framework ensures that the risks are monitored and necessary timely action is taken for every single instance of breach, in case they occur.

Additionally, the asset liability mismatch and collateral margins are regularly assessed. Liquidity requirements are closely monitored and necessary care is taken to maintain sufficient liquidity cushion for maturing liabilities and for any unforeseen requirements. We also ensure diversification in source of borrowing to reduce dependence on a single source. We also pro-actively modify our liabilities profile in sync with the changing assets profile to ensure that we do not carry any material asset liability mismatch.

Operational Risk

Operational risk framework of ERFL is designed to balance and check operational risk at key manifestation points. In addition to defining new processes, we constantly review all critical processes to proactively identify weak controls and strengthen the same.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

As per the Companies Act, 2013, the companies need to ensure that they have laid down internal financial controls and that such controls are adequate and were operating effectively. Towards this end, we at ERFL have always adopted a risk balancing approach. ERFL has an Internal Control System, well commensurate with its size, scale, nature and complexity of operations. The Company conducts its internal audit within the parameters of regulatory framework including preparation and execution of annual internal audit plan.

Internal Audit

Internal Audit follows Generally Accepted Audit Practices, Internal Audit Standards, analytical procedures etc. and ensures compliance with section 138 of the Companies Act 2013 read with Rule 13 of the Companies (Accounts) Rules, 2014.

Internal Control

Our Internal Control Procedures include monitoring compliance with relevant matters covered under section 134(1)(e) of the Companies Act 2013.

Internal Control Policies

Edelweiss Group has institutionalised a strong compliance culture across all the Business Group recognising that transparency and trust amongst all its stakeholders can be achieved only through this. We share the common resources of Compliance Group of Edelweiss that ensures compliance with all the applicable laws or policies.

HUMAN RESOURCES

The Edelweiss philosophy on people is deep rooted in building and nurturing talent and leadership within the organisation. We believe that our people have always been the drivers of innovation, efficiency and productivity leading to our phenomenal track record of growth.

For an NBFC like ours, financial capital and human resources capital form the most critical resources for growth. At ERFL we believe that our human capital is our greatest strength and is the driver of growth, efficiency and productivity.

Highlights of our HR initiatives in FY17 are as under:

- We ended FY17 with a total headcount of 224, up from 101 as of March 31, 2016, as we scaled up our hiring to grow our business.
- As growth comes back gradually, we have added people at all levels. We also added number of employees for our enterprise groups to meet the challenges of increasing scale and complexity of our business.

Amongst our much strength, we must count our performance appraisal system, which has helped to instil fairness and development orientation in the organisation. The process of Performance Appraisal is based on evaluations against pre-set and clearly documented goals and has stood the test of time.

CUSTOMER CENTRICITY

In today's digital world, a customer has multiple options. Growth will accrue to organisations which succeed in giving a truly memorable customer experience. At Edelweiss, we fully recognise the significance of a great customer experience. To this end, Customer Centricity movement is at our centre stage. This focused attention has helped improve customer satisfaction scores and customer experience across the board.

Edelweiss Customer Centricity model is based on four pillars: Listen to Understand, Deliver as Promised, Respond Effectively and Go Extra Mile, in other words "**Suno Samjho Suljhao**".

CREDIT RATINGS

ERFL enjoys the following Credit Ratings:

Rating Agency	Facility	Rating
Crisil	Long Term Bank Facilities	CRISIL AA/Stable
ICRA	Long Term Bank Facilities	[ICRA] AA
BWR	Long Term Debt Programme	BWR AA+
CARE	Long Term Debt Programme	CARE AA
Crisil	Long Term Debt Programme	CRISIL AA/Stable
ICRA	Long Term Debt Programme	[ICRA] AA
CARE	Short Term Debt Programme	CARE A1+
ICRA	Short Term Debt Programme	[ICRA] A1+

All ratings are current as on March 31, 2017.

Cautionary Statement

Statements made in this Management Discussion and Analysis may contain certain forward looking statements based on various assumptions on the ERFL and Edelweiss Group's present and future business strategies and the environment in which it operates. Actual results may differ substantially or materially from those expressed or implied due to risk and uncertainties. These risks and uncertainties include the effect of economic and political conditions in India and abroad, volatility in interest rates and in the securities market, new regulations and Government policies that may impact the company's businesses as well as the ability to implement its strategies. The information contained herein is as of the date referenced and Edelweiss does not undertake any obligation to update these statements. ERFL has obtained all market data and other information from sources believed to be reliable or its internal estimates, although its accuracy or completeness cannot be guaranteed. The presentation relating to business wise financial performance, balance sheet, asset books of ERFL and industry data herein is reclassified/regrouped based on Management estimates and may not directly correspond to published data. The numbers have also been rounded off in the interest of easier understanding.

ANNEXURE C

Form No. AOC-2

Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

1. Details of contracts or arrangements or transactions not at arm's length basis: NA

- (a) Name(s) of the related party and nature of relationship:
- (b) Nature of contracts/arrangements/transactions:
- (c) Duration of the contracts / arrangements/transactions:
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any:
- (e) Justification for entering into such contracts or arrangements or transactions:
- (f) date(s) of approval by the Board:
- (g) Amount paid as advances, if any:
- (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188

2. Details of material contracts or arrangement or transactions at arm's length basis-NIL

S. No.	Name(s) of the related party and of relationship:	Nature of contracts/ arrangements/ transactions	Duration of the contract s / arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any:	Date(s) of approval by the Board, if any:	Amount paid as advances, if any:
	(a)	(b)	(c)	(d)	(e)	(f)
1						

Mumbai, May 16, 2017

For and on behalf of the Board of Directors
Edelweiss Retail Finance Limited



Anil Kothuri
Director
DIN: 00177945



K Siddharth
Director
DIN: 02463804

Edelweiss Retail Finance Limited

Corporate Identity Number: U67120MH1997PLC285490

Registered Office: Edelweiss House, Off. C.S.T Road, Kalina, Mumbai-400098, Maharashtra ☎ +91 22 4009 4400 ☎ +91 22 4019 4925

www.edelweissretailfin.com

Policy on Related Party Transactions

Edelweiss Retail Finance Limited
CIN: U67120MH1997PLC285490
Regd. Office: Edelweiss House,
Off. C.S.T Road, Kalina,
Mumbai-400098,
Maharashtra

1. Preamble

Related party transactions can present a potential or actual conflict of interest which may be against the best interest of the company and its shareholders. Considering the requirements for approval of related party transactions as prescribed under the Companies Act, 2013 ("Act") read with the Rules framed there under and Guidelines on Corporate Governance issued by the Reserve Bank of India, the Board of Directors (the "Board") of Edelweiss Retail Finance Limited (the "Company" or "ERFL"), has adopted the Policy on Related Party Transactions ("the Policy").

This Policy is intended to ensure due and timely identification, approval, disclosure and reporting of transactions between the Company and any of its Related Parties in compliance with the applicable laws and regulations as may be amended from time to time.

2. Objective

The provisions of this Policy are designed to govern the approval process and disclosure requirements to ensure transparency in the conduct of Related Party Transactions in the best interest of the Company and its shareholders and to comply with the statutory provisions in this regard.

3. Definitions

The Related Party shall be as defined under the Companies Act, 2013 and the Rules framed thereunder and the applicable Accounting Standards.

"Arm's Length Transaction" means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

"Relative" means relative as defined under Section 2(77) of the Companies Act, 2013 .A person shall be deemed to be the relative of another if he or she is related to another in any one of the following manner:

- i. Member of the Hindu Undivided Family
- ii. Spouse
- iii. Father
- iv. Mother
- v. Son
- vi. Son's wife
- vii. Daughter
- viii. Daughter's husband
- ix. Brother
- x. Sister.

Key Managerial Personnel (KMP) mean key managerial personnel as defined under the Companies Act, 2013 and includes-

- i. the Managing Director or the Chief Executive Officer or the manager and in their absence, a Whole-time Director;
- ii. the Company Secretary;
- iii. the Chief Financial Officer; and
- iv. Such other person as may be specified as KMP from time to time.

“Associate Company” in relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company.

***Explanation** – For the purposes of this clause, “significant influence” means control of at least twenty per cent of total share capital, or of business decisions under an agreement.*

“Related Party Transactions” means any transaction involving transfer of resources, services or obligations between the Company and a Related Party, regardless of whether a price is charged and includes –

- a. Sale, purchase or supply of any goods or materials;
- b. Selling or otherwise disposing of, or buying property of any kind;
- c. Leasing of property of any kind;
- d. Availing or rendering of any services;
- e. Appointment of any agent for the purchase or sale of goods, materials, services or property;
- f. Such related party's appointment to any office or place of profit in the Company or associate Company;
- g. Providing or obtaining guarantees and collaterals.

(The above is an indicative list and not an exhaustive one)

***Explanation:** A transaction with a Related Party shall be deemed to include single transaction or a group of transactions in a contract.*

“Material Related Party Transactions” means any transaction/transactions to be entered into individually or taken together with previous transactions during a financial year exceeds 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

4. Review and approval of the Related Party Transactions

1. The Audit Committee (the Committee) of the Board shall review and, if considered appropriate, approve the Related Party Transactions. While considering the Related Party Transactions, the following information shall be presented to the Committee:

- (i) the name of the Related Party and the basis on which such person or entity is a Related Party;
- (ii) the Related Party's interest in the transactions, including the Related Party's position or relationship with, or ownership of, any entity that has an interest in the transactions;
- (iii) the approximate monetary value of the transactions of the Related Party's interest in the transactions;
- (iv) general description of the transactions, including material terms and conditions, if any;
- (v) in the case of a lease or other transactions, providing for periodic payments or installments, the aggregate amount of all periodic payments or installments to be made;
- (vi) in the case of loan, the aggregate amount of loan and the rate/amount of interest payable on such loan;
- (vii) in case of guarantees issued, the aggregate amount of guarantees and commission, if any, to be payable on such guarantees;
- (viii) an assessment of whether the transactions are on terms that are comparable with the terms available to unrelated parties or to the employees generally; and
- (ix) any other material information regarding the transactions or the Related Party's interest in the transactions.

The transactions shall be approved only if it is determined by the Committee that such transactions are:

- (i) in the best interests of the Company and its shareholders;
- (ii) to be entered into by the Company (or its subsidiary or associate entity) on terms that are comparable to those that would be obtained in arm's length transactions with unrelated parties; and
- (iii) In the ordinary course of the business of the Company.

Ordinary course of business means the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and includes all such activities which the company can undertake as per Memorandum & Articles of Association.

2. No member of the Committee shall participate in the review, consideration or approval of any Related Party Transactions with respect to which such member or any of his/her relative is a Related Party.
3. If any material information with respect to such transactions shall change subsequent to the Committee's review of such transactions, the Committee shall be presented with the updated information for its approval.

4. If any additional Related Party Transactions is proposed to be entered into subsequent to the Committee's approval, management shall present such transactions to the Committee for approval before entering into such transactions.

Approval of the Board

If the Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case elects to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then the Board shall consider and approve the Related Party Transaction at a meeting and the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

Omnibus Approval of the Audit Committee

The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the company subject to the following conditions:

- i) The Committee shall lay down the criteria for granting the omnibus approval in line with the Policy and such approval shall be applicable in respect of transactions which are repetitive in nature;
- (ii) The Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company;
- (iii) Such omnibus approval shall specify:-
 - a) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into,
 - b) the indicative base price / current contracted price and the formula for variation in the price if any, and
 - c) such other conditions as the Audit Committee may deem fit;

Provided that where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs. 1 crore per transaction.

 - d) The Committee shall review, at least on a quarterly basis, the details of the Related Party Transactions entered into by the Company pursuant to each of the omnibus approval given; and
 - e) Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

Related Party Transactions not approved under the Policy

In the event of entering into a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the

Committee. The Committee shall consider all the relevant facts and circumstances regarding the Related Party Transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transaction.

The Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Committee under the Policy, and shall take any such action it may deem fit.

In any case, where the Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction or seeking the approval of the shareholders, payment of compensation for the loss suffered by the related party etc. In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements as specified in the Policy.

Related Party Transactions not previously approved

Where any contract or arrangement is entered into by a Director or any other employee of the Company with a Related Party, without obtaining the necessary approvals and if such transaction is not ratified by the Committee, Board or, as the case may be, by the Shareholders at a meeting within three months from the date on which such contract or arrangement was entered into, such contract/arrangement shall be voidable at the option of the Board and if the contract or arrangement is with a Related Party to any Director, or is authorised by any other Director, the Directors concerned shall indemnify the Company against any loss incurred by it. The Company may proceed against a Director or any other employee who had entered into such contract or arrangement in contravention of the Policy for recovery of any loss sustained by the Company as a result of such contract or arrangement and shall take any such action, it may deem fit.

Registers and the Disclosures

The Company shall keep and maintain a Register, physically or electronically, as may be decided by the Board of Directors, giving separately the particulars of all contracts or arrangements to which the Policy applies.

Every Director and the KMP shall, from time to time make the necessary disclosures to the Board, a period of 30 days of his appointment, or relinquishment of his office in other Companies/Firms/bodies corporate, as the case may be, disclose to the Company the particulars relating to his/her concern or interest in the other associations which are required to be included in the Register maintained in this regard.

The Register shall be preserved permanently and shall be kept in the custody of the Company Secretary/Chief Financial Officer of the Company or any other person authorised by the Board for the purpose.

The Company shall disclose, in the Board's report, transactions prescribed in Section 188(1) of the Act with related parties, which are not in ordinary course of business or arm's length basis.

This Policy will also be uploaded on the website of the Company and shall be disclosed in the Annual Report.

Review

This Policy shall be reviewed by the Audit Committee as and when any changes are to be made in the Policy. Any changes or modification in the Policy as recommended by the Committee shall be presented to the Board for their approval.

Remuneration Policy

Objective

The Companies Act, 2013 ('the Act') requires a Company to frame policy for determining the remuneration payable to the Directors, Key Managerial Personnel (KMPs) and other employees. While appointing the Directors, the Nomination and Remuneration Committee, considers qualification, positive attributes, areas of expertise and number of Directorships in other companies and such other factors as it may deem fit. The Board considers the Committee's recommendation, and takes appropriate action.

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

The objective of this Policy is to ensure that:

- the level and composition of remuneration is reasonable and sufficient to attract, retain talent required to run the company successfully;
- relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- remuneration to the Directors, KMPs and senior management comprises a balance of fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

Remuneration of the Independent Directors & Non- executive Directors

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

Remuneration of the Managing Director & Executive Directors

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

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

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

Policy Review

- The Policy may be amended as may be necessary.
- The NRC shall implement the Policy, and may issue such guidelines, procedures etc. as it may deem fit.

Annexure E**Annual Report on Corporate Social Responsibility (CSR) activities for the financial year 2016-17**

[Pursuant to clause (o) of sub-section (3) of section 134 of the Companies Act, 2013 and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]

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

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

The CSR Policy of the Company is uploaded on the website www.edelweissretailfin.com

2. The Composition of the CSR Committee is as under:-

Mr. Anil Kothuri	- Non Executive Director
Ms. Krishnaswamy Siddharth	- Non Executive Director
Mr. Sanjay Nathalal Shah	- Independent Director

3. Average net profit of the Company for last three financial years: Rs. 189.81 million.
-

4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): Rs. 3.80 million.
-

5. Details of CSR spent during the financial year:

(a) Total amount to be spent for the financial year: Rs. 3.80 million

(b) Amount unspent, if any; Rs. 3.30 million

(c) Manner in which the amount spent during the financial year is detailed below:

(₹ in million)

1	2	3	4	5	6	7	8
S. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs	Cumulative expenditure up to the reporting period	Amount spent : Direct or through implementing agency*
			(1) Local area or other		Sub – heads		
			(2) Specify the State and district where projects or programs was undertaken		(1) Direct expenditure on projects or programs	(2) Overheads:	
1.	Foundation for Promotion of Sports and Games	Women Empowerment	Maharashtra	0.50	0.50	0.50	Implementing agency – Edelgive Foundation
	Total			0.50	0.50	0.50	

6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.

The Company is a subsidiary of Edelcap Securities Limited and indirectly it is wholly owned subsidiary of Edelweiss Financial Services Limited. Edelweiss group is conscious of its Corporate Social Responsibility and, had accordingly established a CSR arm "EdelGive Foundation" in the year 2008. As an amount of Rs.115.68 million (representing more than 2% of the consolidated profit of the group) was spent towards CSR activities during the year ended March 31, 2017, the Company has not incurred the prescribed CSR expenditure on a standalone basis during the year ended March 31, 2017.

7. A responsibility statement of the CSR Committee -

The implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company.

For and on behalf of the Board of Directors
Edelweiss Retail Finance Limited



Anil Kothuri
Director
DIN: 00177945



K Siddharth
Director
DIN: 02463804

May 16, 2017

SANJAY GROVER & ASSOCIATES

COMPANY SECRETARIES

Annexure F

8-88, 1st Floor, Defence Colony, New Delhi - 110 024
Tel. : (011)-4679 0000, Fax : (011) 4679 0012
e-mail : contact@cssanjaygrover.in
website : www.cssanjaygrover.in

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2017

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

To,
The Members
Edelweiss Retail Finance Limited
(CIN: U67120MH1997PLC285490)
Edelweiss House, Off. C.S.T Road,
Kalina, Mumbai City, 400098.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Edelweiss Retail Finance Limited** (hereinafter called "the Company") whose debt securities are listed on BSE Limited. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

We report that-

- a) Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- b) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed, provide a reasonable basis for our opinion.
- c) We have not verified the correctness and appropriateness of the financial statements of the Company.
- d) Wherever required, we have obtained the Management representation about the compliances of laws, rules and regulations and happening of events etc.



SANJAY GROVER & ASSOCIATES

- e) The compliance of the provisions of the corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.
- f) The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2017 ("Audit Period") complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2017 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) *Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (b) *The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (c) ^The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (d) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

*No event took place under this regulation during the audit period.

Only debt securities of the Company are listed on BSE Limited; as such, provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015 are not applicable per se.



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We have also examined compliance with the applicable clauses of the Secretarial Standards on Meetings of the Board of Directors (SS-1) and Secretarial Standards on General Meetings (SS-2) issued by the Institute of Company Secretaries of India which the Company has generally complied with.

During the audit period, the Company has complied with the provisions of the Act, Rules, Regulations and Guidelines to the extent applicable, as mentioned above.

(vi) The Company, being a Non-Banking Financing Company registered under Section 45-IA of the Reserve Bank of India Act, 1934, is carrying the business as financing company (without acceptance of public deposits). As informed by the management, following are the laws which are specifically applicable on the Company:-

- The Reserve Bank of India Act, 1934; and
- Various circulars, guidelines and regulations made under the Reserve Bank of India Act, 1934.

We have checked the Compliance Management System of the Company to obtain reasonable assurance about the adequacy of systems in place to ensure compliance of specifically applicable laws and this verification was done on test basis. We believe that the audit evidence which we have obtained is sufficient and appropriate to provide a basis for our audit opinion. In our opinion and to the best of our information and according to explanations given to us, we believe that the Compliance Management System of the Company seems adequate to ensure compliance of laws specifically applicable to it.

We further report that the Board of Directors of the Company is duly constituted with proper balance of Non-Executive Directors and Independent Directors. The changes in the Board of Directors that took place during the audit period were carried out in compliance with the provisions of the Act.

Advance notice is given to all directors to schedule the Board Meetings. Agenda and detailed notes on agenda were sent in advance of the meetings, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Board decisions are carried out with unanimous consent and therefore, no dissenting views were required to be captured and recorded as part of the minutes.

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

We further report that during the audit period:

- i. Pursuant to Section 13 of the Act, the Company has shifted its registered office from the "Kolkata, West Bengal" to "Mumbai, Maharashtra" vide order dated September 02, 2016;



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- i. The shareholders of the Company in their Extra- Ordinary General Meeting held on 29th August, 2016, passed the resolution(s):
- a. pursuant to section 42 of the Act, to issue, offer and allot up to 30,00,000(Thirty Lakh) equity shares of the face value of Rs. 10/- (Rupees Ten Only) each for cash at premium of Rs. 78/- (Rupees Seventy Eight Only) per share aggregating to Rs. 26,40,00,000/- (Rupees Twenty Six Crore Forty Lakh Only) on private placement basis to Edelweiss Finvest Private Limited;
 - b. pursuant to section 180(1)(a) and section 180(1)(c) of the Act, for borrowing moneys from time to time and mortgaging or charging the company's undertaking and property or any part thereof to secure such borrowing up to a continuous limit for the time being remaining undischarged of Rs. 2500,00,00,000/- Crore (Rupees Two Thousand Five Hundred Crores Only) [apart from temporary loans obtained from the Company's banker in the ordinary course of business] even though the moneys to be borrowed together with the moneys already borrowed by the Company may exceed the aggregate of the paid up share capital of the Company and its free reserve, that is to say, reserves not set apart for any specific purpose; and
 - c. pursuant to section 42 of the Act, to issue, offer and allot Non- Convertible Debentures with or without security, aggregating to Rs. 1000,00,00,000/- Crores (Rupees One Thousand Crore Only) on private placement basis, in one or more tranches.

Further, the Operations Committee of the Board of Directors of the Company in their Meeting held on October 10, 2016, approved the private placement of 120 (One Hundred and Twenty) Non- Convertible Debentures of face value of Rs. 10,00,000/- (Rupees Ten Lakh Only) aggregating to Rs. 12,00,00,000/- (Rupees Twelve Crores). The trading of Non- Convertible Debentures commenced on October 10, 2016 at BSE Limited.



New Delhi
May 10, 2017

For Sanjay Grover & Associates
Company Secretaries
Firm Registration No. P2001DE052800

A handwritten signature of Lokesh Dhyani.

Lokesh Dhyani
Partner

CP. No.: 16185

ANNEXURE G

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

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

N o.	Disclosure Requirement	Disclosure Details		
1	Ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year	N.A.		
2	Percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year	Directors / KMP's	Title	% increase in remunera
		Mr. Arun Kumar Nayyar	Chief Executive Officer	1070
		Mr. Vineet Mahajan	Chief Financial Officer	905
		Ms.Sudipta Majumdar	Company Secretary	21
3	Percentage increase in the median remuneration of employees in the financial year	99%. (The employees who joined the Company in FY 2016-17 are not considered for this purpose.)		
4	Number of permanent employees on the rolls of Company at the end of the year	There were 214 permanent employees on the rolls of the Company as on March 31, 2017.		

5	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	Average increase for employees other than managerial personnel who were in employment during FY 15-16 and FY 16-17 the average increase is 98.21%. Average increase for managerial personnel is 838.25%
6.	Affirmations that the remuneration is as per the remuneration policy of the Company	It is affirmed that the remuneration paid is as per the Remuneration Policy of the Company.

For and on behalf of the Board of Directors
 Edelweiss Retail Finance Limited



Anil Kothuri
 Director
 DIN: 00177945



Krishnaswamy Siddharth
 Director
 DIN: 02463804

Mumbai, May 16, 2017

Annexure to the Board's Report
EDELWEISS RETAIL FINANCE LIMITED
Information as per section 197(12) of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of Board's Report for the financial year ended March 31, 2017

The names of the Top 10 employees in terms of remuneration drawn and the name of the employee who was in receipt of remuneration for that year which, in the aggregate, was not less than Rs. One crore two lacs.

S. No.	Name	Age	Date of commencement of the employment	Designation/Nature of Duty	Qualification	Previous Employment	Employed for (No. of Days)	Gross Remuneration subject to tax (Rs.)	Total experience in years
1	Arun Nayyar	41	Nov-1-2011	Executive Vice President	ICAI	Samba Financial Group	365	1,43,20,000	18
2	Vineet Mahajan	42	July-23-2012	Senior Vice President	ICAI	Habitat housing finance	365	1,06,42,752	19

b) Employed for part of the year and was in receipt of the remuneration for any part of that year, at a rate which, in aggregate, was not less than rupees eight lacs fifty thousand per month.

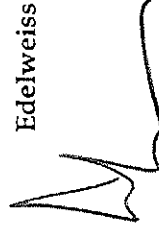
Note:

1. None of the employee is related to any Director of the Company and not holding any shares in the Company.
2. Employment terms and conditions are as per the Company's rules.
3. Employees drawing remuneration more than the Managing Director and Executive Directors and hold by himself or along with his spouse and dependent children 2% or more of the equity shares of the Company- Not applicable: the Board of Directors of the Company consist of 3 non-executive Directors and 2 Independent Directors.

Mumbai, May 16, 2017

For and on behalf of the Board of Directors

Edelweiss Retail Finance Limited



Anil Kothuri

Director

DIN: 00177945

Krishnaswamy Siddharth

Director

DIN: 02463804



Edelweiss
Ideas create, values protect

Edelweiss Retail Finance Limited

Financial Statements
together with Auditors' Report
for the year ended 31 March 2017

Edelweiss Retail Finance Limited

Financial Statements together with Auditors' Report

For the year ended 31 March 2017

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Auditors' report

Balance sheet

Statement of profit and loss

Cash flow statement

Notes to the financial statements

B S R & Associates LLP

Chartered Accountants

5th Floor, Lodha Excelus,
Apollo Mills Compound
N. M. Joshi Marg, Mahalaxmi
Mumbai - 400 011
India

Telephone +91 (22) 4345 5300
Fax +91 (22) 4345 5399

Independent Auditor's Report

To the Members of Edelweiss Retail Finance Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Edelweiss Retail Finance Limited (the "Company"), which comprise the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the "Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143 (10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances.

Independent Auditor's Report (Continued)

Edelweiss Retail Finance Limited

Auditor's responsibility (Continued)

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by 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 31 March 2017, and its profits and its cash flows for the year ended on that date.

Report on other legal and regulatory requirements

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 A, a statement on the matters specified in paragraph 3 and 4 of the Order, to the extent applicable.

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, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e) on the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 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 and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
- g) 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, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company does not have any pending litigations on its financial position in its financial statements – Refer Note 2.27 to the financial statements;



Independent Auditor's Report (Continued)

Edelweiss Retail Finance Limited

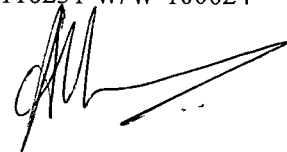
Report on other legal and regulatory requirements (Continued)

- ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses- Refer Note 2.30 to the financial statements.; and
- iii. there were no amounts required to be transferred to the Investor Education and Protection Fund by the Company; and
- iv. the Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. However, we are unable to obtain sufficient and appropriate audit evidence to report on whether the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management – Refer Note 2.57 to the financial statements.

For **B S R & Associates LLP**

Chartered Accountants

Firm's Registration No: 116231 W/W-100024



Ashwin Suvarna

Partner

Membership No: 109503

Mumbai

16 May 2017

Edelweiss Retail Finance Limited

Annexure A to the Independent Auditors' Report of even date on the financial statements of Edelweiss Retail Finance Limited

The Annexure referred to in Independent Auditors' Report to the members of Edelweiss Retail Finance Limited ("the Company") on the financial statements for the year ended 31 March 2017, we report that:

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all the fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification 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 to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- ii. The Company is a Service Company primarily engaged in the business of giving loans. Accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable to the Company.
- iii. 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 Act.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.
- v. According to the information and explanation given to us, the Company has not accepted any deposits from the public to which directives issued by the Reserve Bank of India and the provisions of Section 73 to Section 76 or any other relevant provisions of the Act and the rules framed thereunder apply.
- vi. The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any services rendered by the Company. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.
- vii. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income tax, service tax and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of customs duty, excise duty, value added tax and cess. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, service tax, and other material statutory dues were in arrears as at 31 March 2017 for a period of more than six months from the date they became payable.



Edelweiss Retail Finance Limited

Annexure A to the Independent Auditors' Report of even date on the financial statements of Edelweiss Retail Finance Limited (*Continued*)

- (b) According to the information and explanations given to us, there are no dues of provident fund, income tax, employees' state insurance, service tax, and other material statutory dues which have not been deposited with the appropriate authorities on account of any dispute.
- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks, government or debenture holders during the year.
- ix. In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they were raised. The Company has not raised money by way of initial public offer or further public offer during the year.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii. According to the information and explanations given to us and on the basis of our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the financial statements, as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable.



Edelweiss Retail Finance Limited

Annexure A to the Independent Auditors' Report of even date on the financial statements of Edelweiss Retail Finance Limited (*Continued*)

- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi. According to the information and explanation given to us, the Company has registered as required, under section 45-IA of the Reserve Bank of India Act, 1934.

For B S R & Associates LLP

Chartered Accountants

Firm's Registration No: 116231 W/W-100024



Ashwin Suvarna

Partner

Membership No: 109503

Mumbai

16 May 2017

Edelweiss Retail Finance Limited

Annexure - B to the Independent Auditor's Report of even date on the financial statements of Edelweiss Retail Finance Limited

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

We have audited the internal financial controls over financial reporting of Edelweiss Retail Finance Limited (the "Company") as of 31 March 2017 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 (the "Guidance Note") issued by the Institute of Chartered Accountants of India (the "ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records, and timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.



Edelweiss Retail Finance Limited

Annexure - B to the Independent Auditor's Report of even date on the financial statements of Edelweiss Retail Finance Limited (*Continued*)

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For B S R & Associates LLP

Chartered Accountants

Firm's Registration No: 116231/W/W-100024



Ashwin Suvarna

Partner

Membership No: 109503

Mumbai
16 May 2017

Edelweiss Retail Finance Limited

Balance Sheet

as at 31 March 2017

(Currency : Indian Rupees in Millions)

EQUITY AND LIABILITIES

Shareholders' funds

Note	As at 31 March 2017	As at 31 March 2016
(a) Share capital	2.1 329.50	299.50
(b) Reserves and surplus	2.2 2,805.43	2,311.13
	<u>3,134.93</u>	<u>2,610.63</u>

Non-current liabilities

(a) Long-term borrowings	2.3 6,646.75	7,726.86
(b) Other long-term liabilities	2.4 192.70	93.98
(c) Long-term provisions	2.5 95.66	49.39
	<u>6,935.11</u>	<u>7,870.23</u>

Current liabilities

(a) Short-term borrowings	2.6 1,751.00	556.35
(b) Trade payables	2.7	
(A) total outstanding dues of micro enterprises and small enterprises	-	-
(B) total outstanding dues of creditors other than micro enterprises and small enterprises	390.80	172.53
(c) Other current liabilities	2.8 3,248.27	3,257.38
(d) Short-term provisions	2.9 56.74	72.04
	<u>5,446.81</u>	<u>4,058.30</u>

TOTAL

<u>15,516.85</u>	<u>14,539.16</u>
------------------	------------------

ASSETS

Non-current assets

(a) Fixed assets	2.10		
(i) Property, plant & equipment		9.29	1.71
(ii) Intangible assets		3.31	0.10
(iii) Intangibles under development		1.00	1.10
(b) Deferred tax assets (net)	2.11	21.92	10.74
(c) Long-term loans and advances	2.12	7,706.41	8,008.42
(d) Other non-current assets	2.13	42.00	1.87
		<u>7,783.93</u>	<u>8,023.94</u>

Current assets

(a) Cash and bank balances	2.14 72.21	140.29
(b) Short-term loans and advances	2.15 7,296.37	6,196.17
(c) Other current assets	2.16 364.34	178.76
	<u>7,732.92</u>	<u>6,515.22</u>

TOTAL

<u>15,516.85</u>	<u>14,539.16</u>
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Significant accounting policies and notes to the financial statements 1 & 2

As per our report of even date attached.

For BSR & Associates LLP

Chartered Accountants

Firm's Registration No. 116231W/W-100024



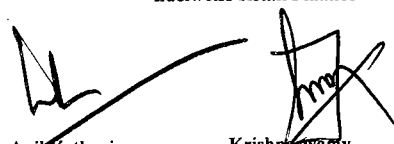
Ashwin Suvarna

Partner

Membership No: 109503

Mumbai
16 May 2017

For and on behalf of the Board of Directors
Edelweiss Retail Finance Limited



Anil Kothuri

Krishnaswamy
Siddharth

Director

DIN: 00177945

Director

DIN : 02463804



Vineet Mahajan
Chief Financial Officer



Sudipta Majumdar
Company Secretary

Mumbai
16 May 2017

Mumbai
16 May 2017

Edelweiss Retail Finance Limited

Statement of Profit and Loss

for the year ended 31 March 2017

(Currency : Indian Rupees in Millions)

	Note	For the year ended 31 March 2017	For the year ended 31 March 2016
Revenue from operations			
Fee and commission income	2.17	187.20	80.97
Interest income	2.18	2,338.16	1,532.57
Other income	2.19	9.98	1.18
Total Revenue		2,535.34	1,614.72
Expenses			
Employee benefit expenses	2.20	215.71	49.32
Finance costs	2.21	1,161.19	793.16
Depreciation	2.10	3.32	0.55
Other expenses	2.22	665.82	392.40
Total expenses		2,046.04	1,235.43
Profit before tax		489.30	379.29
Tax expense:			
(1) Current tax (includes short provision for earlier years Rs. 0.03 million (Previous year Rs. 8.23 million)		181.01	145.53
(2) Deferred tax (Net)		(11.17)	(13.26)
Profit for the year		319.46	247.02

Earnings per equity share (Face value Rs. 10 each):

Basic and diluted (in rupees) 2.25 10.08 12.28

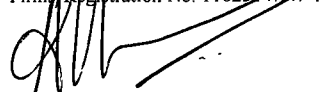
Significant accounting policies and notes to the financial statements 1 & 2

As per our report of even date attached.

For BSR & Associates LLP

Chartered Accountants

Firm's Registration No. 116231/WV-100024



Ashwin Suvarna

Partner

Membership No: 109503

For and on behalf of the Board of Directors
Edelweiss Retail Finance Limited



Anil Kothuri

Director

DIN: 00177945



Krishnaswamy
Siddharth


Director

DIN : 02463804



Vineet Mahajan
Chief Financial Officer

Mumbai
16 May 2017



Sudipta Majumdar
Company Secretary

Mumbai
16 May 2017

Mumbai
16 May 2017

Edelweiss Retail Finance Limited

Cash Flow Statement

for the year ended 31 March 2017

(Currency : Indian Rupees in Millions)

A Cash flow from operating activities

	For the year ended 31 March 2017	For the year ended 31 March 2016
Profit before tax	489.30	379.29
<i>Adjustments for</i>		
Depreciation*	3.32	0.55
Provision for standard assets	9.64	28.00
Provision for Restructured advances	2.91	1.25
Provision for non performing assets	(23.79)	26.69
Provision for credit loss on securitisation	30.14	5.60
Bad-debts and advance written off	225.54	1.78
Interest on income tax refund	-	(0.05)
Loss on sale of Fixed assets(net)	0.02	-

Operating cash flow before working capital changes

737.08 443.11

Add / (Less): Adjustments for working capital changes

Increase in receivable from financing business (Refer note 1)	(5,114.77)	(8,444.92)
Increase in other loans and advances	(21.11)	(242.66)
Increase in other current assets	(225.71)	(32.76)
Increase in liabilities and provisions	300.65	687.64

Net cash used in operating activities

(4,323.86) (7,589.59)

Income taxes paid

(164.80) (134.82)

Net cash used in operating activities - A

(4,488.66) (7,724.40)

B Cash flow from investing activities

Purchase of fixed assets	(14.50)	(4.86)
Sale of fixed assets	0.47	-
Increase in fixed deposits	(64.33)	-
Net cash used in investing activities - B	(78.36)	(4.86)

C Cash flow from financing activities

Proceeds from issue of equity shares	264.00	1,128.14
Premium payable on redemption of non convertible debentures	(90.47)	-
Proceeds from loans securitization / assignment	4,112.16	-
Proceeds from long-term borrowings (Refer note 1)	(1,080.10)	4,186.86
Proceeds from short-term borrowings (Net of repayment)	1,229.02	2,539.95
Net cash generated from financing activities - C	4,434.61	7,854.95

Net Increase in cash and cash equivalents (A+B+C)

(132.41) 125.69

Cash and cash equivalents as at the beginning of the year

140.29 14.60

Cash and cash equivalents as at the end of the year (Refer note 2.14)

7.88 140.29

Notes:

1 Net figures have been reported on account of volume of transactions.

As per our report of even date attached.

For BSR & Associates LLP

Chartered Accountants

Firm's Registration No. 116231W/W-180024

Ashwin Suvarna

Partner

Membership No: 109503

For and on behalf of the Board of Directors
Edelweiss Retail Finance Limited

Anil Kothuri

Director

DIN: 00177945

Krishnaswamy

Siddharth

Director

DIN : 02463804

Vineet Mahajan
Chief Financial Officer

Sudipta Majumdar
Company Secretary

Mumbai
16 May 2017

Mumbai
16 May 2017

Mumbai
16 May 2017

Edelweiss Retail Finance Limited

Notes to the financial statements

1. Significant accounting policies

1.1 Basis of preparation of financial statements

The accompanying financial statements are prepared and presented in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention, on the accrual basis of accounting, unless otherwise stated, and comply with the accounting standards as prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) rules, 2014, the provisions of the Companies Act, 2013 (to the extent notified), provisions of the Companies Act, 1956 (to the extent applicable) (hereinafter together referred to as 'the Act') and the Schedule III to the Act and circulars and guidelines issued by the Reserve Bank of India ('RBI'). The financial statements are presented in Indian rupees in millions

The Company being a NBFC registered with RBI follows the guidelines issued by the RBI, in respect of income recognition, provisioning for non-performing assets and valuation of investments.

1.2 Use of estimates

The preparation of the financial statements in conformity with GAAP requires the Management to make 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 amount of revenue and expenses during the reporting period. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as on the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

1.3 Current-non-current classification

All assets and liabilities are classified into current and non-current

Assets

An Asset is classified as current when it satisfies any of the following criteria:

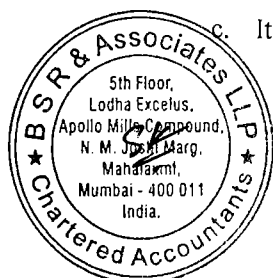
- It is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle;
- It is held primarily for the purpose of being traded;
- It is expected to be realized within twelve months after the reporting date; or
- It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

Current Assets include the current portion of non-current financial assets.
All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- It is expected to be settled in the Company's normal operating cycle.
- It is held primarily for the purpose of being traded;
- It is due to be settled within twelve months after the reporting date; or



Edelweiss Retail Finance Limited

Notes to the financial statements (*Continued*)

- d. The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of the liability that could, at the option of the counterparty, results in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities. All other liabilities are classified as non-current

1.4 Revenue recognition

- a. Fees Income including processing fees (other than small & medium enterprises loans) are accounted for on an accrual basis in accordance with the terms and contracts entered into between the Company and the counterparty.
- b. In case of small & medium enterprises loans, processing fees collected are amortised over a pre-determined tenor arrived on an industry average or original contractual tenor, whichever is shorter. The unamortised balance is disclosed under "Other current liabilities" and "Other long term liabilities" based on amortisable tenor. In the event of a loan being foreclosed, securitised or written off, the unamortised portion of such processing fees is recognised as income at the time of such foreclosure, securitisation or write off.
- c. Interest income is recognised on accrual basis. Interest income in case of lending business is recognised on accrual basis except in case of non-performing assets, wherein it is accounted on realisation, as per RBI guidelines. Loans are repaid by way of Equated Monthly Instalments (EMIs), which comprise of principal and interest. Interest is calculated on outstanding balance at the beginning of a month. EMIs generally commence only after the entire loan is disbursed. Pending commencement of EMIs, pre-EMI interest is charged every month and is accounted on accrual basis.
- d. Profit/loss earned on sale of investments is recognised on trade date basis. Profit/loss on sale of investments is determined based on the weighted average cost of the investments sold.
- e. Dividend income is recognised when the right to receive payment is established.
- f. Penal interest income on delayed EMI or Pre-EMI is recognized on receipt basis.
- g. Charges levied like cheque bouncing charges, loan conversion charges etc are recognized on receipt basis.

1.5 Provisioning on receivables from financing business

Provision for non-performing assets is based on the management's assessment of the degree of impairment of the loan asset and the level of provisioning required as per the prudential norms prescribed by RBI.

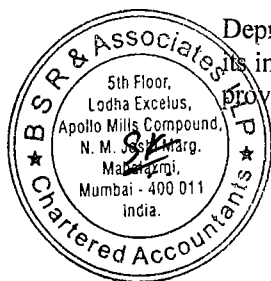
Provisions against standard assets are made on the basis of prudential norms prescribed by RBI.

1.6 Fixed assets and depreciation

Property, plant & equipment

Property, plant & equipment are stated at cost of acquisition or construction less accumulated depreciation and impairment if any. The cost of Property, plant & equipment comprises of purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Depreciation is provided on a written down value basis from the date the asset is ready for its intended use or put to use whichever is earlier. In respect of assets sold, depreciation is provided upto the date of disposal.



Edelweiss Retail Finance Limited

Notes to the financial statements (*Continued*)

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 for calculating the depreciation. The useful lives of the fixed assets are as follows:

Nature of assets	Estimated useful life
Office Equipment	5 years
Vehicles	8 years
Computer and data processing units-End user devices, such as Desktops, laptops, etc.	3 years

Intangible fixed assets

Intangible fixed 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 or estimated useful life, whichever is shorter life.

1.7 Employee benefits

The accounting policy followed by the Company in respect of its employee benefit schemes in accordance with Accounting Standard 15 (revised 2005), is set out below:

Provident fund

The Company contributes to a recognised provident fund 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

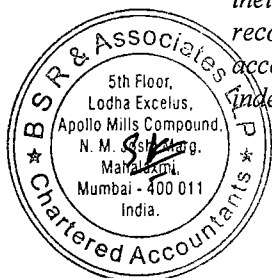
The present value of the obligation under such benefit plan is determined based on actuarial valuation using the Projected Unit Credit Method which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at present values of estimated future cash flows. The discounted rates used for determining the present value are based on the market yields on Government Securities as at the balance sheet date.

Actuarial gains and losses arising from experience adjustments and change in actuarial assumptions are recognised in the statement of profit and loss in the period in which they arise.

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 to the statement of profit and loss and corresponding liability on account of such non-vesting accumulated leave entitlement based on a valuation by an independent actuary.



Edelweiss Retail Finance Limited

Notes to the financial statements (*Continued*)

1.8 *Impairment of 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. The recoverable amount is higher of the assets net selling price and the value in use which means the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. If such recoverable amount of the asset 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 profit and loss account. 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.

1.9 *Investments*

Investments are classified into non-current investments and current investments. Investments which are intended to be held for one year or more are classified as long term investments and investments which are intended to be held for less than one year are classified as current investments.

Long term investments are carried at cost less diminution in value which is other than temporary, determined separately for each investment.

Current investments are carried at lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each category of investment. In case of investments in mutual funds, the net asset value of units declared by the mutual funds is considered as the fair value.

1.10 *Loan origination costs*

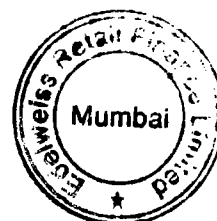
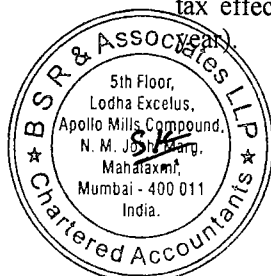
Loan origination costs comprise of costs paid to third party vendors and intermediaries for loan acquisition, processing, field verification, legal evaluation, title search, fraud check, technical valuation, etc. Such origination costs, directly attributable to disbursed loans are amortised over a pre-determined tenor arrived on an industry average or original contractual tenor, whichever is shorter. The unamortised balance is disclosed as part of "Long-term loans and advances" and "Short-term loan and advances" based on amortisable tenor. Where the loan is foreclosed, securitised or written off, the unamortised portion of such loan origination costs are recognised as a charge to the statement of profit and loss at the time of such foreclosure, securitisation or write off.

1.11 *Securitised Assets*

Assets that are securitised and assigned are derecognised in the books of accounts based on the principle of transfer of ownership interest over the assets. De-recognition of such assets and recognition of gain or loss arising on such securitisation is based on the generally accepted accounting principles and industry practice.

1.12 *Taxation*

Tax expense comprises current tax (i.e. amount of tax for the year determined in accordance with the Income Tax Act, 1961), deferred tax charge or benefit (reflecting the tax effect of timing differences between accounting income and taxable income for the



Edelweiss Retail Finance Limited

Notes to the financial statements (*Continued*)

Current tax

Provision for income tax is recognised based on estimated tax liability computed after adjusting for allowances, disallowances and exemptions in accordance with the Income Tax Act, 1961.

Deferred tax

The deferred tax charge or benefit and the corresponding deferred tax liabilities and assets are recognized using the tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the asset can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of the assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonable/virtually certain (as the case may be) to be realised.

Minimum Alternate Tax (MAT)

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

1.13 Earnings per share

The Company reports basic and diluted earnings per share in accordance with Accounting Standard 20 – “Earnings Per Share” notified under section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. 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 during the year.

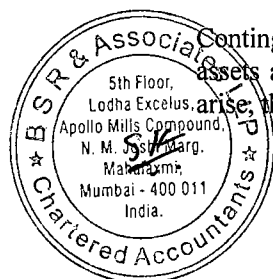
Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted earnings per share is computed by dividing the net profit after tax attributable to the equity shareholders for the year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

1.14 Provisions and contingencies

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an economic benefit will arise, the asset and related income are recognised in the period in which the change occurs.



Edelweiss Retail Finance Limited

Notes to the financial statements (Continued)

as at 31 March 2017

(Currency : Indian Rupees in Millions)

2.1 Share capital

Authorised:

50,000,000 (Previous year: 50,000,000) Equity Shares of Rs. 10 each

As at
31 March 2017

As at
31 March 2016

500.00 500.00

500.00 500.00

Issued, Subscribed and Paid up::

32,950,000 (Previous year: 29,950,000) Equity Shares of Rs. 10 each, fully paid up

329.50 299.50

329.50 299.50

Movement in share capital

Equity Shares of Rs 10 each fully paid

Outstanding at the beginning of the year

Shares issued during the year

Outstanding at the end of the year

As at
31 March 2017

As at
31 March 2016

Number of shares	Amount	Number of shares	Amount
29,950,000	299.50	15,658,833	156.59
3,000,000	30.00	14,291,167	142.91
32,950,000	329.50	29,950,000	299.50

Shares held by holding / ultimate holding Company and / or their subsidiaries / associates

Edelcap Securities Limited, the holding Company

Edelweiss Financial Services Limited

Edelweiss Finvest Private Limited (formerly known as Arum Investments Private Limited)

As at
31 March 2017

As at
31 March 2016

Number of shares	Percentage shareholding	Number of shares	Percentage shareholding
25,258,333	76.66%	25,258,333	84.34%
4,691,667	14.24%	4,691,667	15.66%
3,000,000	9.10%	-	0.00%
32,950,000	100.00%	29,950,000	100.00%

Details of shareholders holding more than 5% shares in the Company:

Equity Shares of Rs 10 each fully paid

Edelcap Securities Limited

Edelweiss Financial Services Limited

Edelweiss Finvest Private Limited (formerly known as Arum Investments Private Limited)

As at
31 March 2017

As at
31 March 2016

Number of shares	Percentage shareholding	Number of shares	Percentage shareholding
25,258,333	76.66%	25,258,333	84.34%
4,691,667	14.24%	4,691,667	15.66%
3,000,000	9.10%	-	0%
32,950,000	100.00%	29,950,000	100.00%

Rights, preferences and restriction attached to equity shares:

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

In the event of liquidation of the Company, the 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.



Edelweiss Retail Finance Limited

Notes to the financial statements (Continued)

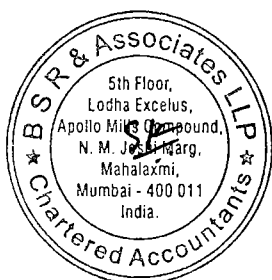
as at 31 March 2017

(Currency : Indian Rupees in Millions)

2.2 Reserves and surplus

	As at 31 March 2017	As at 31 March 2016
Capital Reserve	8.18	8.18
Securities Premium Account		
Opening balance	1,978.08	992.85
Add : Additions during the year	234.00	985.23
Less : Provision for redemption premium on NCD	59.16	-
	<u>2,152.92</u>	<u>1,978.08</u>
Special Reserve under Section 45-IC of the Reserve Bank of India Act, 1934, of India *		
Opening balance	65.07	15.66
Add : Additions during the year	63.89	49.41
	<u>128.96</u>	<u>65.07</u>
Surplus in statement of profit and loss		
Opening Balance	259.80	62.19
Add: Net profit for the year	319.46	247.02
Amount available for appropriation	<u>579.26</u>	<u>309.21</u>
Appropriations:		
Transfer to Special Reserve under Section 45-IC of the RBI Act, 1934	63.89	49.41
	<u>515.37</u>	<u>259.80</u>
	<u>2,805.43</u>	<u>2,311.13</u>

* Represents reserve created @ 20% of the profit after tax for the year as per the provisions of section 45-IC of the Reserve Bank of India Act, 1934.



Edelweiss Retail Finance Limited

Notes to the financial statements (Continued)

as at 31 March 2017

(Currency : Indian Rupees in Millions)

	As at 31 March 2017	As at 31 March 2016
2.3 Long-term borrowings		
<u>Secured</u>		
Non-convertible redeemable debentures (Refer note 2.32)	2,058.17	3,000.00
[Secured by pari pasu charge on immovable property and loans and advance]		
Term loans from bank (Refer note 2.34)	4,328.58	4,296.86
[Secured by pari pasu charge on receivables of the Company.]		
	<u>6,386.75</u>	<u>7,296.86</u>
<u>Unsecured</u>		
Loans from related parties (refer note 2.24(ii))	-	290.00
[These loans are at an interest rate of 12 per cent per annum, repayable after the end of one year but before the end of three years, as mutually agreed]		
Non-convertible redeemable subordinated debt (Refer note 2.31)	260.00	140.00
	<u>6,646.75</u>	<u>7,726.86</u>
2.4 Other long-term liabilities		
Unamortised processing fees	52.84	65.33
Interest accrued but not due on borrowings	97.87	26.78
Unrealised gain on loan transfer transactions	41.99	1.87
	<u>192.70</u>	<u>93.98</u>
2.5 Long-term provisions		
Provision for employee benefits		
Gratuity (refer note 2.26B)	3.13	2.11
Compensated leave absences	0.75	0.63
Deferred bonus	9.50	-
Other Provisions:		
Provision for non performing assets	2.82	5.96
Provision for standard assets	39.06	33.34
Provision for restructured loan	4.66	1.75
Provision for credit loss on securitisation	35.74	5.60
	<u>95.66</u>	<u>49.39</u>



Edelweiss Retail Finance Limited

Notes to the financial statements (Continued)

as at 31 March 2017

(Currency : Indian Rupees in Millions)

	As at 31 March 2017	As at 31 March 2016
2.6 Short-term borrowings		
<u>Secured</u>		
Bank overdraft	1,018.53	460.24
[Secured by pari passu charge on receivables of the Company] (Due within one year, unless otherwise stated)		
<u>Unsecured</u>		
Loans from a related party (repayable on demand) (refer note 2.24(ii))	732.47	96.11
	<u>1,751.00</u>	<u>556.35</u>
2.7 Trade payables		
Trade payables		
(A) total outstanding dues of micro enterprises and small enterprises	-	-
(B) total outstanding dues of creditors other than micro enterprises and small enterprises		
i) Acceptances	-	-
ii) Others		
a. Related Parties (Refer Note No. 2.24 (ii))	51.81	97.05
b. Others (includes sundry creditors and provision for expenses)	338.99	75.48
	<u>390.80</u>	<u>172.53</u>
2.8 Other current liabilities		
Current maturities of Long Term Secured Debt		
Term loan from bank (Refer note 2.34)	1,520.83	486.46
Non-convertible debentures (Refer note 2.32)	1,000.00	2,000.00
Interest accrued but not due on borrowings	148.47	278.55
Interest accrued and due on borrowings	-	7.16
Income received in advance	0.46	1.08
Unamortised processing fees	67.91	60.64
Other Payables		
Accrued salaries and benefits	42.75	15.78
Withholding taxes, service tax and other taxes payable	25.47	17.25
Book overdraft	280.11	367.40
Provision for capital expenditure	0.50	0.11
Others	2.94	0.24
Unrealised gain on loan transfer transactions	158.83	22.71
	<u>3,248.27</u>	<u>3,257.38</u>
2.9 Short-term provisions		
Provision for employee benefits		
Gratuity (refer note 2.26B)	0.50	-
Compensated absences	0.24	0.17
Deferred bonus	15.95	-
Other Provisions :		
Provision for non performing assets	1.48	22.13
Provision for standard assets	12.36	8.44
Provision for taxation (Net of advance tax Rs.311.93 million; Previous year:Rs.145.93 million)	26.21	41.30
	<u>56.74</u>	<u>72.04</u>



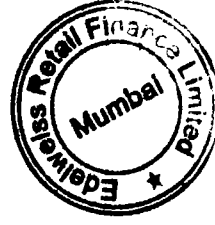
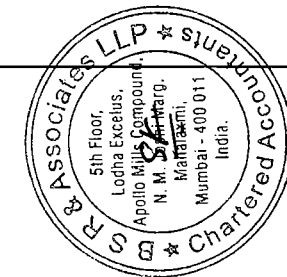
Edelweiss Retail Finance Limited

Notes to the financial statements (Continued)
as at 31 March 2017

(Currency : Indian Rupees in Millions)

2.10 Fixed assets

Description of Assets	Gross Block			Depreciation		Net Block	
	As at 1 April 2016	Additions during the year	Deductions during the year	As at 31 March 2017	Charge for the year	Deductions during the year	As at 31 March 2017
Property, plant & equipment							
Land	0.37	-	-	0.37	-	-	0.37
Vehicles	1.28	6.24	0.55	6.97	1.57	0.06	5.10
Office equipment	0.50	0.07	-	0.57	0.16	-	0.23
Computers	0.11	4.30	-	4.41	0.81	-	3.59
Total : A	2.26	10.61	0.55	12.32	2.54	0.06	9.29
Intangible assets							
Computer software	0.10	4.00	-	4.10	0.79	-	3.31
Total : B	0.10	4.00	-	4.10	0.79	-	3.31
Grand Total [A+B]	2.36	14.61	0.55	16.42	3.33	0.06	12.60
							1.81



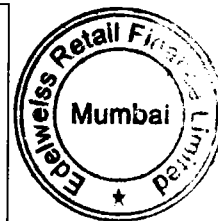
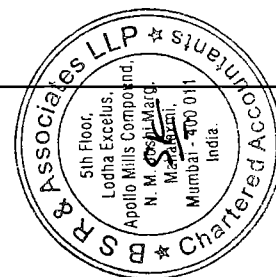
Edelweiss Retail Finance Limited

Notes to the financial statements (Continued)
(Currency : Indian Rupees in Million)

2.10 Fixed assets (continued)

Description of Assets	Gross Block			Depreciation			Net Block	
	As at 1 April 2015	Additions during the year	Deductions during the year	As at 31 March 2016	Charge for the year	Deductions during the year	As at 31 March 2016	As at 31 March 2015
Property, plant & equipment								
Land	0.37	-	-	0.37	-	-	0.37	0.37
Vehicles	-	1.28	-	1.28	0.36	-	0.92	-
Office equipment ^	0.01	0.49	-	0.50	0.18	-	0.32	0.01
Computers	-	0.11	-	0.11	0.01	-	0.10	-
Total : A	0.38	1.88	-	2.26	0.55	-	1.71	0.38
Intangible assets								
Computer software ^	-	0.10	-	0.10	0.00	-	0.10	-
Total : B	-	0.10	-	0.10	0.00	-	0.10	-
Grand Total [A+B]	0.38	1.98	-	2.36	0.55	-	1.81	0.38

^ - amount is less than Rs. 0.01 million.



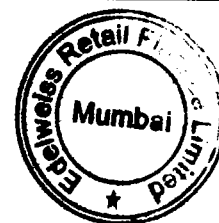
Edelweiss Retail Finance Limited

Notes to the financial statements (Continued)

as at 31 March 2017

(Currency : Indian Rupees in Millions)

	As at 31 March 2017	As at 31 March 2016
2.11 Deferred tax assets (net)		
Deferred tax assets on account of :		
Provision for standard assets	17.80	14.45
Amortised processing fees	41.79	43.60
Provision for Gratuity	1.26	0.73
Disallowances under section 43B of the Income Tax Act, 1961	0.34	0.28
Provision for deferred bonus	8.81	-
Provision for non-performing assets	15.47	12.27
Difference between book and tax depreciation	-	0.11
	<u>85.47</u>	<u>71.44</u>
Deferred tax liabilities on account of :		
Amortised loan origination costs	63.22	60.70
Difference between book and tax depreciation	0.33	-
	<u>63.55</u>	<u>60.70</u>
Net deferred tax assets	<u>21.92</u>	<u>10.74</u>
2.12 Long-term loans and advances		
<u>Secured</u>		
(considered good, unless stated otherwise)		
Receivable from financing business		
- considered good	5,137.10	7,753.65
	<u>5,137.10</u>	<u>7,753.65</u>
<u>Unsecured</u>		
(considered good, unless stated otherwise)		
Receivables from financing business		
- considered good	2,434.03	151.88
- considered non performing assets	52.97	15.62
	<u>2,487.00</u>	<u>167.50</u>
Security Deposits		
Rental deposits	3.67	1.49
Other loans and advances		
Unamortised loan origination costs	78.59	85.73
Advance income taxes (net of provision for Tax Rs 0.58 million; Previous year Rs. 0.58 million)	0.05	0.05
	<u>2,569.31</u>	<u>254.77</u>
	<u>7,706.41</u>	<u>8,008.42</u>
2.13 Other non-current assets		
Deferred Consideration on loan transfer transactions	42.00	1.87
	<u>42.00</u>	<u>1.87</u>



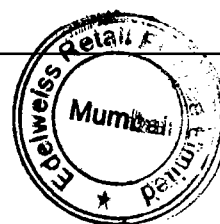
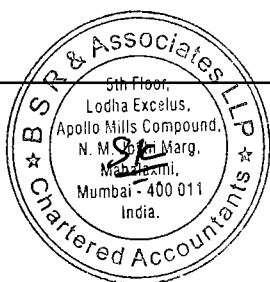
Edelweiss Retail Finance Limited

Notes to the financial statements (Continued)

as at 31 March 2017

(Currency : Indian Rupees in Millions)

	As at 31 March 2017	As at 31 March 2016
2.14 Cash and bank balances		
Cash and Cash equivalents		
Balances with Banks		
- in Current accounts	7.88	140.29
Other Banks Balances		
- Short term deposits with banks	64.33	-
(Other bank deposits with maturity > 3 months and less than 12 months)		
	<u>72.21</u>	<u>140.29</u>
2.15 Short-term loans and advances		
<u>Secured</u>		
(considered good, unless stated otherwise)		
Receivable from financing business		
- considered good	4,005.08	516.38
<u>Unsecured</u>		
(considered good, unless stated otherwise)		
Receivables from financing business		
- considered good	3,098.38	5,497.81
- considered non performing assets	9.00	24.14
	<u>3,107.38</u>	<u>5,521.95</u>
Other loans and advances		
Advances to others	0.03	-
Deposits- others	0.13	0.13
Prepaid expenses	0.74	0.11
Unamortised loan origination costs	104.09	89.66
Loans and advances to employees	0.42	-
Input tax credit	29.01	14.94
Advances recoverable in cash or in kind or for value to be received	49.49	53.00
	<u>3,291.29</u>	<u>5,679.79</u>
	<u>7,296.37</u>	<u>6,196.17</u>
2.16 Other current assets		
Accrued interest on fixed deposits	0.02	-
Accrued interest on loans	17.18	5.43
Accrued interest on loans not due	188.31	150.62
Deferred Consideration on loan transfer transactions	158.83	22.71
	<u>364.34</u>	<u>178.76</u>



Edelweiss Retail Finance Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2017

(Currency : Indian Rupees in Millions)

	For the year ended 31 March 2017	For the year ended 31 March 2016
2.17 Fee and commission income		
Loan processing fees and other fees	187.20	80.97
	<u>187.20</u>	<u>80.97</u>
2.18 Interest Income		
On loans	2,338.10	1,532.53
On fixed deposits	0.02	-
On others	0.04	0.04
	<u>2,338.16</u>	<u>1,532.57</u>
2.19 Other income		
Miscellaneous income	9.98	1.18
	<u>9.98</u>	<u>1.18</u>



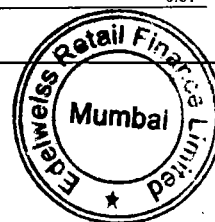
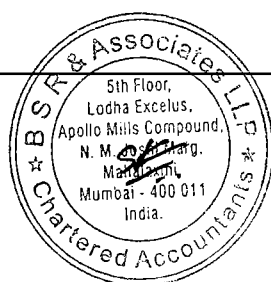
Edelweiss Retail Finance Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2017

(Currency - Indian Rupees in Millions)

	For the year ended 31 March 2017	For the year ended 31 March 2016
2.20 Employee benefits expense		
Salaries and wages (refer note 2.28)	198.29	45.95
Contribution to provident and other funds	7.68	2.60
Staff welfare expenses	9.74	0.77
	215.71	49.32
2.21 Finance costs		
Interest on debentures	434.60	291.40
Interest on Subordinated Debt	23.18	13.68
Interest on term loan	557.09	163.82
Interest on bank overdraft	19.67	6.90
Interest on loan from related party	112.07	271.71
Discount on Non Convertible Debentures	9.72	6.33
Interest on shortfall in payment of Advance Income Tax	1.19	0.83
Bank charges	3.67	35.50
Interest - others	-	2.99
	1,161.19	793.16
2.22 Other expenses		
Advertisement and business promotion	3.07	1.90
Auditors' remuneration (refer below)	1.62	0.81
Bad- debts and advances written off	225.54	1.78
Commission and brokerage	0.94	0.08
Communication	1.35	0.36
Computer software	0.05	0.23
Directors' sitting fees	0.40	-
Donation	0.50	0.05
Electricity charges (Refer note 2.28)	1.41	0.60
Legal and professional fees	149.12	159.63
Loan origination costs amortised	196.18	90.48
Office expenses	1.60	2.87
Printing and stationery	1.63	0.73
Provision for standard assets	9.65	28.00
Provision for restructured advances	2.91	1.25
Provision for non performing assets	(23.79)	26.69
Provision for credit loss on securitisation	30.14	5.60
Rates and taxes	0.27	0.19
Rating Support Fees	12.50	28.50
Rent (Refer note 2.28)	10.25	7.30
Repairs and maintenance - others	0.61	0.20
ROC expenses	(0.07)	1.61
Service tax expenses	21.31	21.85
Stamp duty	7.73	7.88
Travelling and conveyance	9.39	3.02
Miscellaneous expenses	1.51	0.79
	665.82	392.40
Auditors' remuneration:		
For Statutory audit and limited review	1.43	0.70
For other services (certification)	0.08	0.08
For reimbursement of expenses	0.11	0.03
	1.62	0.81



(Currency: Indian rupees in Million)

2.23 Segment reporting

The Company is registered with the Reserve Bank of India as a Non Banking Financial Company engaged in the business of lending and financing. All other activities of the Company revolve around the main business. Since the business operations of the Company are primarily concentrated in India, the Company is considered to operate only in the domestic segment.

As the Company's business activity falls within a primary business segment, the financial statements are reflective of the information required under Accounting Standard 17 on Segment Reporting notified under section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules 2014.

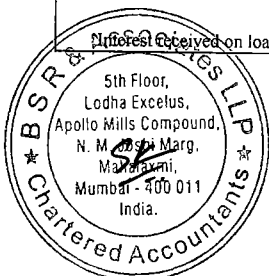
2.24 Related Parties as per AS 18

(i) List of related parties and relationship:

Name of related parties by whom control is exercised	Edelcap Securities Limited - Holding Company Edelweiss Financial Services Limited – Ultimate holding Company
Fellow Subsidiaries (with whom transactions have taken place)	Auris Corporate Centre Limited ECL Finance Limited EdelGive Foundation Edelweiss Commodities Services Limited Edelweiss Housing Finance Limited Edelweiss Business Services Limited (Formerly known as Edelweiss Web Services Limited) EFSL Trading Limited (Formerly known as EFSL Commodities Limited) Edelweiss Finvest Private Limited (Formerly known as Arum Investments Private Limited) Edelweiss Investment Adviser Limited Eternity Business Centre Limited Edelweiss Finance & Investments Limited Edelweiss Securities Limited
Key Management Personnel	Mr. Arun Kumar Nayyar

(ii) Transactions with related parties :

Nature of Transaction	Related Party Name	For the year ended 31 March 2017	For the year ended 31 March 2016
Capital Account Transaction during the year:			
Equity shares issued to	Edelcap Securities Limited	-	96.00
	Edelweiss Financial Services Limited	-	46.92
	Edelweiss Finvest Private Limited (Formerly known as Arum Investments Private Limited)	30.00	-
Securities premium received from	Edelweiss Financial Services Limited	-	623.97
	Edelcap Securities Limited	-	361.26
	Edelweiss Finvest Private Limited (Formerly known as Arum Investments Private Limited)	234.00	-
Assignment of loan portfolio from	Edelweiss Housing Finance Limited	1,005.91	-
Current account transactions:			
Loans taken from (refer note 2.24A(2))	Edelweiss Financial Services Limited	333.02	2,426.90
	Edelweiss Commodities Services Limited	3,472.40	-
Loans repaid to (refer note 2.24A(2))	Edelweiss Financial Services Limited	429.13	2,733.65
	Edelweiss Commodities Services Limited	2,739.93	-
	EFSL Trading Limited (Formerly known as EFSL Commodities Limited)	290.00	2,500.00
Repayment of loans by (refer note 2.24A(2))	Edelweiss Securities Limited	-	7.50
Interest expenses	EFSL Trading Limited (Formerly known as EFSL Commodities Limited)	7.03	151.52
	Edelweiss Financial Services Limited	1.93	120.19
	Edelweiss Commodities Services Limited	103.11	-
Legal & Professional Fees	Edelweiss Housing Finance Limited	48.87	57.51
	Edelweiss Business Services Limited (Formerly known as Edelweiss Web Services Limited)	0.24	-
Interest received on loan from	Edelweiss Securities Limited	-	0.39



Edelweiss Retail Finance Limited
Notes to the financial statements (Continued)
For the year ended 31 March 2017

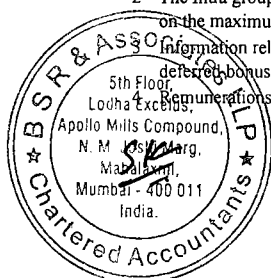
(Currency: Indian rupees in Million)

(ii) Transactions with related parties (Continued)

Nature of Transaction	Related Party Name	For the year ended 31 March 2017	For the year ended 31 March 2016
Reimbursement paid to	Edelweiss Financial Services Limited	65.76	180.88
	Edelweiss Business Services Limited (Formerly known as Edelweiss Web Services Limited)	71.84	0.01
Cost reimbursement paid to	Edelweiss Financial Services Limited	1.92	13.70
	Edelweiss Business Services Limited (Formerly known as Edelweiss Web Services Limited)	0.06	0.06
	Edelweiss Commodities Services Limited	0.32	1.74
	Eternity Business Centre Limited	0.36	-
Commission & Brokerage Exps	Edelweiss Investment Adviser Limited	0.95	-
Rent paid to	Auris Corporate Centre Limited	-	3.88
	Edelweiss Commodities Services Limited	1.84	-
	Eternity Business Centre Limited	5.88	-
Donation	EdelGive Foundation	0.50	0.05
Rating fee paid	Edelweiss Financial Services Limited	12.50	28.50
Remuneration paid to (refer note 2.24A(3) & note 2.24A(4))	Mr. Arun Kumar Nayyar	25.67	7.36
Director sitting fees	Mr. Mitul Shah	0.20	0.02
	Mr. Sanjay Shah	0.20	0.02
Director nomination deposit received from	Edelcap Securities Limited	0.30	0.10
Prepaid Exps	Edelweiss Financial Services Limited	0.71	-
Balances with related parties:			
Liabilities			
Short term borrowings from (refer note 2.24A(2))	Edelweiss Financial Services Limited	-	96.11
	Edelweiss Commodities Services Limited	732.47	-
Long term borrowings from (refer note 2.24A(2))	EFSL Trading Limited (Formerly known as EFSL Commodities Limited)	-	290.00
Interest accrued and due on borrowings from	Edelweiss Commodities Services Limited	-	5.45
	EFSL Trading Limited (Formerly known as EFSL Commodities Limited)	0.49	1.70
Trade Payables	Auris Corporate Centre Limited	-	4.05
	Edelweiss Financial Services Limited	-	32.63
	Edelweiss Housing Finance Limited	51.46	60.10
	Edelcap Securities Limited	-	0.10
	Edelweiss Business Services Limited (Formerly known as Edelweiss Web Services Limited)	0.35	0.07
Nomination deposits - Payables	Edelcap Securities Limited	0.60	-
Advances to others	Edelweiss Finance & Investments Limited	0.03	-
Nomination deposits - Receivables	Edelcap Securities Limited	0.10	-
Assets			
Remuneration payable to (refer note 2.24A(3) & note 2.24A(4))	Mr. Arun Kumar Nayyar	11.00	7.00
Off Balance sheet item			
Corporate guarantee taken from	Edelweiss Financial Services Limited	-	200.00

Note : 2.24A

- Previous year figures have been recasted / restated wherever necessary.
 - The Intra group Company loans are generally in the nature of revolving demand loans. Loan taken/repaid from/to related parties are disclosed based on the maximum incremental amount taken and repaid during the reporting period.
- Information relating to remuneration paid to key managerial person mentioned above excludes provision made for gratuity, leave encashment and deferred bonus which are provided for group of employees on an overall basis.
- Remunerations to KMPs shall be within the limit prescribed by the Companies Act.



(Currency: Indian rupees in Million)

2.25 Earnings per share

In accordance with Accounting Standard 20 on earnings per shares as prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014., the computation of earnings per share is set out below:

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
a) Shareholders earnings (as per statement of profit and loss)	319.46	247.02
b) Calculation of weighted average number of Equity Shares of Re 10 each:		
- Number of equity shares outstanding at the beginning of the year	29,950,000	15,658,833
- Number of equity shares issued during the year	3,000,000	14,291,167
Total number of equity shares outstanding at the end of the year	32,950,000	29,950,000
Weighted average number of equity shares outstanding during the year (based on the date of issue of shares)	31,700,685	20,112,730
Basic and diluted earnings per share (in Rupees) (a/b)	10.08	12.28

The basic and diluted earnings per share are the same as there are no dilutive potential equity shares issued or outstanding as at 31 March 2017 and as at 31 March 2016.

2.26 Disclosure pursuant to Accounting Standard 15 (Revised)-Employee benefits

A) Defined contribution plan (Provident fund):

Amount of Rs.5.73 million (previous year: Rs.1.69 million) is recognised as expenses and included in "Employee benefit expenses".

B) Defined benefit plan (Gratuity):

The following tables summarize the components of the net employee benefit expenses recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the Gratuity benefit plan.

Statement of profit and loss

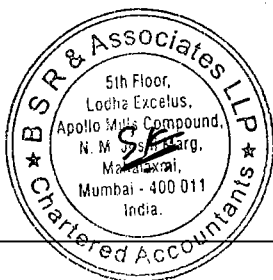
Net employee benefit expenses recognized in the statement of profit & loss

	For the year ended 31 March 2017	For the year ended 31 March 2016
Current service cost	0.86	0.60
Interest on defined benefit obligation	0.16	0.09
Past service cost	-	-
Actuarial losses	0.72	0.22
Total included in 'Employee Benefit Expenses'	1.74	0.91

Balance Sheet

Reconciliation of Defined Benefit Obligation (DBO) are as follows:

	For the year ended 31 March 2017	For the year ended 31 March 2016
Present value of DBO at start of year	2.11	0.03
Interest cost	0.16	0.09
Current service cost	0.86	0.60
Employee Transfer in adjustment	0.03	1.17
Benefit paid	(0.24)	-
Actuarial (gain)/loss:	0.72	0.22
Present value of DBO at end of year	3.63	2.11



Edelweiss Retail Finance Limited
Notes to the financial statements (Continued)
For the year ended 31 March 2017

(Currency: Indian rupees in Million)

2.26 Disclosure pursuant to Accounting Standard 15 (Revised)-Employee benefits (Continued)

Changes in the fair value of plan assets are as follows:

	For the year ended 31 March 2017	For the year ended 31 March 2016
Fair value of plan assets at the beginning of the year	-	-
Acquisition adjustment	-	-
Expected return on plan asset	-	-
Contributions	-	-
Benefits paid	-	-
Actuarial gain/(loss):	-	-
Fair value of plan assets at the end of the year	-	-

Net liability / (asset) recognised in the Balance Sheet

	For the year ended 31 March 2017	For the year ended 31 March 2016
Present value of DBO	3.63	2.11
Fair value of plan assets	-	-
Amount recognized in balance sheet - (assets)/liability	3.63	2.11
Of which, short term provision	0.50	0.00

Experience adjustment :

	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015
Defined Benefit Obligation	3.63	2.11	0.03
Fair value of plan assets	-	-	-
Surplus / (deficit)	(3.63)	(2.11)	(0.03)
On plan liabilities: (gain)/ loss	0.57	0.17	NA*

* Being the first actuarial valuation

Principle actuarial assumptions at the balance sheet date:

	As at 31 March 2017	As at 31 March 2016
Discount rate current	6.60%	7.40%
Salary escalation current	7.00%	7.00%
Employees attrition rate (based on categories)	13-60%	13-60%
Mortality Rate	IALM 2006-08 (Ult.)	IALM 2006-08 (Ult.)
Expected average remaining working life of employees	3 year	4 year

2.27 Contingent liabilities and commitments

- a) The Company has no contingent liabilities as at the balance sheet date is Nil (Previous year: Nil).
Corporate guarantee given by the Company in relation to securitisation transaction is Rs. 322.58 million (Previous year : Rs. 22.22 million)

The Company's pending litigations mainly comprise of claims against the Company pertaining to proceedings pending with income tax and other authorities. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in the financial statements. The Company believes that the outcome of these proceedings will not have a materially adverse effect on the Company's financial position and results of operations.

- b) Estimated amount of contracts remaining to be executed on capital account net of advances and not provided for is Rs. 1.02 million (Previous Year Rs.0.90 million).
- c) Undrawn committed credit lines Rs. 59.73 million as at balance sheet date (Previous year: Rs. 336.94 million).

2.28 Cost sharing

Edelweiss Financial Services Limited, being the ultimate holding Company along with fellow subsidiaries incurs expenditure like common senior management compensation cost (FY 2015-16), Group mediclaim, insurance, rent, electricity charges etc. which is for the common benefit of itself and its certain subsidiaries, fellow subsidiaries including the Company. This cost so expended is reimbursed by the Company on the basis of number of employees, time spent by employees of other Companies, actual identifications etc. On the same lines, employees' costs expended (if any) by the Company for the benefit of fellow subsidiaries is recovered by the Company. Accordingly, and as identified by the management, the expenditure heads in note 2.20 and 2.22 include reimbursements paid and are net of reimbursements received based on the management's best estimate



Edelweiss Retail Finance Limited

Notes to the financial statements (Continued)

For the year ended 31 March 2017

(Currency: Indian rupees in Million)

2.29 Details of dues to micro enterprise and small enterprise

Trade payables includes Rs. Nil (Previous year: Rs. Nil) payable to "suppliers" registered under the micro, small and medium enterprises Development Act, 2006. No interest has been paid / is payable by the Company during the year to "suppliers" registered under this Act. The aforementioned is based on the responses received by the Company to its inquiries with suppliers with regard to applicability under the said Act.

2.30 The Company has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provision as required under any law/ accounting standards for material foreseeable losses on such long term contracts has been made in the books of accounts. The Company has not entered into any derivatives contracts during the year.

2.31 Details of Unsecured non-convertible redeemable subordinated debt

Details of the unsecured debentures issued as at 31 March 2017

Rate of interest	> 3 Years	2 - 3 Years	1 - 2 Years	< 1 Year	Total
9.95%	120.00	-	-	-	120.00
11.50%	140.00	-	-	-	140.00
Total	260.00	-	-	-	260.00

Details of the unsecured debentures issued as at 31 March 2016

Rate of interest	> 3 Years	2 - 3 Years	1 - 2 Years	< 1 Year	Total
11.50%	140.00	-	-	-	140.00

2.32 Details of Secured non-convertible debentures issued

Following are details of the repayment terms of secured debentures issued

As at 31 March 2017

Rate of interest	<1 year	1-3 years	> 3 years*	Total
Zero coupon bond	250.00	-	-	250.00
9%	750.00	-	2,000.00	2,750.00
Total	1,000.00	-	2,000.00	3,000.00

*Premium on redemption of debentures amounting to Rs. 58.17 million payable at maturity is not included above.

As at 31 March 2016

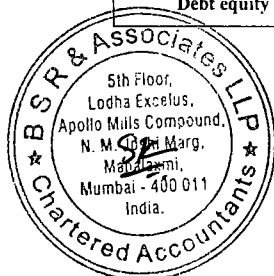
Rate of interest	<1 year	1-3 years	> 3 years	Total
Zero coupon bond	-	250.00	-	250.00
9%	2,000.00	750.00	2,000.00	4,750.00
Total	2,000.00	1,000.00	2,000.00	5,000.00

b) Debenture redemption reserve is not created for 5,000 Secured-redeemable non convertible debentures of face value of Rs. 1,000,000/- each pursuant to the Rule 18(7)(b)(ii) of Companies (Share Capital and Debentures) Rules, 2014 exempting NBFCs from creation of debenture redemption reserve in respect of privately placed debentures.

c) Debt equity and asset cover Ratio:

i) Debt equity ratio

	As at 31 March 2017	As at 31 March 2016
Shareholder's fund		
Paid up capital-equity	329.50	299.50
Add: Reserve and surplus	2,805.43	2,311.13
Less: Deferred tax asset	21.92	10.74
Less : Deferred Revenue Expenditure (Loan Originating Cost)	182.68	175.39
Equity (A)	2,930.33	2,424.50
Debt		
Long-term borrowings	6,646.75	7,726.86
Short-term borrowings	1,751.00	556.35
Current maturities of long term debt	2,520.83	2,486.46
Debt (B)	10,918.58	10,769.66
Debt equity ratio (B/A)	3.73	4.44



Edelweiss Retail Finance Limited

Notes to the financial statements (Continued)

For the year ended 31 March 2017

(Currency: Indian rupees in Million)

2.33 Details of Secured non-convertible debentures issued (Continued)

c) Debt equity and asset cover Ratio:

ii) Asset cover ratio

		As at 31 March 2017	As at 31 March 2016
Assets available			
Loans and advances	(A)	14,736.56	13,959.49
Debt			
Long-term secured borrowings		6,386.75	7,296.86
Short-term secured borrowings		1,018.53	460.24
Current maturities of secured long term debt		2,520.83	2,486.46
Total	(B)	9,926.11	10,243.56
Asset cover	(A/B)	1.48 :1	1.36 :1

2.34 Details of term loan from bank

As at 31 March 2017				
Rate of interest	Maturity			
	< 1 Year	1 - 3 Years	> 3 Years	Total
8.00 - 8.99%	562.50	1,125.00	434.95	2,121.55
9.00% to 9.99%	808.33	1,616.67	828.13	3,253.13
10.00% to 10.99%	150.00	300.00	24.73	474.73
Total	1,520.83	3,041.67	1,286.91	5,849.41
As at 31 March 2016				
Rate of interest	< 1 Year	1 - 3 Years	> 3 Years	Total
9.00% to 9.99%	100.00	175.00	-	275.00
10.00% to 10.99%	386.46	2,274.98	1,846.88	4,508.31
Total	486.46	2,449.98	1,846.88	4,783.31

2.35 Foreign currency

The Company has not undertaken any foreign currency transaction during the year ended 31 March 2017 (Previous year: Rs Nil).

2.36 Key ratios

The following table sets forth, for the periods indicated, the key financial ratios

	For the year ended 31 March 2017	For the year ended 31 March 2016
Gross NPAs as a percentage of total advance	0.42%	0.28%
Net NPAs as a percentage of total advance	0.36%	0.07%
Book value per share (Rs.) ¹	88.93	80.95
Current ratio ²	1.42	1.61
Debt to equity ratio (refer note 2.32) ³	3.73	4.44
Return on average equity ⁴ (%)	11.93%	13.77%
Return on average assets ⁵ (%)	2.13%	2.44%

1. Book value per share = Equity share capital (+) Reserves and surplus (-) Deferred tax assets (-) Deferred Revenue Expenditure / Outstanding number of equity shares.

2. Current ratio = Current assets / Current liabilities.

3. Debt-Equity ratio = Total Debt / Total Equity

Debt = Long term borrowings (+) Short term borrowings (+) Current maturity of long term borrowings

Total Equity = Equity Share Capital (+) Reserves and Surplus (-) Deferred tax asset (-) Deferred Revenue Expenditure

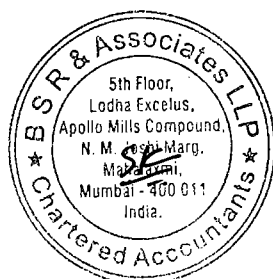
4. Return on average equity = Profit for the year / [Annual average equity share capital (+) Annual average reserves and surplus less Deferred tax asset].

5. Return on average assets = Profit for the year / Annual average total assets.

2.37 Banking facilities

The Company has obtained borrowing facilities from below mentioned banks:

- | | | | |
|---|-------------------------|----|-----------------------|
| 1 | Kotak Mahindra Bank Ltd | 7 | Punjab & Sind Bank |
| 2 | DCB Bank Ltd | 8 | Punjab National Bank |
| 3 | HDFC Bank Ltd | 9 | Bank of Maharashtra |
| 4 | United Bank of India | 10 | State Bank of India |
| 5 | Dena Bank | 11 | Karnataka Bank |
| 6 | Corporation Bank | 12 | State Bank of Patiala |



Edelweiss Retail Finance Limited

Notes to the financial statements (Continued)

For the year ended 31 March 2017

(Currency: Indian rupees in Million)

2.38 Capital to risk assets ratio (CRAR)

	As at 31 March 2017	As at 31 March 2016
i) CRAR (%)	18.67%	18.70%
ii) CRAR - Tier I capital (%)	17.90%	17.68%
iii) CRAR - Tier II Capital (%)	0.77%	1.02%
iv) Amount of subordinated debt raised as Tier-II capital	260.00	140.00
v) Amount raised by issue of perpetual debt instruments	-	-

2.39 Direct assignment & Securitisation

The Company sells loans through securitisation and direct assignment.

The information on direct assignment of the Company as an originator in respect of par transaction done during the year is given below :

	As at 31 March 2017	As at 31 March 2016
Total number of loan assets under par structure	195	-
Total book value of loan assets	761.02	-
Sales consideration received	761.02	-

The information on direct assignment of the Company as an originator in respect of transaction done on premium during the year is given below :

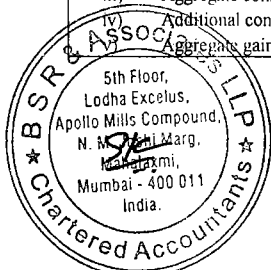
	As at 31 March 2017	As at 31 March 2016
Total number of loan assets under par structure	1752	-
Total book value of loan assets	52.16	-
Sales consideration received	52.70	-

Disclosures in the notes to the accounts in respect of securitisation transactions as required under revised guidelines on securitization transactions issued by RBI vide circular no.DNBS. PD.No.301/3.10.01/2012-13 dated August 21, 2012

	As at 31 March 2017	As at 31 March 2016
1 No. of SPVs sponsored by the NBFC for securitisation transactions	4	1
2 Total amount of securitised assets as per books of the SPVs sponsored by the NBFC	2,372.15	415.81
3 Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet	237.22	41.58
a) Off-balance sheet exposures		
- First loss	163.35	-
- Others	-	-
b) On-balance sheet exposures		
- First loss	73.87	41.58
- Others	-	-
4 Amount of exposures to assignment transactions other than MRR	194.16	25.11
a) Off-balance sheet exposures		
i) Exposure to own securitisations		
- First loss	159.23	22.22
- Others	-	-
ii) Exposure to third party securitisations		
- First loss	-	-
- Others	-	-
b) On-balance sheet exposures		
i) Exposure to own securitisations		
- First loss	34.93	2.89
- Others	-	-
ii) Exposure to third party securitisations		
- First loss	-	-
- Others	-	-

Amount of exposures to assignment transactions other than MRR

	As at 31 March 2017	As at 31 March 2016
i) No. of accounts	-	-
ii) Aggregate value (net of provisions) of accounts sold to SC / RC	-	-
iii) Aggregate consideration	-	-
iv) Additional consideration realized in respect of accounts transferred in earlier years	-	-
Aggregate gain / loss over net book value	-	-



Edelweiss Retail Finance Limited

Notes to the financial statements (Continued)

For the year ended 31 March 2017

(Currency: Indian rupees in Million)

2.40 Details of non-performing financial assets purchased / sold

During the year the Company has neither purchased nor sold any non-performing financial assets. (Previous year : Nil)

2.41 Operating leases

The Company has taken premises on operating lease. Terms of the lease include terms for renewal, increase in rents in future periods and term of cancellation. Gross rental expenses for the year ended 31 March 2017 aggregated to Rs.10.25 million (Previous year Rs. 7.30 million) which has been included under the head Other expenses – Rent in the statement of profit and loss.

Details of future minimum lease payments for the non-cancellable operating lease are as follows:

Minimum lease payments for non cancellable lease	For the year ended 31 March 2017	For the year ended 31 March 2016
- not later than one year	1.18	1.33
- later than one year and not later than five years	-	1.18
- later than five year	-	-

Future minimum lease payments for the non-cancellable operating lease are before sharing of expenses with group companies.

2.42 Exposure to real estate sector, both direct and indirect & exposure to capital market

a) Exposure to real estate sector, both direct and indirect

	For the year ended 31 March 2017	For the year ended 31 March 2016
A. Direct exposure		
(i) Residential mortgages - Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented.(Individual housing loans up to Rs. 15 lakh may be shown separately)	4,336.32	4,235.55
(ii) Commercial real estate - Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc).	4,839.75	4,001.17
Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
- Residential	-	-
- Commercial real estate	-	-
B. Indirect exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	-	-

b) Exposure to capital market

	For the year ended 31 March 2017	For the year ended 31 March 2016
i) direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt	-	-
ii) advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds	-	-
iii) advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	-	-
iv) advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances	-	-
v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	-	-
vi) loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	-	-
vii) bridge loans to companies against expected equity flows / issues	-	-
viii) all exposures to Venture Capital Funds (both registered and unregistered)	-	-



Edelweiss Retail Finance Limited

Notes to the financial statements (Continued)

For the year ended 31 March 2017

(Currency: Indian rupees in Million)

2.43 Asset liability management

Maturity pattern of certain items of assets and liabilities

For the financial year 2016-17

Particulars	Liabilities		Assets	
	Borrowings from banks	Borrowings from others	Advances	Investments
1 day to 30/31 days (One month)	279.63	146.49	696.85	-
Over One month to 2 months	203.71	366.23	940.71	-
Over 2 months upto 3 months	915.40	219.74	1,689.55	-
Over 3 months to 6 months	380.21	750.00	1,281.17	-
Over 6 months to 1 year	760.42	250.00	2,504.18	-
Over 1 year to 3 years	3,041.67	-	2,990.30	-
Over 3 years to 5 years	1,286.91	2,058.17	1,252.53	-
Over 5 years	-	260.00	3,381.27	-
Total	6,867.95	4,050.64	14,736.56	-

For the Financial Year 2015-16

Particulars	Liabilities		Assets	
	Borrowings from banks	Borrowings from others	Advances	Investments
1 day to 30/31 days (One month)	25.00	-	286.87	-
Over One months to 2 months	-	43.33	263.73	-
Over 2 months upto 3 months	52.08	173.84	1,760.23	-
Over 3 months to 6 months	77.08	168.94	1,256.75	-
Over 6 months to 1 year	792.54	2,000.00	2,470.74	-
Over 1 year to 3 years	2,450.00	1,000.00	1,058.35	-
Over 3 years to 5 years	1,846.85	2,000.00	1,569.04	-
Over 5 years	-	140.00	5,293.78	-
Total	5,243.55	5,526.11	13,959.49	-

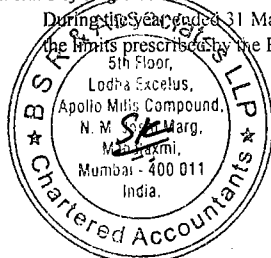
2.44 Movements in non performing advances:

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

	For the year ended 31 March 2017	For the year ended 31 March 2016
i) Net NPAs to net advances (%)	0.36%	0.07%
ii) Movement of NPAs (Gross)		
a) Opening balance	39.76	1.40
b) Additions during the year	54.37	40.10
c) Reductions during the year	(32.16)	1.74
d) Closing balance	61.97	39.76
iii) Movement of net NPA		
a) Opening balance	9.92	-
b) Additions during the year	46.55	10.21
c) Reductions during the year	(3.46)	0.29
d) Closing balance	53.01	9.92
iv) Movement of provisions for NPAs (excluding provision on standard assets)		
a) Opening balance	29.84	1.40
b) Additions during the year	7.82	29.89
c) Reductions during the year	(28.70)	1.45
d) Closing balance	8.96	29.84

2.45 Details of single borrower limit and group borrower limit exceeded by the Company:

During the year ended 31 March 2017 and 31 March 2016, the Company's credit exposure to single borrowers and group borrowers were within the limits prescribed by the RBI.



Edelweiss Retail Finance Limited

Notes to the financial statements (Continued)

For the year ended 31 March 2017

(Currency: Indian rupees in Million)

2.46 Details of 'provisions and contingencies'

Break up of 'provisions and contingencies' shown under the head expenditure in statement of profit and loss.	For the year ended 31 March 2017	For the year ended 31 March 2016
i) Provisions for depreciation on investment	-	-
ii) Provision towards NPA (include Restructured assets)	(20.88)	27.94
iii) Provision made towards income tax	181.01	145.53
iv) Provision for standard assets	9.65	28.00
v) Other provision and contingencies		
a) Provision for credit loss on securitisation	30.14	5.60

2.47 Concentration of deposits, advances, exposures and NPAs

A) Concentration of advances	For the year ended 31 March 2017	For the year ended 31 March 2016
Total advances to twenty largest borrowers	1,307.27	920.04
% of advances to twenty largest borrowers to total advances	8.87%	6.59%
B) Concentration of exposures (includes Off balance sheet exposure)		
Total exposures to twenty largest borrowers / customers	1,307.27	920.04
% of exposures to twenty largest borrowers / customers to total advances	8.65%	6.59%
C) Concentration of NPAs		
Total exposures to top four NPAs	36.59	10.35
D) Sector-wise NPAs	% of NPAs to total advances in that sector	
	For the year ended 31 March 2017	For the year ended 31 March 2016
1 Agriculture & allied activities	0.00%	0.00%
2 MSME	0.00%	0.00%
3 Corporate borrowers	0.43%	0.37%
4 Services	0.41%	0.65%
5 Unsecured personal loans	0.00%	0.00%
6 Auto loans	0.00%	0.00%
7 Other personal loans	0.00%	0.00%

2.48 Customer complaints

	For the year ended 31 March 2017	For the year ended 31 March 2016
(a) No. of complaints pending at the beginning of the year	-	-
(b) No. of complaints received during the year	52	8
(c) No. of complaints redressed during the year	52	8
(d) No. of complaints pending at the end of the year	-	-

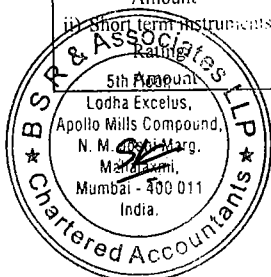
2.49 Details of ratings assigned by credit rating agencies

As at 31 March 2017

Instrument category	CRISIL	ICRA	CARE	Brickworks
i) Long term instruments				
Rating	CRISIL AA/Stable	[ICRA] AA	CARE AA	BWR AA+
Amount	10,000.00	31,500.00	5,500.00	4,500.00
ii) Short term instruments				
Rating	-	[ICRA] A1+	CARE A1+	-
Amount	-	6,000.00	5,000.00	-

As at 31 March 2016

Instrument category	ICRA	CARE	Brickworks
i) Long term instruments			
Rating	[ICRA] AA	CARE AA	BWR AA+
Amount	22,500.00	4,500.00	4,500.00
ii) Short term instruments			
Rating	[ICRA] A1+	CARE A1+	-
Amount	6,000.00	5,000.00	-

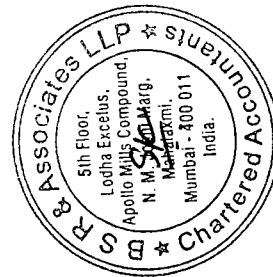


(as required by RBI guidelines under reference DNBS. CO. PD. No. 367 / 03.10.01 / 2013-14 dated 04.07.2013)

[illegible]

Row	Excluding the figures of Standard Restructured Advances which do not attract higher provisioning of risk weight	Provision on the date of restructuring
1		

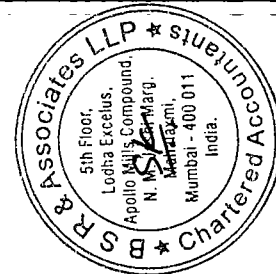
2 Amount outstanding of fresh restructuring during the year is the amount



2.50 Disclosure of Restructured Accounts (Continued)
(as required by RBI guidelines under reference DNBS, CO, PD, No. 367 / 03.10.01 / 2013-14 dated January 23, 2014)

Sl No	Type of Restructuring	Asset Classification Details	Under CDR Mechanism			Under SME Debt Restructuring Mechanism			Others			Total		
			Standard	Sub-standard	Doubtful	Loss	Standard	Sub-standard	Doubtful	Loss	Standard	Sub-standard	Doubtful	Loss
1	Restructured accounts as on 1st April, 2015 (Opening figures) (refer note no. 1)	No. of borrowers Amount outstanding Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-
2	Fresh restructuring during the year (refer note 2)	No. of borrowers Amount outstanding Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-
3	Upgradations of restructured accounts to Standard category	No. of borrowers Amount outstanding Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-
4	Restructured advances which ceases to attract higher provisioning and/or additional risk weight at the end of the financial year and hence need not be shown as restructured standard advances at the beginning of the next financial year	No. of borrowers Amount outstanding Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-
5	Downgradations of restructured accounts during the FY	No. of borrowers Amount outstanding Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-
6	Write-offs of restructured accounts during the FY	No. of borrowers Amount outstanding Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-
7	Restructured accounts as on 31st Mar, 2016 (Closing figures)	No. of borrowers Amount outstanding Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-

1. Excluding the figures of Standard Restructured Advances which do not attract higher provisioning or risk weight (if applicable)
2. Amount outstanding of fresh restructuring during the year is the amount outstanding as on the date of restructuring.
3. The above table excludes the recoveries made on restructured accounts.



Edelweiss Retail Finance Limited
Notes to the financial statements (Continued)
For the year ended 31 March 2017

(Currency: Indian rupees in Million)

2.51 Corporate social responsibility (CSR)

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

a) Gross Amount required to be spent by the Company during the year was Rs. 3.80 million; (Previous year Rs. 0.86 million)

b) Amount spent during the year on :

Particulars	In cash	Yet to be paid in cash	Total
i Construction/ acquisition of any assets	-	-	-
i on purpose other than (i) above	0.50	-	0.50
	(0.05)	-	(0.05)

1. The Company is a subsidiary of Edelcap Securities Limited and ultimate holding Company is Edelweiss Financial Services Limited. Edelweiss group is conscious of its Corporate Social Responsibility and, had accordingly established a CSR arm, "EdelGive Foundation" in the year 2008. As an amount of Rs. 115.68 million (representing more than 2% of the consolidated profit of the group) was spent towards CSR activities during the year ended March 31, 2017, the Company has not incurred the prescribed CSR expenditure on a standalone basis during the year ended March 31, 2017.

2. Figures in bracket are in respect of previous year.

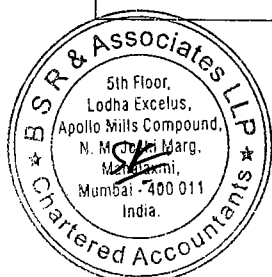
2.52 Registration obtained from other financial sector regulators - Nil

2.53 Disclosure of penalties imposed by RBI and other regulators - Nil

2.54 Note to the balance sheet of a non-deposit taking non-banking financial Company

Note to the balance sheet of a non-deposit taking non-banking financial Company as required in terms of paragraph 18 of Master Direction- Non-Banking Financial Company- Systematically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016. (Figures are as at 31 March 2017)

Liabilities side:				
Particulars	Amount outstanding		Amount overdue	
	As at 31 March 2017	As at 31 March 2016	As at 31 March 2017	As at 31 March 2016
1) Loans and advances availed by NBFC inclusive of interest accrued thereon but not paid				
a) Debentures:				
(other than those falling within the meaning of Public deposit)				
(i) Secured	3,267.15	5,291.65	-	-
(ii) Unsecured	296.86	153.68	-	-
b) Deferred credits	-	-	-	-
c) Term loans	5,849.41	4,783.31	-	-
d) Inter-corporate loans and borrowing	-	-	-	-
e) Commercial paper	-	-	-	-
f) Other loans	-	-	-	-
1) Loan from related parties	732.97	393.27	-	-
2) Bank overdraft	1,018.53	460.24	-	-
(* Please see note 1 below)				
Assets side:				
	Amount Outstanding			
	As at 31 March 2017	As at 31 March 2016		
2) Break up of loans and advances including bills receivables (other than those included in (3) below)				
a) Secured			9,142.18	8,270.03
b) Unsecured			5,594.38	5,689.46
3) Break up of leased assets and stock on hire and other assets counting towards AFC activities				
a) Lease assets including lease rentals under sundry debtors:				
(i) Financial lease			-	-
(ii) Operating lease			-	-
b) Stock on hire including hire charges under sundry debtors				
(i) Assets on hire			-	-
(ii) Repossessed assets			-	-
c) Other loans counting towards asset financing Company activities				
(i) Loans where assets have been repossessed			-	-
(ii) Other loans			-	-



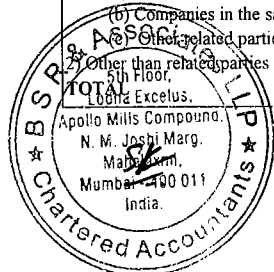
Edelweiss Retail Finance Limited
Notes to the financial statements (Continued)
For the year ended 31 March 2017

(Currency: Indian rupees in Million)

2.55 Note to the balance sheet of a non-deposit taking non-banking financial Company as required in terms of paragraph 18 of Master Direction- Non-Banking Financial Company- Systematically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016. (Figures are as at 31 March 2017)

2017)

	As at 31 March 2017	As at 31 March 2016	
4) Break up of investments			
Current investments:			
a) Quoted:			
(i) Shares: Equity	-	-	
Preference	-	-	
(ii) Debentures and bonds	-	-	
(iii) Units of mutual funds	-	-	
(iv) Government securities	-	-	
(v) Others	-	-	
b) Unquoted:			
(i) Shares: Equity	-	-	
Preference	-	-	
(ii) Debentures and bonds	-	-	
(iii) Units of mutual funds	-	-	
(iv) Government securities	-	-	
(v) Others (pass through certificates)	-	-	
Long-term investments (net of provision)			
a) Quoted:			
(i) Shares: Equity	-	-	
Preference	-	-	
(ii) Debentures and bonds	-	-	
(iii) Units of mutual funds	-	-	
(iv) Government securities	-	-	
(v) Others	-	-	
b) Unquoted:			
(i) Shares: Equity	-	-	
Preference	-	-	
(ii) Debentures and bonds	-	-	
(iii) Units of mutual funds	-	-	
(iv) Government securities	-	-	
(v) Others	-	-	
- Pass through certificates	-	-	
- Security receipts	-	-	
5) Borrower group-wise classification of assets financed as in (2) and (3) above			
Particulars	Secured	Amount net of provisions Unsecured	Total
	As at 31 March 2017	As at 31 March 2016	As at 31 March 2017
1. Related parties**			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) Other related parties	-	-	-
2. Other than related	9,142.18	5,594.38	14,736.56
TOTAL	9,142.18	5,689.46	13,959.49
** As per Accounting Standard of ICAI			
6) Investor group-wise classification of all investments (current and long-term) in shares and securities (both quoted and unquoted)			
Particulars	Market value/break up or fair value or NAV	Book value (net of provisions)	
	As at 31 March 2017	As at 31 March 2016	
1) Related parties			
(a) Subsidiaries	-	-	
(b) Companies in the same group	-	-	
(c) Other related parties	-	-	
2) Other than related parties	-	-	
TOTAL	-	-	



Edelweiss Retail Finance Limited
Notes to the financial statements (Continued)
For the year ended 31 March 2017

(Currency: Indian rupees in Million)

2.56 Note to the balance sheet of a non-deposit taking non-banking financial Company as required in terms of paragraph 18 of Master Direction- Non-Banking Financial Company- Systematically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016. (Figures are as at 31 March 2017)

7) Other information			
Particulars	As at 31 March 2017	As at 31 March 2016	
a) Gross non-performing assets			
1) Related parties	-	-	
2) Other than related parties	61.97	39.76	
b) Net non-performing assets			
1) Related parties	-	-	
2) Other than related parties	53.01	9.92	
c) Assets acquired in satisfaction of debt	-	-	

Note :

1. As defined in paragraph 2(1)(xii) of the Non-Banking Financial Company Acceptance of public deposits(Reserve bank) Direction,1998.

2.57 Disclosures relating to Specified Bank Notes* (SBNs) held and transacted during the period from 08th November to 30th December 2016 pursuant to notification no. G.S.R. 308(E) dated 30th March 2017

Particulars	SBNs*	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	2.13	0.00	2.13
(+) Permitted receipts	-	0.42	0.42
(-) Permitted payments	-	-	-
(-) Amount deposited in Banks	2.13	0.42	2.55
Closing cash in hand as on 30.12.2016	-	0.00^	0.00^

^ Amount is less than 0.01 million

* For the purposes of this clause, the term specified bank notes (SBNs) means the bank notes of denomination of existing series of the value of five hundred rupees and one thousand rupees as defined under the notification of Government of India, in the Ministry of Finance, Department of Economic Affairs No. S.O.3407(E), dated 8th November 2016.

As per our report attached on even date

For BSR & Associates LLP
Chartered Accountants
Firm's Registration No. 116231W/W-100024

Ashwin Suvarna
Partner
Membership No: 109503

For and on behalf of the Board of Directors
Edelweiss Retail Finance Limited

Anil Kothuri
Director
DIN: 00177945

Vineet Mahajan
Chief Financial Officer

Krishnaswamy Siddharth
Director
DIN : 02463804

Sudipta Majumdar
Company Secretary

Mumbai
16 May 2017

Mumbai
16 May 2017

Mumbai
16 May 2017