

Edelweiss Retail Finance Limited

Corporate Identity Number: U67120MH1997PLC285490

Financial Statement for the year ended March 31, 2019

Edelweiss Retail Finance Limited

Financial Statement for the year ended March 31, 2019

Board of Directors

Mr. K. Siddharth	- Non- Executive Director
Mr. Mitul Shah	- Independent Director
Mr. Sanjay Shah	- Independent Director
Ms. Shalinee Mimani (resigned w.e.f. September 16, 2019)	- Non - Executive Director
Mr. Shrikant Subbarayan (resigned w.e.f. August 13, 2019)	- Non – Executive Director

Chief Executive Officer

Mr. Vineet Mahajan

Chief Financial Officer

Ms. Kirti Sawant

Company Secretary

Mr. Amit Pandey
(appointed w.e.f. August 24, 2019)
Ms. Sudipta Majumdar
(resigned w.e.f. August 23, 2019)

Statutory Auditors

M/s. S. R. Batliboi & Co. LLP

Registered Office

Tower 3, Wing B, Kohinoor City ,

Kirol Road , Kurla West

Mumbai – 400 070

Corporate Identity No.:

U67120MH1997PLC285490

Tel: +91 22 4009 4400;

Fax: +91 22 4019 4925;

Email: cs.cbg@edelweissfin.com

BOARD'S REPORT

To the Members of
 Edelweiss Retail Finance Limited (the Company),

The Directors hereby present their 22nd Annual Report on the business, operations and the state of affairs of the Company together with the Audited Financial Statements for the year ended March 31, 2019:-

Financial Highlights

Particulars	(₹ in million)	
	2018-19	2017-18
Total Income	4484.32	3717.41
Total Expenditure	3975.37	3293.34
Profit before tax	508.95	424.07
Provision for tax (including Deferred Tax)	170.4	147.24
Profit after tax	338.55	276.83
Other comprehensive income	0.68	(0.16)
Total Comprehensive income	339.23	276.67

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 which is attached as "Annexure A" to this Report and that same is in accordance with the provisions of the RBI Master Direction No. DNBR. PD. 008/03.10.119/2016-17 dated September 1, 2016.

Reserves and Surplus

The details of the Reserves and Surplus are given in the Financial Statement attached herewith.

Share Capital

There was no change in the Share Capital of the Company during the Financial Year ended March 31, 2019.

Subsidiaries, Joint Ventures and Associate Company:

The Company does not have any Subsidiary or Associate Company, nor has it entered into any Joint Venture Agreement. The Company is a subsidiary of Edelcap Securities

Limited and ultimate holding company of the Company is Edelweiss Financial Services Limited.

Finance

The Company borrow funds from various Banks from time to time and enjoys credit rating from various Credit Rating Agencies which reflects 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, investments made and the Corporate guarantee provided by the Company are provided in the Notes to the Financial Statements.

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

No material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year of the Company to which the Financial Statement relate (i.e. March 31, 2019) and the date of the report.

The Company has filed an application under Section 230 to 232 of the Companies Act, 2013 before the National Company Law Tribunal Mumbai Bench on March 26, 2019 for merger of the Company with ECL Finance Limited. The Company has also filed an application with the Reserve Bank of India seeking its prior approval for the proposed merger.

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 is attached as "Annexure B".

Related Party Transactions

All the Related Party Transactions entered by the Company are on arm's length basis and in the ordinary course of business. Particulars of contracts or arrangements with the related Parties as referred to in sub-section (1) of Section 188 and forming part of this report is provided in the financial statement. All the Related Party Transactions as required under Ind AS-24 are reported in the Notes to the Financial Statement.

The Company has formulated Related Party Transactions Policy. The Policy is uploaded on the Company's website at the link: <https://www.edelweissretailfin.com>

Internal Financial Controls and Internal Control System

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

Mr. Shrikant Subbarayan has been appointed as Non-Executive Director (Additional Director) of the Company with effect from May 23, 2018. He resigned from the Board of the Company on August 13, 2019.

Mr. Anil Kothuri and Ms. Shalinee Mimani resigned from the Board of the Company with effect from June 1, 2018 and September 16, 2019, respectively.

The tenure of appointment of Mr. Mitul Shah and Mr. Sanjay Shah who were appointed as Independent Directors of the Company for a period of three years w.e.f. March 15, 2016, had expired on March 15, 2019. The Board in its meeting held on January 23, 2019 has further appointed them for the second term of three years w.e.f. March 15, 2019. A resolution to this effect is being placed before the Members at the ensuing AGM of the Company.

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. K. Siddharth (DIN- 02463804) retires by rotation at the forthcoming Annual General Meeting and, being eligible, offers himself for re-appointment.

iii. Key Managerial Personnel

During the year under review, there were following changes in the Key Managerial Personnel of the Company:

Sr. No.	Name of the KMP	Nature of Change	Effective Date
1.	Ms. Sudipta Majumdar	Resigned as Company Secretary	August 23, 2019

2.	Mr. Amit Kumar Pandey	Appointed as Company Secretary	August 24, 2019
3.	Mr. Vineet Mahajan	Resigned as Chief Financial Officer	December 14, 2018
4.	Ms. Kirti Anand Sawant	Appointed as Chief Financial Officer	March 5, 2019.
5.	Mr. Vineet Mahajan	Appointed as Chief Executive Officer	December 14, 2018
6.	Mr. Arun Kumar Nayyar	Resigned as Chief Executive Officer	July 30, 2018

Board Meetings

During the financial year 2018-19, Seven (7) Board Meetings were held i.e. on May 2, 2018, May 23, 2018, August 7, 2018, October 25, 2018, December 14, 2018, January 23, 2019 and March 5, 2019.

Remuneration Policy

The Company has formulated a Remuneration Policy as per the provisions of Section 178 of the Companies Act, 2013. The Policy is provided as **Annexure C** to this Report and is also placed on the website of the Company viz. <https://www.edelweissretailfin.com>

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, 2019.

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, 2018 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

In accordance with the provisions of Section 177 of the Companies Act, 2013, (the Act), the Board of Directors of the Company has constituted the Audit Committee. The Audit Committee of the Board of Directors of the Company comprises of the following Directors as its members:

Mr. Mitul Bhagvandas Shah	- Independent Director
Mr. Sanjay Nathalal Shah	- Independent Director
Mr. K. Siddharth	- Non-Executive Director

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. Mitul Bhagvandas Shah	- Independent Director
Mr. K. Siddharth	- Non Executive Director
#Mr. Shrikant Subbarayan	- Non-Executive Director
(*appointed w.e.f. August 13, 2019)	
(#resigned w.e.f. August 13, 2019)	

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

Nomination and Remuneration Committee

In accordance with the provisions of Section 178 of the Companies Act, 2013, (the Act), the Board of Directors of the Company has constituted the Nomination and Remuneration Committee (NRC Committee). The NRC Committee of the Board of Directors of the Company comprises of the following Directors as its members:

Mr. Mitul Bhagvandas Shah	- Independent Director
Mr. Sanjay Nathalal Shah	- Independent Director
Mr. K. Siddharth	- Non-Executive Director

Stakeholders' Relationship Committee

In accordance with the provisions of Section 178 of the Companies Act, 2013, (the Act), the Board of Directors of the Company has constituted the Stakeholders' Relationship Committee (SR Committee). The SR Committee of the Board of Directors of the Company comprises of the following Directors as its members:

Mr. K. Siddharth	- Non-Executive Director
*Ms. Shalinee Mimani	- Non- Executive Director
Mr. Vineet Mahajan	- Chief Executive Officer
#Mr. Amit Pandey	- Company Secretary
(*resigned w.e.f. August 13, 2019)	
(#appointed w.e.f. August 13, 2019)	

Auditors

During the year under review, M/s Price Waterhouse, Chartered Accountants LLP (Firm's Registration No. 012754N/ N500016) resigned as the Auditors of the Company. The casual vacancy caused by the resignation of M/s Price Waterhouse was filled by the appointment of M/s. S.R. Batliboi & Co. LLP (Firm Registration No. 301003E/ E300005) in accordance with the provisions of Section 139 of the Companies Act, 2013 and the Rules framed thereunder (the Act). M/s. S.R. Batliboi & Co. LLP has been appointed as the Auditors of the Company to hold office till the conclusion of 26th Annual General Meeting of the Company to be held in year 2023.

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, 2019. The Report of the Secretarial Auditor is provided as an **Annexure E** to this Report. The Secretarial Audit Report is unqualified.

Prevention of Sexual harassment of Women at Workplace

The Company has framed a Policy on Prevention of Sexual Harassment at workplace. There was no case reported during the year ended March 31, 2019 under the Policy. The Company has complied with the provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Disclosure pertaining to Remuneration

In terms of provisions of Section 197 of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the details of remuneration and compensation of the employees are to be set out as an annexure to the Board's Report. With respect to the provisions of Section 136 of the Companies Act, 2013, the Annual Report excluding the said information is being sent to the shareholders of the Company. Any shareholder interested in obtaining such particulars may write to the Company Secretary of the Company at its Corporate Office address..

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; and
- (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 was 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, 2019. 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. No material changes have occurred between the end of financial year i.e. March 31, 2019 and the date of the report affecting the financial position of your Company. The Company is in compliance with applicable Secretarial Standards issued by Institute of Company Secretaries of India.

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.

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.

Debenture Trustee:

IDBI Trusteeship Services Limited

Asian Building, Ground Floor,
17, R. Kamani Marg, Ballard Estate,
Mumbai- 400 001, Maharashtra, India
Tel: +91 22 4080 7000;
Fax: +91 22 6631 1776/40807080
E-mail: itsl@idbitrustee.com
Website: www.idbitrustee.com
Contact Person: Mr. Naresh Sachwani

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

Date: September 26, 2019.

Place: Mumbai

Sd/-

**Mitul Shah
Director**

DIN: 07122551

Sd/-

**K. Siddharth
Director**

DIN: 02463804

Edelweiss Retail Finance Limited (ERFL) FY2018-19

Management Discussion & Analysis

MACRO ECONOMY: REVIEW AND OUTLOOK

Goldilocks 2017 gave way to a volatile 2018. Rise of trade tensions between the US and China impacted the business sentiments, while US Fed's monetary tightening contributed to the global liquidity tightening. This liquidity tightening amid relatively high levels of global debt worked to slowdown the growth momentum in the global economy in later part of 2018.

Against this backdrop of tightening global liquidity, and rising crude oil prices, India witnessed a reversal in capital flows and a balance of payments (BoP) squeeze, thus putting pressure on exchange rate. At the same time, default by a AAA rated entity in September 2018 further impacted the sentiments in the money markets, leading to a near-freeze at one point. Bond spreads shot up significantly and risk appetite among NBFCs weakened, with focus shifting to preserving liquidity rather than chasing growth. However, as BoP situation improved and INR stabilized towards end 2018, the RBI began to inject liquidity into the banking system. In addition, Fed's unexpectedly dovish tilt in January 2019 also supported flows to Emerging Markets. India received nearly USD7bn of FII equity flows in Q4FY19.

However, liquidity tightening of 2018 and slowdown in global economy impacted India's growth momentum. Exports slowed down in a broad-based manner in line with slowdown in global trade, while liquidity tightening and NBFCs risk aversion impacted pockets of leveraged consumption such as cars, two wheelers and commercial vehicles. However, there are segments of the economy which are holding up quite well. For example, infrastructure/construction

growth is running at a healthy pace helped by government spending on construction-related projects. Bank lending to infrastructure/construction has also been running strong and these trends are consistent with the robust cement demand.

On the monetary policy front, RBI has cut rates two times in 2019 so far, reversing the rate hikes undertaken in 2018. However, one area where more progress is needed is the transmission of the monetary policy, which is hampered by elevated credit-deposit ratio (CD) in the banking system. The latter is the result of the high growth in cash in circulation (CIC), which is acting as a drain on the banking system. The good news there is that CIC growth has started to subside and if that trend continues in the coming months, CD ratio may start to normalise, which in turn will facilitate the transmission of policy rate cuts.

On the fiscal front, central government revenues are running slower than projected growth rates both on direct as well as indirect taxes front although disinvestment receipts have marginally exceeded the budget estimates. In view of this, the central government started to slowdown the expenditure growth in a broad-based manner in 2HFY19. Overall central government fiscal deficit was maintained at 3.4% of the GDP.

Overall Outlook

While global growth has been moderating for last 6 months, there are early signs of stabilization. If this sustains and there is any rebound in global growth, India's exports are likely to benefit. On the domestic front, monetary policy transmission is the key monitorable. Also, the political rhetoric is shifting towards stimulating the rural economy which augurs well for the consumption pockets of the economy. Even banking sector NPA problems are largely behind

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us and government has made significant progress on PSU banks recapitalization.

Therefore, it is expected that economic activity should start to gain traction gradually during the course of FY20 though the first half may be muted. The downside risk arises from the way oil prices behave on how the US sanctions against Iran pan out, how the ongoing US China trade war ends and a sharper than expected slowdown in the global economy, which may hurt not only exports but also capital flows and sentiments.

INDUSTRY STRUCTURE AND DEVELOPMENTS

Commercial Credit Markets

FY19 has seen some improvement in banking sector's non-food credit growth - ~13% versus ~9% in FY18. As a result of high capex spending by government, there is a reasonable uptick in lending to infrastructure/construction pockets of the economy, while lending to the manufacturing segment is yet to see an uptick.

The developments over past few months (credit event in AAA rated entity) led to risk averseness towards NBFCs/HFCs as incremental liquidity became expensive. As a result, the banks benefitted from softened competition and there was visible market share shift towards them.

FY19 also saw better asset quality performance by banks with incremental stress showing signs of moderation. Now that implementation of Insolvency & Bankruptcy Code is stabilizing and has already resolved some high profile non-performing assets, resolution and turnaround should gain speed and credit growth should also improve in FY20.

NBFC Industry

The past few months have been tumultuous for NBFCs with a couple of events triggering fears of a liquidity crisis. In this backdrop, funding became expensive (especially for players dependent on the

debt market with relatively shorter duration). As a result, risk appetite waned impacting growth of the NBFC sector as they focused more on liquidity management rather than asset growth.

That said, recovery following that has also been relatively swift (aided by regulator's support) and the situation is improving. The growing relevance of the NBFCs also highlighted the emphasis of risk management in the sector and most of NBFCs emerged stronger with better balance sheet strength.

Going forward, while the segment is not entirely out of woods, comfortable capital position, control on asset quality and strengthened liquidity management practices provide comfort. Within NBFCs, well run business models with stronger balance sheets, prudent risk management practices and limited vulnerability to earnings will emerge stronger.

Retail Finance

India has one of the lowest credit penetration among the larger economies and retail credit presents a large growth opportunity driven by the long term trends in democratisation of credit, rising household incomes and increased consumption. Mortgages including affordable housing and mid and small and medium enterprises in particular present large growth opportunities.

While commercial banks did again turn towards corporate credit growth, retail segment continues its momentum both for banks and NBFCs. Though the growth momentum suffered in case of NBFCs in the second half of FY19 on the back of liquidity concerns, it is gradually coming back to the prior levels.

In addition to retail mortgages, the other scalable area being focused upon by all the banks and NBFCs is Mudra Finance or SME finance. Looking at Indian market, SMEs continue to be under-banked and NBFCs are increasingly making headway in this sector. Thus, the potential for NBFCs and HFCs to scale up

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their SME credit and mortgages business remains significant.

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).

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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 Credit, **Advisory businesses** including Wealth Management, Asset Management and Capital Markets, and **Insurance** including Life Insurance and General Insurance.

Today, ERFL is a Rs.25 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 FY19

A summary of our FY19 financial highlights is as under:

- **Total Revenue Rs.4,484 million** (Rs.3,717 million for FY18), up 21%
- **Profit after Tax Rs.339 million** (Rs.277 million for FY18), up 22%
- **Networth as per Balance Sheet Rs. 4,632 million** (Rs.4,301 million at the end of FY18)
- **Return on Average Equity 7.6%** (7.5% for FY18)
- **EPS Rs.7.88** (Rs.7.61 for FY18) (FV Rs.10 per share)
- **Book Value per Share Rs.107.85** (FV Rs.10 per share)

INCOME

Fund Based Revenue

Our fund-based businesses earned revenue of Rs.4,216 million for FY19 (Rs.3,422 million for FY18), up 23%. Out of this, interest income was Rs. 3,950 million (Rs.3,422 million for FY18), up 15% YoY. Thus, almost all of the fund based revenue comprises of interest earnings.

Agency Fee & Commission

Our agency fee & commission revenue was Rs.267 million for the year, compared to Rs.278 million in FY18, down 4%.

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 FY19 was Rs.267 million (Rs.278 million for FY18) and Fund based net revenue, i.e. net of interest cost, all the interest cost being for fund based revenue, was Rs.1,972 million (Rs.1,811 million for FY18). Thus the total revenue for FY19 was Rs.4,484 million (Rs.3,717 million for FY18), up 21%.

EXPENSES

Our total costs for FY19 was Rs. 3,975 million (Rs.3,293 million in FY18), up 21%. Within our total costs, operating expenses accounted for Rs.821 million in FY19 (Rs.884 million for FY18), credit costs accounted for Rs.869 million in FY19 (Rs.459 million for FY18) as we continued to invest in building our business and infrastructure. Our employee expenses decreased from Rs.340 million in FY18 to Rs.41 million in FY19 as per the plans of the company to merge with ECL Finance, the business and operations team has been transferred to ECLF as part of the strategic restructuring plan at the group level. As regards interest expense which grew 39% from Rs.1,611 million in FY18 to Rs.2,244 million in FY19, our borrowings at the end of FY19 were Rs.19,432 million compared to Rs.27,012 million at the end of FY18, down 28%.

PROFIT AFTER TAX

Our Profit after Tax for FY19 was Rs.339 million compared to Rs.277 million for FY18, up 22%.

Balance Sheet Gearing

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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.4,632 million as at the end of FY19 compared to Rs.4,301 million at the end of FY18. Amount of debt on the Balance Sheet as on March 31, 2019 was Rs.19,432 million (Rs.27,012 million as on March 31, 2018), a Gearing Ratio of 4.19 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 FY19 was Rs.24,471 million compared to Rs.33,303 million a year ago.

ANALYSIS OF SIGNIFICANT CHANGES IN FINANCIAL RATIOS

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

1. Details of significant changes (i.e. change of 25% or more as compared to the immediately previous financial year) in key financial ratios, along with detailed explanations therefor, including:

(a) Debt Equity Ratio 4.20

(b) Net Profit Margin (Return of equity) (%) 7.6%

2. Details of any changes in Return on Net Worth as compared to the immediately previous financial year along with a detailed explanation thereof.

BUSINESS PERFORMANCE HIGHLIGHTS

Brief highlights of our business performance in FY19 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 gross credit book of ERFL stands at Rs.19,078 million at the end of this year compared to Rs.33,164 million at the end of previous year, down 42%.

The composition of Credit Book is as under:
(Rs. in million)

Product/Segment	Book size as on March 31, 2018	Book size as on March 31, 2019
Loan against Property	9,520	7,046
SME Loans	20,277	10,765
Rural Loans	1,690	127
Construction Finance	1,665	1,067
Others	12	73
Total Loan Book	33,164	19,078

Our Net Interest Margin (NIM) on the average credit book for FY19 is 6.5%.

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 3.14% and Net NPLs at 2.68% at the end of FY19 compared to Gross NPLs at 1.15% and Net NPLs at 0.83% at the end of FY18. During FY19, a few of our borrowers did face some cash flow issues due to slow return of growth, resulting in increase in our gross non performing loans to Rs.598 million at the end of FY19 compared to Rs.380 million at the end of FY18. Our Provision Cover Ratio as per the RBI regulations as on March 31, 2019 was 14.4% compared to 27.5% as at the end of FY18.

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 88 major locations which account for a large part of the addressable SME market. The SME loans book size at the end of FY19 in ERFL is Rs.10,763 million compared to Rs.20,277 million at the end of FY18.

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.

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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 FY19 is Rs. 7,046 million compared to Rs.9,520 million at the end of FY18.

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 FY19, we provided Rural Finance in the nature of Micro Finance across beneficiaries in around 1,700+ villages in and around Tamil Nadu and various other states. The Rural Finance book in ERFL at the end of FY19 was Rs.127 million compared to Rs.1,690 million at the end of FY18.

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 over the period of last two years embarked on a strategy of reducing dependence on group borrowings, diversify its sources of borrowing and increase liabilities in the six months to five years bucket thereby bringing down dependence on short term borrowings. ERFL raised Rs.xx1.70 billion of medium to long term debt by way of xxBank term loan. ERFL's total medium to long term liabilities xxcontracted during FY19 and stand at Rs.xx17.96 billion.

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, 2019 was 33.87% with a Tier I Ratio of 22.92% compared to CRAR of 18.36% and a Tier I Ratio of 13.16% as on March 31, 2018.

OPPORTUNITIES

The macro economic developments in India as well as the rest of the world detailed earlier augur well for growth of financial services in India for firms like Edelweiss and offer immense opportunities in FY20 and beyond as under:

- The financialisation of Indian household savings, low credit penetration and increasing consumption are already presenting newer opportunities for financial services like retail credit which is one of our major businesses and is ready to capture a fair share of growth.
- The projected growth in the Indian economy at around 7% in FY20 would continue to throw up vast opportunities for us to grow our various diversified credit businesses.
- Democratisation of credit, increased availability of credit for MSME sector and the Government's push for affordable housing and “Housing for all by 2022” augur well for companies like ours which have already secured a strong foothold in retail credit segment.
- Emerging trends in technology and move towards formal and cashless economy has also opened up new client segments which firms like ours can tap for future growth

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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, increase in oil prices on the back of US sanctions against Iran or delay in revival of capex cycle can impede growth.
- If the current tight liquidity situation does not normalize soon, it could affect the normal growth of the NBFC sector.
- While the monsoon is predicted to be normal this year, any unforeseen failure of the monsoon can hinder the recovery in rural economy.

OUTLOOK & STRATEGY

The coming year is an important one in India's 2025 journey to a GDP of USD 5 trillion. The economy has started regaining its old vigour. While global factors will always have a role to play as long as we are over-dependent on oil, our belief in the long-term India story continues to remain the same and we are confident that there will be growth opportunities all across in the India of the future.

In our markets, the liquidity situation is improving and with inflation coming down, the outlook for interest rates for the coming year remains positive. We expect growth to come back in a more calibrated manner. The new normal will also need a tweak in the way NBFC industry does business. There will be an enhanced focus on the liability side of the balance sheet – something which was on the backburner in the last 3-4 years of growth. Not only will the industry focus on more stable borrowing, improving the cost of this borrowing will be a key vector in value creation going forward.

We should expect a muted first half in FY20 with normalcy returning in the second half. Given the massive FII selling in 2018 and the underlying

economy continuing to do well and with global factors like oil price and interest rates more benign, we hope 2019 will be calmer and a boost to the confidence and growth in India.

As we look ahead at the next year for us, we see lot of promise and opportunity. But we also see the need to be careful, calibrated and efficient. At Edelweiss, we have done fairly well in managing risks till now while balancing this with the growth vector. A great organization should be able to combine scale and efficiency. Part of this efficiency will come from constant focus on productivity and technology. Scale will come with the massive opportunity that India is providing. We expect to not only capture this opportunity but to do so in the most efficient manner possible.

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.

GOVERNANCE

At Edelweiss, we recognize the importance of Governance in financial services sector and therefore, Governance is at the heart of everything we do and it transcends beyond compliance extending to ethics and values as well.

Governance in our vocabulary stands for **Trust** covering Ethics & Integrity, **Legitimacy** encompassing Transparency, Authenticity and Fairness, **Accountability** including Decision making, responsiveness, **Competence** highlighting Simplicity, and above all **Respect** for letter and spirit of law.

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Governance culture begins at the top where Board sets a very high benchmark on the standards to be adhered to. Board at its level constantly reviews the skill set required from competence, experience and diversity perspective and strives to augment for newer skill sets required to meet the changing business needs of the company. Board of the company sets higher standards on ethics, integrity, transparency and fairness leading us to build good framework for conduct, behaviour and process oversights at organization level.

With a view to promote and harness good Governance culture, we have self-defined rules for good behaviour and conduct at individual as well as at entity levels. Frameworks have been in place at the Group level on issues of Conflict of Interest, Insider trading, dealing with sensitive information etc., Learning from some events that have unfolded in the environment, our focus on governance has become even sharper. We are continuously recalibrating some of our practices on the process of decision making, enhancing disclosures on a voluntary basis much beyond the requirements stipulated under law. We are striving to simplify our structures and processes to align with the business segregation besides enabling simplicity to meet the varied needs of stakeholders.

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.

Risk management is integral part of business at Edelweiss. The good risk management practices of the Group have facilitated navigating through environmentally turbulent times and we share the same. While we have been managing various risks, a need for holistic approach to risk management led us to embrace yet another long journey towards **Enterprise Risk Management (ERM)** at the Group

level. This we believe would strategically benchmark our practices to the best in class levels in ensuing years. Recognising the importance of embedding risk management at organisation level, Edelweiss has focused on making this every individual's agenda by creating first level of defence at individual level thus defining DNA of the organisation.

Financial services industry has been impacted in recent past with events relating to risks and governance. Taking clue from this, we have strengthened oversight on Risk focusing on all vectors of risk at entity level. To augment the Board Risk Committee at the Group level, **Enterprise Risk Management Council** comprising of senior management personnel has also been constituted. ERM council is creating framework to Assess, Avoid, and Manage and Mitigate risks across business verticals on a continuous basis. Our in-house "**Eleven-risk framework**" coupled with risk governance structure that includes business level risk team, Global Risk Group at the Corporate Centre, Global Risk Committee, ERM Council and the Board Risk Committee protects Edelweiss and ensures that there are enough defences available to control all types of risk events.

The risk functions at business level and risk function at Group level continue to strive towards creating early warning signals for risk events of various nature.

Respect for Risk is central to every business decision at Edelweiss. Simple questions are to be answered before every decision, i.e., "**Is it worth it?**" and "**Can we afford it?**". This principle based approach has stood well in protecting the organisation from vagaries of external world.

We have the business risk team within our company which ensures implementation of risk philosophy and practices at business level. Our risk team also ensures

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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

Edelweiss group is a cross-cultural mosaic and our strength lies in our diversity everywhere, within

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teams and across businesses. Our diversity makes us a stronger organization by bringing in fresh ideas, perspectives, experiences and fostering a truly collaborative workplace. The sense of ownership each one of us has displayed over the years is a testament to the culture of entrepreneurship we have tried to foster in Edelweiss. We share the Edelweiss group HR philosophy.

Highlights of our HR initiatives in FY19 are as under:

- We ended FY19 with a total headcount of xx525, up from 525 as of March 31, 2018, as we xxsignificantly xxscaled 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.

A significant component of our value based culture is our commitment to acknowledge and appreciate efforts of our employees through recognition programs that honor exemplary risk management, collaboration, customer centricity, people development, technology and innovation.

Taking care of our people with a framework that is fair, collaborative, compliant and responsive, Edelweiss represents a winning combination of people, opportunities and development.

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 EXPERIENCE

At Edelweiss, customers are at the heart of everything we do and Customer Experience (CX) is not just restricted to service delivery, but regarded as a key pillar of business success.

Over the past 12-18 months, we have evolved our CX framework across Edelweiss from a problem-solving based approach to a more proactive stance, by aligning efforts across business units to a shared set of values:

- Accessible – Making it easier for customers to get in touch
- Same Side – Aligning our actions to customer needs
- Upfront – Being transparent in sharing relevant information
- Remove Limitations – Striving to remove obstacles for our customers
- Easy to Deal With – Simplifying processes that impact customers
- Dependable – Taking ownership of the solutions we deliver

We call this the ASSURED framework which is now an integral part of our CX strategy across Edelweiss. We have adopted the same strategy in our company in toto.

Armed with these tools, CX resources across the group continue to help transform the organization from a product-centric one to a culture of customer-centricity, so that our customers can truly #BeUnlimited in the realization of *their* goals.

Cautionary Statement

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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.

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

Date: September 26, 2019.

Place: Mumbai

Sd/-

Mitul Shah

Director

DIN: 07122551

Sd/-

K. Siddharth

Director

DIN: 02463804

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Annexure B

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
As on the financial year ended on 31st March, 2018
[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	Public Company limited by shares
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: CS.CBG@edelweissfin.com Website: www.edelweissretailfin.com
Whether listed company Yes / No	The Non-convertible Debentures of the Company are listed on National Stock Exchange of India Limited and 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; Website: www.linkintimeco.in Karvy Computershare Pvt. Ltd. Karvy Selenium Tower B, Plot No. 31 & 32, Financial District, Nanakramguda, Gachibowli, Hyderabad-500 032, Telengana; Tel: +91 40 6716 2222; Fax: +91 40 2343 1551 Website: www.karisma.karvy.com

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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	88.08

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	U67120TG2008PLC057145	Holding	70.45	2(46)
2.	Edelweiss Financial Services Limited Address: Edelweiss House, Off C.S.T Road, Kalina, Mumbai-400 098.	L99999MH1995PLC094641	Holding	22.57	Section 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

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									during the year
	Demat	Physical	Total	% of total Shares	Demat	Physical	Total	% of total Shares	
A. Promoters									
(1) Indian									
a) Individual /HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt (s)	-	-	-	-	-	-	-	-	-
d) Body corporate	-	3,99,50,000	3,99,50,000	70.45	3,99,50,000	-	3,99,50,000	70.45	Nil
e) Banks / FI	-	-	-	-	-	-	-	-	-
d) Any other	-	-	-	-	-	-	-	-	-
Sub-total (A) (1):-	-	3,99,50,000	3,99,50,000	22.57	3,99,50,000	-	3,99,50,000	22.57	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)	-	3,99,50,000*	3,99,50,000*	93.02	3,99,50,000	-	3,99,50,000	93.02	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) FII's	-	-	-	-	-	-	-	-	-

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h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-									
2. Non-Institutions									
a) Bodies Corporate	-	30,00,000	30,00,000	6.98	30,00,000	-	30,00,000	6.98	Nil
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):-	-	30,00,000	30,00,000	6.98	30,00,000	-	30,00,000	6.98	Nil
Total Public Shareholding (B)=(B)(1)+(B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	4,29,50,000*	4,29,50,000*	100	4,29,50,000*	-	4,29,50,000*	100	Nil

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

(ii) Shareholding of Promoters

Shareholder's Name	Shareholding at the beginning of the year			Shareholding 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*	30,258,333	70.45	Nil	30,258,333	70.45	Nil	Nil
Edelweiss Financial Services Limited	9,691,667	22.57	Nil	9,691,667	22.57	Nil	Nil
Total	3,99,50,000	93.02	Nil	3,99,50,000	93.02	Nil	Nil

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

(iii) Change in Promoters' Shareholding during the FY 2018-19:

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	30,258,333	70.45	30,258,333	70.45
	Date wise Increase /Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer /bonus/ sweat equity etc)	Nil	Nil	Nil	Nil
	At the End of the year	30,258,333	70.45	30,258,333	70.45
2	Edelweiss Financial Services Limited				
	At the beginning of the year	96,91,667	22.57	96,91,667	22.57

Date wise Increase /Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer /bonus/ sweat equity etc).	Nil	Nil	Nil	Nil
At the End of the year	96,91,667	22.57	96,91,667	22.57

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

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

Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of the total shares of the Company	No. of shares	% of total shares of the Company
Edelweiss Finvest Private Limited	30,00,000	6.98	30,00,000	6.98

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	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
	At the beginning of the year				
	Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer /bonus/ sweat equity etc):	Nil	Nil	Nil	Nil
	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	23,571.78	3,224.98	-	26,796.76
Interest due but not paid	-	-	-	-
Interest accrued but not due	241.86	125.02	-	366.88
Total (i+ii+iii)	23,813.64	3,350.00	-	27,163.64
Change in Indebtedness during the financial year				
Addition	350.00	-		350.00
Reduction	-6,583.28	-1,274.46	-	-7,857.74
Net Change	-6,233.28	-1,274.46	-	-7,507.74
Indebtedness at the end of the financial year				
Principal Amount	17,338.50	1,950.52	-	19,289.02
Interest due but not paid	-	-	-	-
Interest accrued but not due	103.04	147.00	-	250.04
Total (i+ii+iii)	17,441.53	2,097.53	-	19,539.06

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
	Mr. Mitul Shah	Mr. Sanjay Shah	
1. Independent Directors			
• Fee for attending board / committee meetings	0.26	0.30	0.56
• Commission	-	-	-
• Others, please specify	-	-	-
Total (1)	0.26	0.30	0.56
2. Other Non-Executive Directors	-	-	-
• Fee for attending board / committee meetings	-	-	-
• Commission	-	-	-
• Others, please specify	-	-	-
Total (2)	-	-	-
Total (B)=(1+2)	-	-	-
Total Managerial Remuneration(A+B)	0.26	0.30	0.56
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 :

Sl. no.	Particulars of Remuneration	Key Managerial Personnel				
		CEO Mr. Arun Kumar Nayyar	CFO Mr. Vineet Mahajan	CFO Ms. Kirti Sawant*	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	1,85,00,000	1,33,18,059	-	8,95,276	3,27,13,335
(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	-	-	-	-	-
	Total	1,85,00,000	1,33,18,059	-	8,95,276	3,27,13,335

*appointed w.e.f. March 5, 2019

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**

Sd/-

Mitul Shah
Director

DIN: 07122551

Sd/-

K Siddharth
Director

DIN: 02463804

Date: September 26, 2019.

Place: Mumbai

Annexure - C

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.

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Corporate Office: Edelweiss House, Off. C.S.T Road, Kalina, Mumbai-400098, Maharashtra) +91 22 4009 4400 Fax: +91 22 4019 4925 www.edelweissretailfin.com

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.

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Annexure D

Annual Report on Corporate Social Responsibility (CSR) activities for the financial year 2018-19

[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. Sanjay Nathalal Shah	- Independent Director
Mr. Mitul Bhagvandas Shah	- Non-Executive Director
Mr. Krishnaswamy Siddharth	- Non Executive Director

3. Average net profit of the Company for last three financial years: Rs. 503.36 million.
-

4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): Rs. 10.07 million.
-

5. Details of CSR spent during the financial year:

(a) Total amount spent for the financial year: 2.50 million.

(b) Amount unspent, if any: Rs. 7.57 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:		
2.	Foundation for Promotion of Sport and Games	Women Empowerment	Mumbai, Maharashtra	2.50	2.50	-	2.50	Implementing agency
	Total			2.50	2.50		2.50	

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 wholly owned subsidiary of Edelcap Securities 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. 226.09 million was spent towards CSR activities during the year ended March 31, 2019, the Company has not incurred the prescribed CSR expenditure on a standalone basis during the year ended March 31, 2019.

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**

Sd/-

**Mitul Shah
Director
DIN: 07122551**

Sd/-

**K Siddharth
Director
DIN: 02463804**

Date: September 26, 2019.

Place: Mumbai

SANJAY GROVER & ASSOCIATES

COMPANY SECRETARIES

B-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

Annexure - E

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019

[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)
Tower 3, Wing B, Kohinoor City Mall,
Kohinoor City, Kirol Road,
Kurla (W), Mumbai – 400070

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. 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 are 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.
- e) The compliance of the provisions of the corporate and other applicable laws, rules, regulations and 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, 2019 ("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, 2019 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (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, where applicable;
- (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 clients;
- (c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;¹
- (d) The Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015; (SEBI Listing Regulations)

*No event took place during the audit period.

¹Equity Shares of the Company are not listed on any recognised stock exchanges and only debt securities are listed on BSE Limited and National Stock Exchange of India Limited; as per the management, the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 are not applicable *per se* on the Company.



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

During the Audit Period, the Company has complied with the provisions of the Act, Rules, Regulations, to the extent applicable, as mentioned above, except the followings:-

- *while the Company had disclosed the extent of security created with respect to non-convertible debentures of the Company in its half- yearly, year-to-date and annual financial statements, as required under Regulation 54(2) of the SEBI Listing Regulations, the nature of security had not been clearly mentioned. However the Company disclosed both nature and extent of Security in its financial statements for half-year and year ended March 31, 2019; and*
- *for one issuance during the audit period, which was lesser than the threshold of Electronic Book Provide platform as required under SEBI Circular No. SEBI/HO/DDHS/CIR/P/2018/05 dated January 05, 2018, as amended, the Company did not upload the details of issue of non-convertible debentures.*

(vi) The Company being a Non-Banking Financing Company registered under Section 45-IA of the Reserve Bank of India Act, 1934 under the category of loan 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;
- Various circulars, guidelines and regulation 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 meeting and a system



SANJAY GROVER & ASSOCIATES

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, Members of the Company in their annual general meeting held on July 25, 2018 passed special resolution under Section 42 and other applicable provisions, if any, of the Act and any other law for the time being in force, approved issue, offer and allot non-convertible debentures aggregating to Rs. 1,000/- Crore on a private placement basis, in one or more tranches.



New Delhi
May 13, 2019

For Sanjay Grover & Associates
Company Secretaries
Firm Registration No.: P2001DE052900

Neeraj Arora
Partner
CP No.: 16186

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:

No.	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	NA		
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 remuneration
		Mr. Vineet Mahajan	Chief Executive Officer	13%
		Mr. Sudipta Majumdar	Company Secretary	28%
		Ms. Kirti Sawant*	Chief Financial Officer	NA
3	Percentage increase in the median remuneration of employees in the financial year	-56% The employees who joined the Company in FY 2018-19 are not considered for this purpose.		
4	Number of permanent employees on the rolls of Company at the end of the year	There were 70 permanent employees on the rolls of the Company as on March 31, 2019.		

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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 17-18 and FY 18-19 the average increase is -15.4%. Average increase for managerial personnel is -33.3%.
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.

*appointed on March 5, 2019. No remuneration was paid from the Company during the period.

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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: Not applicable

- (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-

(Rs. Million)

S. No.	Name(s) of the related party and nature of relationship	Nature of contracts/arrangements/transactions	Duration of the contracts / arrangements/transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advances, if any
	(a)	(b)	(c)	(d)	(e)	(f)
1	Edelweiss Rural & Corporate Services Limited	Loans taken from	One Year	6,354.81	January 22, 2018	NIL
2	Edelweiss Rural & Corporate Services Limited	Loans repaid to	One Year	7,629.27	January 22, 2018	NIL
3	Edelweiss Rural & Corporate Services Limited	Securities Purchase	One Year	2,100.04	January 22, 2018	NIL
4	Edelweiss Finance & Investments Limited	Securities Purchase	One Year	315.46	January 22, 2018	NIL
5	Edelweiss Finvest Private Limited	Securities Purchase	One Year	244.34	January 22, 2018	NIL
6	Edelweiss Securities Limited	Amount paid to broker for Cash segment	One Year	1,116.30	January 22, 2018	NIL
7	Edelweiss Securities Limited	Amount Received from broker for Cash segment	One Year	1,200.50	January 22, 2018	NIL

8	Edelweiss Rural & Corporate Services Limited	Rent received from	One Year	0.19	January 22, 2018	NIL
9	ECL Finance Limited	Rent received from	One Year	27.76	January 22, 2018	NIL
10	Edelweiss Housing Finance Limited	Rent received from	One Year	10.11	January 22, 2018	NIL
11	Edelweiss Investment Advisors Limited	Rent received from	One Year	0.58	January 22, 2018	NIL
12	Edelweiss Agri Value Chain Limited	Rent received from	One Year	0.49	January 22, 2018	NIL
13	Edelweiss Multi Strategy Funds Management Private Limited	Rent received from	One Year	0.01	January 22, 2018	NIL
14	Edelweiss Financial Services Limited	Rent received from	One Year	0.07	January 22, 2018	NIL
15	Edelweiss Broking Limited	Rent received from	One Year	0.52	January 22, 2018	NIL
16	Edelweiss Asset management Company Limited	Rent received from	One Year	0.01	January 22, 2018	NIL
17	ECL Finance Limited	Cost reimbursement Received from	One Year	25.02	January 22, 2018	NIL
18	Edelweiss Investment Advisors Limited	Cost reimbursement Received from	One Year	0.21	January 22, 2018	NIL
19	Edelweiss Agri Value Chain Limited	Cost reimbursement Received from	One Year	0.33	January 22, 2018	NIL
20	Edelweiss Housing Finance Limited	Cost reimbursement Received from	One Year	9.23	January 22, 2018	NIL
21	Edelweiss Rural & Corporate Services Limited	Cost reimbursement Received from	One Year	0.14	January 22, 2018	NIL
22	Edelweiss Broking Limited	Cost reimbursement Received from	One Year	0.33	January 22, 2018	NIL
23	Edelweiss Financial Services Limited	Cost reimbursement Received from	One Year	0.05	January 22, 2018	NIL

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24	Edelweiss Securities Limited	Rent paid	One Year	0.15	January 22, 2018	NIL
25	Ecap Equities Limited	Rent paid	One Year	1.79	January 22, 2018	NIL
26	ECL Finance Limited	Rent paid	One Year	0.51	January 22, 2018	NIL
27	Edelweiss Broking Limited	Rent paid	One Year	0.33	January 22, 2018	NIL
28	Edelweiss Housing Finance Limited	Rent paid	One Year	0.48	January 22, 2018	NIL
29	Edelweiss Rural & Corporate Services Limited	Rent paid	One Year	1.37	January 22, 2018	NIL
30	Edelweiss Financial Services Limited	Cost reimbursement paid to	One Year	8.86	January 22, 2018	NIL
31	Edelweiss Rural & Corporate Services Limited	Cost reimbursement paid to	One Year	0.13	January 22, 2018	NIL
32	Ecap Equities Limited	Cost reimbursement paid to	One Year	0.15	January 22, 2018	NIL
33	Edelweiss Broking Limited	Cost reimbursement paid to	One Year	0.29	January 22, 2018	NIL
34	Edelweiss Securities Limited	Cost reimbursement paid to	One Year	0.22	January 22, 2018	NIL
35	ECL Finance Limited	Cost reimbursement paid to	One Year	0.14	January 22, 2018	NIL
36	Edelweiss Housing Finance Limited	Cost reimbursement paid to	One Year	0.45	January 22, 2018	NIL
37	Edelweiss Rural & Corporate Services Limited	Interest paid on loan from	One Year	52.65	January 22, 2018	NIL
38	Edelweiss Rural & Corporate Services Limited	Interest paid on Non convertible debentures	One Year	91.13	January 22, 2018	NIL
39	Edelweiss Finance & Investments Limited	Interest paid on Non convertible debentures	One Year	26.70	January 22, 2018	NIL

40	Edelweiss Finvest Private Limited	Interest paid on Non convertible debentures	One Year	21.88	January 22, 2018	NIL
41	Edelweiss Securities Limited	Brokerage paid	One Year	0.53	January 22, 2018	NIL
42	Edelweiss Rural & Corporate Services Limited	Enterprise Service charge paid to	One Year	69.58	January 22, 2018	NIL
43	Edelweiss Housing Finance Limited	Advisory fees paid to	One Year	3.98	January 22, 2018	NIL
44	Edelweiss Housing Finance Limited	Service Fee paid to	One Year	0.04	January 22, 2018	NIL
45	EdelGive Foundation	CSR Expenses Paid to	One Year	2.50	January 22, 2018	NIL
46	Edelweiss Broking Limited	Commission and brokerage paid to	One Year	13.40	January 22, 2018	NIL
47	Edelweiss Financial Services Limited	ESOP cost reimbursement	One Year	0.94	January 22, 2018	NIL
48	Edelweiss Financial Services Limited	Rating support fees paid to	One Year	0.16	January 22, 2018	NIL
49	Mr. Mitul Shah	Director Sitting fees	One Year	0.26	January 22, 2018	NIL
50	Mr. Sanjay Shah	Director Sitting fees	One Year	0.30	January 22, 2018	NIL
51	Mr. Arun Kumar Nayyar	Remuneration paid to	One Year	18.50	January 22, 2018	NIL
52	Mr. Vineet Mahajan	Remuneration paid to	One Year	2.04	January 22, 2018	NIL
53	ECL Finance Limited	Sale of Property, Plant and Equipment	One Year	1.16	January 22, 2018	NIL
54	Edelweiss Broking Limited	Sale of Property, Plant and Equipment	One Year	0.81	January 22, 2018	NIL
55	Edelweiss Asset Reconstruction Company Limited	Sale of Property, Plant and Equipment	One Year	0.02	January 22, 2018	NIL

56	Edelweiss Custodial Services Limited	Sale of Property, Plant and Equipment	One Year	0.02	January 22, 2018	NIL
57	Edelweiss Financial Services Limited	Sale of Property, Plant and Equipment	One Year	0.01	January 22, 2018	NIL
58	Edelweiss General Insurance Company Limited	Sale of Property, Plant and Equipment	One Year	0.01	January 22, 2018	NIL
59	Edelweiss Housing Finance Limited	Sale of Property, Plant and Equipment	One Year	0.21	January 22, 2018	NIL
60	Edelweiss Insurance Brokers Limited	Sale of Property, Plant and Equipment	One Year	0.01	January 22, 2018	NIL
61	Edelweiss Rural & Corporate Services Limited	Sale of Property, Plant and Equipment	One Year	0.08	January 22, 2018	NIL
62	Edelweiss Securities Limited	Sale of Property, Plant and Equipment	One Year	0.11	January 22, 2018	NIL
63	Edelweiss Rural & Corporate Services Limited	Short term borrowing from	One Year	0.52	January 22, 2018	NIL
64	Edelweiss Rural & Corporate Services Limited	Non convertible debentures (at face value) held by	One Year	72.40	January 22, 2018	NIL
65	Edelweiss Rural & Corporate Services Limited	Interest accrued on short term borrowing	One Year	0.79	January 22, 2018	NIL
66	Edelweiss Rural & Corporate Services Limited	Interest accrued on Non convertible debentures	One Year	1.82	January 22, 2018	NIL
67	Edelweiss Housing Finance Limited	Trade Payables	One Year	0.42	January 22, 2018	NIL
68	Edelweiss Financial Services Limited	Trade Payables	One Year	0.17	January 22, 2018	NIL
69	Edelweiss Rural & Corporate Services Limited	Trade Payables	One Year	19.42	January 22, 2018	NIL
70	ECL Finance Limited	Trade Payables	One Year	3.34	January 22, 2018	NIL
71	Edelweiss Securities Limited	Trade Payables	One Year	0.14	January 22, 2018	NIL

Edelweiss Retail Finance Limited

Corporate Identity Number: U67120MH1997PLC285490

Registered Office : Tower 3, Wing ' B', Kohinoor City Mall , Kohinoor City, Kirool Road, Kurla (west), Mumbai - 400070, Maharashtra;) +91 22 42722200

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

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72	Edelweiss Broking Limited	Trade Payables	One Year	0.06	January 22, 2018	NIL
73	Ecap Equities Limited	Trade Payables	One Year	0.34	January 22, 2018	NIL
74	Edelweiss Financial Services Limited	Other payable	One Year	0.94	January 22, 2018	NIL
75	ECL Finance Limited	Trade Receivables	One Year	14.81	January 22, 2018	NIL
76	Edelweiss Broking Limited	Trade Receivables	One Year	0.07	January 22, 2018	NIL
77	Edelweiss Rural & Corporate Services Limited	Trade Receivables	One Year	2.28	January 22, 2018	NIL
78	Edelweiss Housing Finance Limited	Trade Receivables	One Year	5.48	January 22, 2018	NIL
79	Edelweiss Financial Services Limited	Trade Receivables	One Year	0.03	January 22, 2018	NIL
80	Edelweiss Investment Advisors Limited	Trade Receivables	One Year	0.02	January 22, 2018	NIL
81	Edelweiss Insurance Brokers Limited	Trade Receivables	One Year	0.02	January 22, 2018	NIL
82	Edelweiss General Insurance Company Limited	Trade Receivables	One Year	0.01	January 22, 2018	NIL

*These transactions were approved by Audit Committee.

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

Date: September 26, 2019.

Place: Mumbai

Sd/-

Mitul Shah
Director
 DIN: 07122551

Sd/-

K. Siddharth
Director
 DIN: 02463804

INDEPENDENT AUDITOR'S REPORT

To the Members of Edelweiss Retail Finance Limited

Report on the Audit of the Indian Accounting Standard ('Ind AS') Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of Edelweiss Retail Finance Limited (the "Company"), which comprise the Balance sheet as at March 31, 2019, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, its profit including other comprehensive income its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Ind AS financial statements for the financial year ended March 31, 2019. These matters were addressed in the context of our audit of the Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

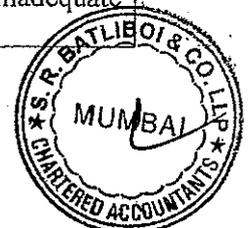
We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the Ind AS financial statements section of our report, including in relation to these matters.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



Key audit matters	How our audit addressed the key audit matter
(a) Transition to Ind AS accounting framework <i>(as described in note 54 of the Ind AS financial statements)</i>	
<p>In accordance with the roadmap for implementation of Ind AS for non-banking financial companies, as announced by the Ministry of Corporate Affairs, the Company has adopted Ind AS from April 1, 2018 with an effective date of April 1, 2017 for such transition. For periods up to and including the year ended March 31, 2018, the Company had prepared and presented its financial statements in accordance with the erstwhile generally accepted accounting principles in India (Indian GAAP). In order to give effect of the transition to Ind AS these financial statements for the year ended March 31, 2019, together with the comparative financial information for the previous year ended March 31, 2018 and the transition date balance sheet as at April 1, 2017 have been prepared under Ind AS.</p> <p>The transition has involved significant change in the Company's policies and processes relating to financial reporting, including generation of reliable and supportable information. Further, the management has exercised significant judgement for giving an appropriate effect of principles of First-time Adoption of Indian Accounting Standards (Ind AS 101), as at transition date and to determine the impact of the new accounting framework on certain accounting and disclosure requirements prescribed under extant Reserve Bank of India ('RBI') directions. Further, certain provision of Financial Instruments (Ind AS 109) are different as compared to RBI guidelines.</p>	<p>We read the Ind AS impact assessment performed by the management to identify areas impacted on account of Ind AS transition.</p> <p>We understood the financial statement closure process (including disclosures in notes to accounts) and the additional controls established by the Company for transition to Ind AS. We have tested the design and operating effectiveness of key controls for processes identified by the Company for impact assessment.</p> <p>We understood the exemption availed by the management in applying the first-time adoption principles of Ind AS 101.</p> <p>We understood the changes made by the Company in presentation and disclosures under the new accounting framework as compared to disclosure requirements under extant RBI Directions.</p> <p>We understood the changes made to the accounting policies in light of the requirements of the new framework.</p> <p>We performed test of details on the accounting adjustments posted as at the transition date and in respect of the previous year to convert the financial information reported under erstwhile Indian GAAP to Ind AS.</p> <p>We assessed the disclosures included in the Ind AS financial statements in accordance with the requirements of Ind AS 101, with respect to the previous periods presented.</p>
(b) Impairment of financial assets (expected credit losses) <i>(as described in note 3.6 of the Ind AS financial statements)</i>	
<p>Ind AS 109 requires the Company to recognise impairment allowance towards its financial assets (designated at amortised cost and fair value through other comprehensive income) using the expected credit loss (ECL) approach. Such ECL allowance is required</p>	<p>Our audit procedures included understanding the Company's accounting policies for impairment of financial assets and assessing their compliance with the respect to Ind AS 109.</p>



Key audit matters	How our audit addressed the key audit matter
<p>to be measured considering the guiding principles mentioned in the standard.</p> <p>Applying such principles and other requirements of the standard with respect to such allowance involves use of significant degree of judgement by the Company especially with respect to the following aspects:</p> <ul style="list-style-type: none"> • Grouping of borrowers on the basis of homogeneity given the variety of products; • Staging of loans and estimation of behavioral life; • Determining management overlay for macro-economic factors impacting the credit quality of receivables; • Estimation of expected loss from historical observations • Estimation of losses for loan products with no/ minimal historical defaults. <p>Considering the significance of such allowance to the overall financial statements and the degree of management's judgment, any error or misstatement in such estimate may give rise to a material misstatement of the Ind AS financial statements or omission of any disclosure required by the standards. Therefore, it is considered as a key audit matter.</p>	<p>We understood the process of ECL estimation and tested the design and operating effectiveness of key controls around data extraction and validation.</p> <ul style="list-style-type: none"> • We tested the controls for staging of loans based on their past-due status. We also reviewed a sample of performing (stage 1 and stage 2) loans to assess whether any loss indicators were present requiring them to be classified under stage 2 or 3 as applicable. We selected a sample (based on quantitative thresholds) of certain borrowers. We obtained the Company's assessment of the recoverability of these exposures and assessed individual impairment provisions, or lack of, were appropriate. This included the following procedures: <ul style="list-style-type: none"> Assessed the probability weighting assigned to each scenario Assessed external collateral valuer's credentials and compared external valuations to values used in the Company's impairment assessments. <p>We tested the ECL model and computation for its Model/ Methodology used for types of loans including;</p> <ul style="list-style-type: none"> • Management's grouping of borrowers on basis of types of loans and customer segments with different risk characteristics. • Staging of loans based on their past-due status. • Understood management overlays for macro-economic factors considering reasonable and supportable forward-looking information for various loan products. • Various assumptions for calculation of expected loss viz. probability of default, loss given defaults, exposure at default, discounting factors applied by the management along with Management's governance process and documentation of its assumptions; • Assessed the basis of the floor/ minimum rates of provisioning applied by the Company for loan products with inadequate historical defaults.



Key audit matters	How our audit addressed the key audit matter
	<ul style="list-style-type: none"> • the arithmetical accuracy of computation of ECL provision. • inputs information used in the ECL computation, on a sample basis <p>We assessed the disclosures included in the Ind AS financial statements with respect to such allowance / estimate in accordance with the requirements of Ind AS 109 and Financial Instruments: Disclosures (Ind AS 107).</p>
(c) Information Technology	
<p>The Company's key financial accounting and reporting processes are highly dependent on the automated controls over the Company's information systems, such that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being materially misstated.</p> <p>We have focused on user access management, segregation of duties and controls over system change over key financial accounting and reporting systems:</p>	<p>General IT controls design, observation and operation:</p> <ul style="list-style-type: none"> • Tested key controls operating over the information technology-in relation to financial accounting and reporting systems, including system access and system change management, program development and computer operations. <p>User access controls operation:</p> <ul style="list-style-type: none"> • Obtained management's evaluation of the access rights granted to applications relevant to financial accounting and reporting systems and tested resolution of a sample of expectations. • Further, we assessed the operating effectiveness of controls over granting, removal and appropriateness of access rights. <p>Application controls:</p> <ul style="list-style-type: none"> • We tested the design and operating effectiveness of automated controls critical to financial accounting and reporting. • For any identified deficiencies, tested the design and operating effectiveness of compensating controls and, where necessary, extended the scope of our substantive audit procedures

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the Board of Director's Report (Other Information) included in the Annual report, but does not include the Ind AS financial statements and our auditor's report thereon.

Our opinion on the Ind AS financial statements does not cover the Other Information and we do



express any form of assurance conclusion thereon.

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

Responsibilities of Management and Board of Directors for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omission,



misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS financial statements for the financial year ended March 31, 2019 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

The comparative financial information of the Company for the year ended March 31, 2018 and the transition date opening balance sheet as at April 01, 2017 included in these Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the accounting principles generally accepted in India, including the Companies (Accounting Standards) Rules, 2006 (as amended) specified under section 133 of the Act, read with the Companies (Accounts) Rules, 2014 audited by the predecessor auditor whose report for the year ended March 31, 2018 and March 31, 2017 dated May 02, 2018 and May 16, 2017, respectively expressed an unmodified opinion on those financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.



Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - (e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
 - (g) According to the information and explanations given by the management, the provisions of section 197 read with Schedule V of the Act are not applicable to the company;
 - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;



S.R. BATLIBOI & CO. LLP

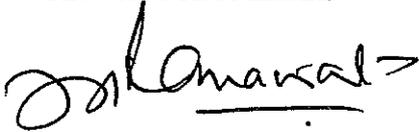
Chartered Accountants

Edelweiss Retail Finance Limited
Auditor's report for the year ended March 31, 2019

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

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



per Jitendra H. Ranawat
Partner
Membership Number: 103380
Place of Signature: Mumbai
Date: May 13, 2019



Annexure 1 referred to under the heading "Report on other legal and regulatory requirements" of our report of even date

Re: Edelweiss Retail Finance Limited ("the Company")

- (i)(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (i)(b) All fixed assets were physically verified by the management in the previous years in accordance with a planned programme of verifying them once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (i)(c) According to the information and explanations given by the management, the title deeds of immovable properties, included in property, plant and equipment are held in the name of the Company.
- (ii) The Company's business does not involve inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) To the best of our knowledge and as explained, the Company is not in the business of sale of any goods. Therefore, in our opinion, the provisions of clause 3(vi) of the Order are not applicable to the Company.
- (vii)(a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, income-tax, goods and service tax, cess and other statutory dues applicable to it. The provision relating to employee's state insurance, custom duty and excise duty are currently not applicable to the Company.
- (vii)(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income-tax, goods and service tax, and other statutory dues applicable to it were outstanding, at the year end, for a period of more than six months from the date they became payable. The provision relating to employee's state insurance, custom duty and excise duty are currently not applicable to the Company.



- (vii)(c) According to the information and explanations given to us, there are no dues of income-tax, goods and service tax and cess which have not been deposited on account of dispute. The provision relating to employee's state insurance, custom duty and excise duty are currently not applicable to the Company.
- viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or government or dues to debenture holders.
- (ix) In our opinion and according to the information and explanations given by the management, the Company has utilized the monies raised by way of debt Instruments in the nature of non-convertible debentures and term loans for the purposes for which they were raised.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the provisions of section 197 read with Schedule V of the Act are not applicable to the Company and hence reporting under clause 3(xi) are not applicable and hence not commented upon.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.



S.R. BATLIBOI & CO. LLP

Chartered Accountants

Edelweiss Retail Finance Limited

Auditor's report for the year ended March 31, 2019

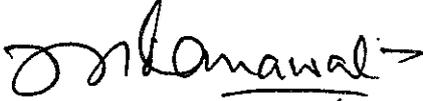
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- xvi) According to the information and explanations given to us, we report that the Company has registered as required, under section 45-IA of the Reserve Bank of India Act, 1934.

For S.R. Batliboi & CO. LLP

ICAI Firm Registration Number: 301003E/E300005

Chartered Accountants



per Jitendra H. Ranawat

Partner

Membership No.: 103380

Place: Mumbai

Date: May 13, 2019



ANNEXURE 2**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 March 31, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to these financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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



Meaning of Internal Financial Controls Over Financial Reporting with Reference to these Financial Statements

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

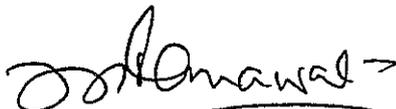
Inherent Limitations of Internal Financial Controls Over Financial Reporting with Reference to these Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to these financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these financial statements and such internal financial controls over financial reporting with reference to these financial statements were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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



per Jitendra H. Ranawat
Partner

Membership Number: 103380

Place of Signature: Mumbai

Date: May 13, 2019



Edelweiss Retail Finance Limited
Balance Sheet

(Currency : Indian rupees in millions)

	Note	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
ASSETS				
Financial assets				
(a) Cash and cash equivalents	8	3,238.12	213.73	7.88
(b) Bank balances other than cash and cash equivalents	9	2,169.93	20.03	64.35
(c) Trade receivables	10	24.77	13.42	0.17
(d) Loans	11	18,616.42	32,672.20	14,721.07
(e) Other financial assets	12	90.11	70.55	51.69
		<u>24,139.35</u>	<u>32,989.93</u>	<u>14,845.16</u>
Non-financial assets				
(a) Current tax assets (net)	13	64.27	31.28	0.05
(b) Deferred tax assets (net)	14	79.87	72.27	102.28
(c) Property, plant and equipment	15	49.54	50.11	9.29
(d) Intangible assets under development		6.66	6.06	1.00
(e) Other intangible assets	16	4.96	2.66	3.31
(f) Other non-financial assets	17	126.72	151.12	31.63
		<u>332.02</u>	<u>313.50</u>	<u>147.56</u>
TOTAL ASSETS		<u>24,471.37</u>	<u>33,303.43</u>	<u>14,992.72</u>
LIABILITIES				
Financial liabilities				
(a) Trade payables	18	268.37	539.32	390.80
(b) Debt securities	19	4,909.92	8,040.57	3,263.31
(c) Borrowings (other than debt securities)	20	12,461.50	16,934.13	7,600.41
(d) Subordinated liabilities	21	2,060.80	2,037.06	296.86
(e) Other financial liabilities	22	2.46	1,251.19	322.86
		<u>19,703.05</u>	<u>28,802.27</u>	<u>11,874.24</u>
Non-financial liabilities				
(a) Current tax liabilities (net)	23	105.05	59.91	26.21
(b) Provisions	24	2.73	35.73	30.07
(c) Other non-financial liabilities	25	28.52	104.58	29.36
		<u>136.30</u>	<u>200.22</u>	<u>85.64</u>
Equity				
(a) Equity share capital	26	429.50	429.50	329.50
(b) Other equity	27	4,202.52	3,871.44	2,703.34
		<u>4,632.02</u>	<u>4,300.94</u>	<u>3,032.84</u>
TOTAL LIABILITIES AND EQUITY		<u>24,471.37</u>	<u>33,303.43</u>	<u>14,992.72</u>

The accompanying notes are an integral part of the financial statements.

As per our report of even date attached.

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

per Jitendra H. Ranawat
Partner
Membership No. 103380



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

Vineet Mahajan
Vineet Mahajan
Chief Executive Officer

Shrikant Subbarayan
Shrikant Subbarayan
Director
DIN: 05225191

Shalinee Mimani
Shalinee Mimani
Director
DIN: 07404075

Kirti Sawant
Kirti Sawant
Chief Financial Officer

Sudipta Majumdar
Sudipta Majumdar
Company Secretary
Membership No. A33961

Place : Mumbai
Date : May 13, 2019

Edelweiss Retail Finance Limited

Statement of Profit and Loss

(Currency : Indian rupees in millions)

	Note	For the period ended March 31, 2019	For the year ended March 31, 2018
Revenue from operations			
Interest income	28	3,949.82	3,421.96
Fee and commission income	29	267.42	277.72
Net gain on fair value changes	30	265.87	-
Total revenue from operations		4,483.11	3,699.68
Other income	31	1.21	17.73
Total revenue		4,484.32	3,717.41
Expenses			
Finance costs	32	2,243.95	1,610.81
Impairment on financial instruments	33	869.17	458.80
Employee benefits expense	34	40.79	339.87
Depreciation, amortisation and impairment	15 & 16	30.78	15.01
Other expenses	35	790.68	868.85
Total expenses		3,975.37	3,293.34
Profit before tax		508.95	424.07
Tax expenses:			
Current tax			
(1) Current tax	36		
(2) Short / (Excess) provision for earlier years		198.12	126.37
Deferred tax			
(1) MAT credit entitlement	36.3	(11.60)	-
(2) Deferred tax (net)		56.40	(56.40)
		(72.52)	77.27
Profit for the year		338.55	276.83
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Remeasurement gain / (loss) on defined benefit plans	40	1.04	(0.24)
Less: Income tax relating to items that will not be reclassified to profit or loss	36.3	0.36	(0.08)
Other Comprehensive Income		0.68	(0.16)
Total Comprehensive Income		339.23	276.67
Earnings per equity share (Face value of Rs. 10 each):			
(1) Basic		7.88	7.61
(2) Diluted	38	7.88	7.61

The accompanying notes are an integral part of the financial statements.

As per our report of even date attached.

For S. R. Batliboi & Co. LLP

ICAI Firm Registration Number : 301003E/ E300005

Chartered Accountants

Jitendra H. Ranawat
per Jitendra H. Ranawat
Partner
Membership No. 103380



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

Vineet Mahajan
Vineet Mahajan
Chief Executive Officer

Shrikant Subbarayan
Shrikant Subbarayan
Director
DIN: 05225191

Shalinee Mimani
Shalinee Mimani
Director
DIN: 07404075

Kirti Sawant
Kirti Sawant
Chief Financial Officer

Sudipta Majumdar
Sudipta Majumdar
Company Secretary
Membership No. A33961

Place : Mumbai
Date : May 13, 2019

Edelweiss Retail Finance Limited
Statement of Changes in Equity
(Currency : Indian rupees in millions)

Equity share capital

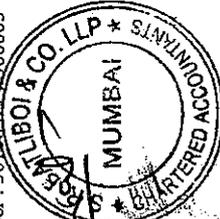
	Outstanding as on April 01, 2017	Issued during the year	Outstanding as on March 31, 2018	Issued during the year	Outstanding as on March 31, 2019
Issued, Subscribed and Paid up (Equity shares of Rs.10 each, fully paid-up)	329.50	100.00	429.50	0.00	429.50
	329.50	100.00	429.50	0.00	429.50

Other Equity

	Capital Reserve	Securities Premium Account	Deemed capital contribution - Equity shares	Special Reserve under Section 45-IC of the Reserve Bank of India Act, 1934	Debtore redemption reserve	Retained earnings	Total
Balance at April 01, 2017	8.18	2,212.08	5.44	128.96	-	348.68	2,703.34
Profit for the year	-	-	-	-	-	276.83	276.83
Remeasurement loss on defined benefit plans	-	-	-	-	-	(0.16)	(0.16)
Total Comprehensive Income for the year	-	-	-	-	-	276.67	276.67
Issue of equity instruments	-	900.00	-	-	-	-	900.00
ESOP charge during the year	-	-	0.50	-	-	-	0.50
Transfers to / from retained earnings	-	-	-	-	-	-	-
Income tax charge on ESOP	-	-	-	63.37	8.99	(72.36)	-
Balance at March 31, 2018	8.18	3,112.08	5.94	192.33	8.99	543.92	3,871.44
Profit for the year	-	-	-	-	-	338.55	338.55
Remeasurement gain on defined benefit plans	-	-	-	-	-	0.68	0.68
Total Comprehensive Income for the year	-	-	-	-	-	339.23	339.23
Transfers to / from retained earnings	-	-	-	67.71	328.15	(395.86)	-
Income tax charge on ESOP	-	-	-	-	-	(8.15)	(8.15)
Balance at March 31, 2019	8.18	3,112.08	5.94	260.04	337.14	479.14	4,202.52

As per our report of even date attached.

For S. R. Batliboi & Co. LLP
ICAI Firm Registration Number : 301003HLF3000005
Chartered Accountants



S. R. Batliboi
per Jitendra H. Ranawat
Partner
Membership No. 103380

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

S. R. Subbarayan
Shrikant Subbarayan
Director
DIN: 05225191

Vineet Mahajan
Vineet Mahajan
Chief Executive Officer

Shalinee Mimani
Director
DIN: 07404075

Bhawant
Kirti Sawant
Chief Financial Officer

Sudipta Majumdar
Sudipta Majumdar
Company Secretary
Membership No. A33961

Place : Mumbai
Date : May 13, 2019

Edelweiss Retail Finance Limited
Statement of Cash flows
(Currency : Indian rupees in millions)

	For the year ended March 31, 2019	For the year ended March 31, 2018
A Cash flow from operating activities		
Profit before tax	508.95	424.07
<i>Adjustments for</i>		
Depreciation, amortisation and impairment	30.78	15.01
Impairment of financial assets	869.17	458.80
Expense on Employee stock option scheme	0.94	0.50
Loss / (Profit) on sale of Property, plant and equipment	(0.67)	0.32
Operating cash flow before working capital changes	1,409.17	898.70
<i>Add / (Less): Adjustments for working capital changes</i>		
Decrease/(Increase) in Trade receivables	(11.35)	(13.25)
Decrease/(Increase) in Loans (net)	13,186.61	(18,409.93)
Decrease/(Increase) in Other financial assets	(2,169.45)	25.46
Decrease/(Increase) in Other non financial assets	24.39	(119.49)
Increase / (Decrease) in Trade payables	(271.89)	148.52
Increase / (Decrease) in Non financial liabilities and provisions	(108.38)	80.72
Increase / (Decrease) in Other financial liability	(1,320.53)	843.16
Cash used in operations	10,738.57	(16,546.11)
Income taxes paid (net)	(173.99)	(123.84)
Net cash used in operating activities -A	10,564.58	(16,669.95)
B Cash flow from investing activities		
Purchase of Property, plant and equipment and Intangible Assets	(35.52)	(55.87)
(Increase) in Intangibles under development	(0.60)	(5.06)
Sale of Property, plant and equipment	3.68	0.37
Net cash generated from / (used in) investing activities - B	(32.44)	(60.56)
C Cash flow from financing activities		
Proceeds from issuance of Share capital (including Securities Premium)	-	1,000.00
Increase / (Decrease) in Debt Securities ¹	(3,006.44)	4,916.22
Increase / (Decrease) in Borrowings other than Debt Securities ¹	(4,501.31)	9,330.14
Increase / (Decrease) in Subordinate Debt	-	1,690.00
Net cash generated from financing activities - C	(7,507.75)	16,936.36
Net Increase / (Decrease) in cash and cash equivalents (A+B+C)	3,024.39	205.85
Cash and cash equivalent as at the beginning of the year	213.73	7.88
Cash and cash equivalent as at the end of the year	3,238.12	213.73
Operational cash flows from interest		
Interest paid	2,344.31	1,477.27
Interest received	3,931.49	3,168.67
CSR contribution to Edel Give Foundation	2.50	2.50

Notes:

1. Net figures have been reported on account of volume of transaction
2. For disclosure relating to changes in liabilities arising from financing activities, refer note 37

As per our report of even date attached.

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

per Jitendra H. Ranawat
Partner
Membership No. 103380



Vincent Manojan
Vincent Manojan
Chief Executive Officer

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

Shrikant Subbarayan
Shrikant Subbarayan
Director
DIN: 05225191

Shalinee Mimani
Shalinee Mimani
Director
DIN: 07404075

Kirti Sawant
Kirti Sawant
Chief Financial Officer

Sudipta Majumdar
Sudipta Majumdar
Company Secretary
Membership No. A33961

Place : Mumbai
Date : May 13, 2019

1. Corporate Information:

Edelweiss Retail Finance Limited ('ERFL' or 'the Company') a public limited company domiciled and incorporated under the provisions of the Companies Act applicable in India. The Company was originally incorporated on February 18, 1997 as "Affluent Dealcom Private Limited" which subsequently got converted to public limited on January 1, 2014 and then the Company's name changed to "Edelweiss Retail Finance Limited" with effect from January 6, 2014. The Company is subsidiary of Edelcap Securities Limited. ERFL is registered with the Reserve Bank of India (RBI) as a Systemically Important Non Deposit Accepting Non-Banking Financial Company.

ERFL is primarily engaged in the business of providing loan against property, business loans, loan to real estate developers and rural finance loans.

2. Basis of preparation:

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

For all periods up to and including the year ended March 31, 2018, the Company prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP or previous GAAP). These financial statements for the year ended March 31, 2019 are the first financial statements of the Company prepared under Ind AS. Refer to note 52 for information on how the Company has adopted Ind AS.

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

2.1 Presentation of financial statements:

The Company presents its balance sheet in order of liquidity in compliance with the Division III of the Schedule III to the Companies Act, 2013. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in "Note 40-Maturity Analysis of assets and liabilities".

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

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



3. Significant accounting policies

3.1 Recognition of Interest income and Dividend income

3.1.1 Effective Interest Rate (EIR):

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

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

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income.

3.1.2 Interest Income:

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

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

Penal interest income on delayed EMI / pre EMI is recognised on receipt basis.

3.2 Financial Instruments:

3.2.1 Date of recognition:

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

3.2.2 Initial measurement of financial instruments:

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.



3.2.3 Classification and Measurement categories of financial assets and liabilities:

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

- Amortised cost
- Fair value through other comprehensive income [FVOCI]
- Fair value through profit or loss [FVTPL]

The Company measures debt financial assets that meet the following conditions at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the financial asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Financial assets carried at amortised cost (AC)

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The changes in carrying value of financial assets is recognised in profit and loss account.

Financial assets at fair value through other comprehensive income (FVTOCI)

A financial asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The changes in fair value of financial assets is recognised in Other Comprehensive Income.

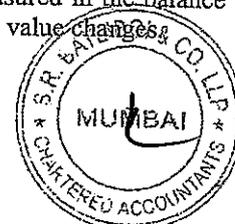
Financial assets at fair value through profit or loss (FVTPL)

A financial asset which is not classified in any of the above categories are measured at FVTPL. The Company measures all financial assets classified as FVTPL at fair value at each reporting date. The changes in fair value of financial assets is recognised in Profit and loss account.

3.3 Financial Assets and Liabilities:

3.3.1 Financial assets held for trading:

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



3.3.2 Debt securities and other borrowed funds:

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

3.3.3 Financial Guarantee:

Financial guarantees are contract that requires the Company to make specified payments to reimburse to holder for loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of a debt instrument.

Financial guarantee issued or commitments to provide a loan at below market interest rate are initially measured at fair value and the initial fair value is amortised over the life of the guarantee or the commitment. Subsequently they are measured at higher of this amortised amount and the amount of loss allowance.

3.3.4 Loan Commitments:

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

3.4 Reclassification of Financial assets and liabilities

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. The Company didn't reclassify any of its financial assets or liabilities in current year and previous year.

3.5 Derecognition of financial Instruments:

3.5.1 Derecognition of financial asset

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

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

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

Pass-through arrangements are transactions whereby the Company retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following conditions are met:

- The Company has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates.
- The Company cannot sell or pledge the original asset other than as security to the eventual recipients.



The Company has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Company is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

- The Company has transferred substantially all the risks and rewards of the asset; or
- The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

The Company also derecognises a financial asset, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new financial asset, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded.

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Company records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

3.5.2 Derecognition of financial liabilities

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

3.6 Impairment of financial assets:

The Company records provisions based on expected credit loss model ("ECL") on all loans, other financial assets not measured at FVTPL together with undrawn loan commitment and financial guarantee contracts, in this section all referred to as "Financial instrument". Equity instruments are not subject to impairment.

ECL is a probability-weighted estimate of credit losses. A credit loss is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive discounted at the original effective interest rate. Because ECL consider the amount and timing of payments, a credit loss arises even if the entity expects to be paid in full but later than when contractually due.

Simplified Approach

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



General Approach

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

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

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

Company categorises its financial assets as follows:

Stage 1 Assets:

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

Stage 2 Assets:

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

Stage 3 Assets:

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

Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

The expected credit losses on the loan commitment have been recognised together with the loss allowance for the financial asset.

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



3.7 Collateral Valuation:

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

To the extent possible, the Company uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market value are valued using models.

3.8 Collateral Repossessed:

The Company's policy is to determine whether a repossessed asset can be best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category at the lower of their repossessed value or the carrying value of the original secured asset. Assets for which selling is determined to be a better option are transferred to assets held for sale at their fair value (if financial assets) and fair value less cost to sell for non-financial assets at the repossession date in, line with the Company's policy.

In its normal course of business, the Company does not physically repossess properties or other assets in its retail portfolio, but engages external agents to recover funds, generally at auction, to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, the residential properties under legal repossession processes are not recorded on the balance sheet.

3.9 Write-Offs:

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

3.10 Forborne and modified loan:

The Company sometimes makes concessions or modifications to the original terms of loans as a response to the borrower's financial difficulties, rather than taking possession or to otherwise enforce collection of collateral. The Company considers a loan forborne when such concessions or modifications are provided as a result of the borrower's present or expected financial difficulties and the Company would not have agreed to them if the borrower had been financially healthy. Indicators of financial difficulties include defaults on covenants, or significant concerns raised by the Credit Risk Department. Forbearance may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, any impairment is measured using the original EIR as calculated before the modification of terms. It is the Company's policy to monitor forborne loans to help ensure that future payments continue to be likely to occur. Derecognition decisions and classification between Stage 2 and Stage 3 are determined on a case-by-case basis. If these procedures identify a loss in relation to a loan, it is disclosed and managed as an impaired Stage 3 forborne asset, until it is collected or written off.

3.11 Determination of Fair Value:

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

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

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



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

Level 1 financial instruments:

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

Level 2 financial instruments:

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

Level 3 financial instruments:

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

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

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

3.12 Operating Leases:

Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term, in which case lease payments are recognized based on contractual terms. Contingent rental payable is recognized as an expense in the period in which it is incurred.

3.13 Earnings Per Share:

Basic earnings per share is computed by dividing the net profit after tax attributable to the equity shareholders for the year by the weighted average number of equity shares outstanding for the year.

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



3.14 Retirement and other employee benefit:

3.14.1 Provident fund and national pension scheme:

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

3.14.2 Gratuity:

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

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

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

3.14.3 Compensated Absences:

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

3.14.4 Deferred Bonus:

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

3.14.5 Share-based payment arrangements:

Equity-settled share-based payments to employees and others providing similar services that are granted by the ultimate parent company are measured by reference to the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.



3.15 Property, plant and equipment:

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

Subsequent costs incurred on an item of property, plant and equipment is recognised in the carrying amount thereof when those costs meet the recognition criteria as mentioned above. Repairs and maintenance are recognised in profit or loss as incurred.

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

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

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

Leasehold improvements are amortised on a straight-line basis over the estimated useful lives of the assets or the period of lease whichever is earlier.

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

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

For transition to Ind AS, the Company has elected to continue with carrying value of all of its property, plant and equipment recognised as of April 01, 2017 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

3.16 Intangible Assets:

Intangible assets are recorded at the consideration paid for the acquisition of such assets and are carried at cost less accumulated amortization and impairment, if any.

Intangibles such as software are amortised over a period of 3 years based on its estimated useful life. For transition to Ind AS, the Company has elected to continue with carrying value of all of its intangible assets recognised as of April 01, 2017 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.



3.17 Impairment of non-financial assets:

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

3.18 Provisions and other contingent liabilities:

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

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

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

3.19 Cash and cash equivalents

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

3.20 Income tax expenses:

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

3.20.1 Current tax:

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

3.20.2 Deferred tax:

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



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

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

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

3.20.3 Current and Deferred tax for the year:

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

4. Significant accounting judgements, estimates and assumptions :

The preparation of these financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the standalone financial statements are included are given below:

4.1 Business model assessment :

The Company determines the business model at a level that reflects how the financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held.

4.2 Significant increase in credit risk:

As explained in note 45.1, ECL is measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. Ind AS 109 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Company takes into account qualitative and quantitative reasonable and supportable forward-looking information. Refer to note 45.1 for more details.

4.3 Key sources of estimation uncertainty:

4.4 Fair value of financial instruments:

The Fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Company uses its judgement to select a variety of methods and make assumptions based on market conditions existing at the end of each reporting period. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk, funding value adjustments, correlation and volatility.



4.5 Effective Interest Rate (EIR) Method:

The Company's EIR methodology, as explained in Note 3.1.1, recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioral life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle including prepayments and penalty interest and charges.

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

4.6 Impairment of Financial assets:

The impairment provisions for the financial assets are based on assumptions about estimation of the amount and timing of future cash flows, collateral values, assessment of a significant increase in credit risk, probability of default (PD) and Loss given default (LGD) rates. The Company uses judgements in making these assumptions and selecting the inputs for impairment calculations based on its past history, existing market conditions and forward looking estimates at the end of each period.

The Company's expected credit loss (ECL) calculations are output of model with number of underlying assumptions regarding choice of variable inputs and their interdependencies Elements of the ECL models that are considered accounting judgements and estimates include:

- The Company's internal credit grading model, which assigns PDs to the individual grades based on ageing.
- The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL basis and the qualitative assessment.
- The segmentation of financial assets when their ECL is assessed on a collective basis.
- Development of ECL models, including the various formulas and the choice of inputs Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs.
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

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

4.7 Impairment of Non-Financial assets:

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



4.8 Provisions and contingent liabilities:

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

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

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

4.9 Provisions for Income Taxes:

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

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

5. Standards issued but not yet effective :

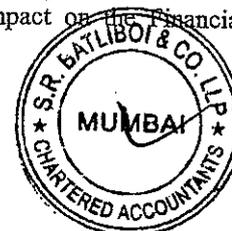
5.1 Ind AS 116 Leases replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after April 01, 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. As the Company does not have any material leases, therefore the adoption of this standard is not likely to have a material impact in its Financial Statements.

5.2 Annual Improvements to Ind AS (2018)

5.2.1 Prepayment Features with Negative Compensation (Amendments to Ind AS 109). The amendments to Ind AS 109 clarify that for the purpose of assessing whether a prepayment feature meets the SPPI condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, prepayment features with negative compensation do not automatically fail SPPI. These amendments are to be applied for annual periods beginning on or after April 01, 2019. The application of these amendments is not likely to have a material impact on the Financial Statements.

5.2.2 Ind AS 12 Income taxes

The amendments clarify that an entity should recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits. These amendments are to be applied for annual periods beginning on or after April 01, 2019. The application of these amendments is not likely to have a material impact on the Financial Statements.



5.2.3 Ind AS 23 Borrowing costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. These amendments are to be applied for annual periods beginning on or after April 01, 2019.

5.2.4 Plan Amendment, Curtailment or Settlement (Amendments to Ind AS 19)

The amendments clarify that the past service cost (or of the gain or loss on settlement) is calculated by measuring the defined benefit liability (asset) using updated assumptions and comparing benefits offered and plan assets before and after the plan amendment (or curtailment or settlement) but ignoring the effect of the asset ceiling (that may arise when the defined benefit plan is in a surplus position). The change in the effect of the asset ceiling that may result from the plan amendment (or curtailment or settlement) is determined in a second step and is recognised in the normal manner in other comprehensive income.

An entity is also now required to use the updated assumptions from this remeasurement to determine current service cost and net interest for the remainder of the reporting period after the change to the plan. In the case of the net interest, for the period post plan amendment, the net interest is calculated by multiplying the net defined benefit liability (asset) as remeasured under Ind AS 19 with the discount rate used in the remeasurement (also taking into account the effect of contributions and benefit payments on the net defined benefit liability (asset)).

These amendments are to be applied to plan amendments, curtailments or settlements occurring on or after April 01, 2019.

The application of these amendments is not likely to have a material impact on the Financial Statements.

5.2.5 Uncertainty over Income Tax Treatments (Appendix C of Ind AS 12)

This Appendix sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The Appendix requires an entity to:

- determine whether uncertain tax positions are assessed separately or as a group; and assess whether it is probable that a tax authority will accept an uncertain tax treatment
- used, or proposed to be used, by an entity in its income tax filings:
 - If yes, the entity should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings.
 - If no, the entity should reflect the effect of uncertainty in determining its accounting tax position.

The Appendix is effective for annual periods beginning on or after April 01, 2019. Entities can apply the Appendix with either full retrospective application or modified retrospective application without restatement of comparatives retrospectively or prospectively.

6. Financial statements for the year ended March 31, 2018 were audited by previous auditors – Price Waterhouse & Co LLP, Chartered Accountants.
7. A Scheme of Amalgamation for merger of the Company (“Transferor Company”) with ECL Finance Limited (“Transferee Company”) and their respective shareholders under section 230 to 232 of Companies Act, 2013 and the Rules made there under has been filed with National Company Law Tribunal (“NCLT”) on March 26, 2019.



Edelweiss Retail Finance Limited
Notes to the financial statements (Continued)
(Currency : Indian rupees in millions)

	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
8 Cash and cash equivalents			
Balances with banks	3,238.12	213.73	7.88
	<u>3,238.12</u>	<u>213.73</u>	<u>7.88</u>
9 Bank balances other than cash and cash equivalents			
Fixed Deposit with banks (including interest accrued)	2,169.93	20.03	64.35
	<u>2,169.93</u>	<u>20.03</u>	<u>64.35</u>
9.1. Encumbrances' on fixed deposits with bank held by the Company			
Given as margin against the bank guarantee issued in favour of BSE Limited towards public issuance of non convertible debentures.	21.29	20.03	20.00
10 Trade receivables			
Trade receivables (Unsecured)			
Receivables considered good - non-related party	2.04	1.28	0.17
Receivables considered good - related party - (Refer note 43)	22.73	12.14	-
Receivables which have significant increase in credit risk	0.38	-	-
	<u>25.15</u>	<u>13.42</u>	<u>0.17</u>
Less : Allowance for expected credit losses	<u>(0.38)</u>	<u>-</u>	<u>-</u>
	<u>24.77</u>	<u>13.42</u>	<u>0.17</u>

Reconciliation of impairment allowance on trade receivables:

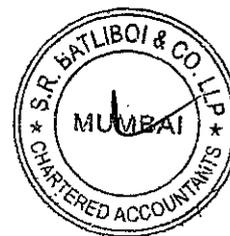
	For the year ended March 31, 2019	For the year ended March 31, 2018
Impairment allowance measured as per simplified approach		
Impairment allowance - Opening Balance	-	-
Add/ (less): asset originated or acquired (net)	<u>(0.38)</u>	<u>-</u>
Impairment allowance - Closing Balance	<u>(0.38)</u>	<u>-</u>

Note: For disclosure relating to trade receivable ageing/ provision matrix, refer note 48



Edelweiss Retail Finance Limited
Notes to the financial statements (Continued)
(Currency : Indian rupees in millions)

	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
11 Loans (Amortised Cost)			
A. Term Loans			
(i) Loans	19,078.69	33,163.78	15,041.05
Total (A) - Gross	<u>19,078.69</u>	<u>33,163.78</u>	<u>15,041.05</u>
Less: Allowance for expected credit loss (including on loan commitment)	(462.27)	(491.58)	(319.98)
Total (A) - Net	<u><u>18,616.42</u></u>	<u><u>32,672.20</u></u>	<u><u>14,721.07</u></u>
B. Term Loans			
(i) Secured by tangible assets (refer note 46.1.2)	12,945.93	17,565.27	9,362.80
(ii) Secured by intangible assets	-	-	-
(ii) Covered by Bank/ Government Guarantees	-	-	-
(ii) Unsecured	<u>6,132.76</u>	<u>15,598.51</u>	<u>5,678.25</u>
Total (B) - Gross	<u>19,078.69</u>	<u>33,163.78</u>	<u>15,041.05</u>
Less: Allowance for expected credit loss (including on loan commitment)	(462.27)	(491.58)	(319.98)
Total (B) - Net	<u><u>18,616.42</u></u>	<u><u>32,672.20</u></u>	<u><u>14,721.07</u></u>
C. Term Loans			
C.I Loans in India			
(i) Public Sectors	-	-	-
(ii) Others	<u>19,078.69</u>	<u>33,163.78</u>	<u>15,041.05</u>
Total (C.I) - Gross	<u>19,078.69</u>	<u>33,163.78</u>	<u>15,041.05</u>
Less: Allowance for expected credit loss (including on loan commitment)	(462.27)	(491.58)	(319.98)
Total (C.I) - Net	<u><u>18,616.42</u></u>	<u><u>32,672.20</u></u>	<u><u>14,721.07</u></u>
C.II Loans outside India	-	-	-
Less: Allowance for expected credit loss (including on loan commitment)	-	-	-
Total (C.II) Net	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
Total: (C I and C II)	<u><u>18,616.42</u></u>	<u><u>32,672.20</u></u>	<u><u>14,721.07</u></u>



11.1. Credit Quality of Assets

The table below shows the credit quality and the maximum exposure to credit risk based on year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Company's internal grading system are explained in Note 46.1 and policies on ECL allowances are set out in Note 3.6. Refer note 46.1.3 for modified and forbore loans.

(a) Gross carrying amount of loan assets allocated to Stage I, Stage II and Stage III

Particulars	As at March 31, 2019			As at March 31, 2018			As at April 01, 2017					
	Stage I	Stage II	Stage III	Total	Stage I	Stage II	Stage III	Total	Stage I	Stage II	Stage III	Total
Loans (at amortised cost)												
Performing	17,472.97	-	-	17,472.97	32,388.42	-	-	32,388.42	14,677.58	-	-	14,677.58
High grade	-	1,007.32	-	1,007.32	-	395.29	-	395.29	-	222.96	-	222.96
Standard grade	-	-	-	-	-	-	-	-	-	-	-	-
Non-performing	-	-	598.40	598.40	-	-	380.07	380.07	-	-	140.51	140.51
Impaired	-	-	-	-	-	-	-	-	-	-	-	-
Total	17,472.97	1,007.32	598.40	19,078.69	32,388.42	395.29	380.07	33,163.78	14,677.58	222.96	140.51	15,041.05

(b) Reconciliation of changes in gross carrying amount and the corresponding ECL in relation to of gross carrying amount of loan assets is, as follows:

For the Year Ended March 31, 2018

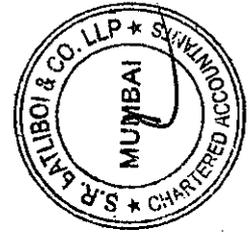
Particulars	Non-credit impaired			Credit impaired			Total
	Stage I	Stage II	Stage III	Stage I	Stage II	Stage III	
As at April 01, 2017	14,677.58	196.64	222.96	53.93	140.51	69.21	15,041.05
Transfers:							
Transfers to 12 Month ECL (Stage 1)	13.37	1.22	(2.66)	(1.06)	(10.71)	(0.16)	-
Transfers to lifetime ECL (Stage 2)	(302.89)	(4.41)	302.89	4.41	-	-	-
Transfers to lifetime ECL- Credit impaired (Stage 3)	(146.33)	(2.09)	(107.68)	(10.41)	254.02	12.49	-
Remeasurement of ECL arising from transfer of stage (net)	(1.14)	(1.14)	-	57.54	-	38.39	94.79
New and further lending/(repayments)	18,147.06	96.22	(20.22)	107.24	283.09	115.42	18,409.93
Amounts written off	(0.36)	(15.12)	-	(96.40)	(286.84)	(130.87)	(287.20)
Closing Balance	32,388.42	271.33	395.29	115.25	380.07	104.48	33,163.78

For the Year Ended March 31, 2019

Opening Balance	32,388.42	271.33	395.29	115.25	380.07	104.48	33,163.78	491.06
Transfers:								
Transfers to 12 Month ECL (Stage 1)	19.32	8.14	(11.21)	(2.91)	(8.10)	(5.23)	-	-
Transfers to lifetime ECL (Stage 2)	(923.54)	(14.68)	960.51	20.89	(36.98)	(6.21)	-	-
Transfers to lifetime ECL- Credit impaired (Stage 3)	(1,191.79)	(38.85)	(206.67)	(74.60)	1,398.46	113.46	-	-
Remeasurement of ECL arising from transfer of stage (net)	(7.96)	(7.96)	-	170.88	-	(55.25)	-	107.67
New and further lending/(repayments)	(12,796.39)	(60.91)	(112.54)	42.73	(277.70)	364.15	(13,186.63)	345.96
Amounts written off	(23.06)	(7.62)	(18.06)	(45.96)	(857.35)	(429.08)	(898.47)	(482.66)
Closing Balance	17,472.97	149.45	1,007.32	226.27	598.40	86.31	19,078.69	462.03

Notes: 1. Contractual outstanding amount is written off.

2. Changes in loss allowance is due to change in portfolio composition and movement in loan outstanding as the year end.



Edelweiss Retail Finance Limited
Notes to the financial statements (Continued)
(Currency : Indian rupees in millions)

11.2. Credit Quality of exposure (Loan Commitment)

(a) Gross carrying amount of loan commitment allocated to Stage I, Stage II and Stage III

Particulars	As at March 31, 2019			Total	As at March 31, 2018			Total	As at April 01, 2017			Total
	Stage I	Stage II	Stage III		Stage I	Stage II	Stage III		Stage I	Stage II	Stage III	
Loans (at amortised cost)												
Performing												
High grade	246.14	-	-	246.14	863.13	-	-	863.13	59.73	-	-	59.73
Standard grade	-	-	-	-	-	-	-	-	-	-	-	-
Non-performing												
Impaired	-	-	-	-	-	-	-	-	-	-	-	-
Total	246.14	-	-	246.14	863.13	-	-	863.13	59.73	-	-	59.73

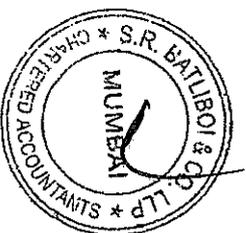
(b) Reconciliation of changes in gross carrying amount and the corresponding ECL in relation to of loan commitment is, as follows:

For the Year Ended March 31, 2018

Particulars	Non-credit impaired			Credit impaired			Total
	Stage I	Stage II	Stage III	Stage I	Stage II	Stage III	
As at April 01, 2017							
Transfers:							
Transfers to 12 Month ECL (Stage I)	-	-	-	-	-	-	-
Transfers to lifetime ECL (Stage 2)	-	-	-	-	-	-	-
Transfers to lifetime ECL- Credit impaired (Stage 3)	-	-	-	-	-	-	-
Remeasurement of ECL arising from transfer of stage (net)	-	-	-	-	-	-	-
New sanctions and (disbursement) (net)	803.40	0.32	-	-	-	-	803.40
Closing Balance	863.13	0.52	-	-	-	-	863.13

For the Year Ended March 31, 2019

Particulars	Non-credit impaired			Credit impaired			Total
	Stage I	Stage II	Stage III	Stage I	Stage II	Stage III	
Opening Balance	863.13	0.52	-	-	-	-	863.13
Transfers:							
Transfers to 12 Month ECL (Stage I)	-	-	-	-	-	-	-
Transfers to lifetime ECL (Stage 2)	(6.20)	(0.00)	6.20	-	-	-	-
Transfers to lifetime ECL- Credit impaired (Stage 3)	(1.50)	(0.00)	-	1.50	0.00	-	-
Remeasurement of ECL arising from transfer of stage (net)	-	-	-	-	-	-	-
New sanctions and (disbursement) (net)	(609.29)	(0.28)	(6.20)	(1.50)	-	(616.99)	(0.28)
Closing Balance	246.14	0.24	-	0.00	0.00	246.14	0.24



Edelweiss Retail Finance Limited
Notes to the financial statements (Continued)
(Currency : Indian rupees in millions)

	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
12 Other financial assets (unsecured, considered good)			
Security Deposits	58.43	57.10	3.67
Advances to others	31.62	13.32	47.89
Deposits- others	0.06	0.13	0.13
	90.11	70.55	51.69
13 Current tax assets (net)			
Advance income taxes (net of provision for tax Rs. 272.22 million, previous year Rs. 154.68 million and as at April 01, 2017 Rs. 0.58 million)	64.27	31.28	0.05
	64.27	31.28	0.05
14 Deferred tax assets (net)			
Deferred tax assets			
<u>Loans</u>			
Provision for expected credit loss	161.51	171.78	110.74
Unamortised processing fees - EIR on lending	34.34	105.94	41.79
<u>Property, plant and equipment and intangibles</u>			
Difference between book and tax depreciation	5.39	1.07	-
<u>Employee benefit obligations</u>			
Provision for compensated absences	0.23	0.58	0.34
Provision for deferred bonus	-	9.96	8.81
Disallowances under section 43B of the Income Tax Act, 1961	0.72	1.94	1.26
<u>Unused tax credit</u>			
MAT credit entitlement	-	56.40	-
Others	-	8.15	17.22
	202.19	355.82	180.16
Deferred tax liabilities			
<u>Property, plant and equipment and intangibles</u>			
Difference between book and tax depreciation	-	-	0.33
<u>Investments and other financial instruments</u>			
Unamortised loan origination costs - EIR on lending	62.90	204.23	63.23
Recognition of Interest Strip on assignment deals	14.17	16.83	13.08
Accrued Interest on Stage 3 receivables	7.92	10.76	1.07
<u>Borrowings</u>			
Effective interest rate on financial liabilities	37.33	51.73	0.17
	122.32	283.55	77.88
	79.87	72.27	102.28

Note: For disclosure relating to movement in deferred tax assets / liabilities, refer note 36.3



Edelweiss Retail Finance Limited
Notes to the financial statements (Continued)
(Currency : Indian rupees in millions)

15 Property, Plant and Equipment

Description of Assets	Gross Block		Accumulated Depreciation and Impairment			Net Block As at March 31, 2019
	As at April 01, 2018	Additions during the year during the year	Disposals during the year	As at April 01, 2018	Charge for the year	
Property, Plant and Equipment						
Land**	0.37	-	-	-	-	0.37
Leasehold improvements	18.82	9.66	-	1.60	6.35	20.53
Furniture and Fixtures	5.88	2.84	0.11	0.65	2.09	5.91
Vehicles	5.81	-	2.35	1.79	0.97	1.66
Office equipment	10.46	9.52	0.06	1.95	7.78	10.22
Computers	22.06	8.91	3.51	7.50	11.30	10.85
Total	63.40	30.93	6.03	13.29	28.49	49.54

16 Other Intangible Assets

Description of Assets	Gross Block		Accumulated Amortisation and Impairment			Net Block As at March 31, 2019
	As at April 01, 2018	Additions during the year during the year	Disposals during the year	As at April 01, 2018	Charge for the year	
Other Intangible Assets						
Software	4.23	4.59	-	1.57	2.29	4.96
Total	4.23	4.59	-	1.57	2.29	4.96

Note:

**Charged against secured redeemable non-convertible debentures



Edelweiss Retail Finance Limited

Notes to the financial statements (Continued)

(Currency : Indian rupees in millions)

15 Property, Plant and Equipment (Previous Year)

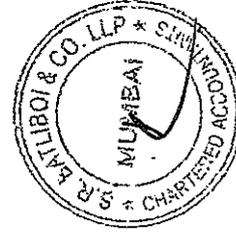
Description of Assets	Gross Block			Accumulated Depreciation and Impairment			Net Block As at March 31, 2018
	As at April 01, 2017	Additions during the year	Disposals during the year	As at April 01, 2017	Charge for the year	Disposals during the year	
Property, Plant and Equipment							
Land**	0.37	-	-	-	-	-	0.37
Leasehold improvements	-	18.82	-	-	1.60	-	17.22
Furniture and Fixtures	-	5.88	-	-	0.65	-	5.23
Vehicles	5.10	1.35	0.64	-	1.90	0.11	4.02
Office equipment	0.23	10.25	0.02	-	1.95	0.00	8.51
Computers	3.59	18.65	0.18	-	7.34	0.04	14.76
Total	9.29	54.95	0.84	-	13.44	0.15	50.11

16 Other Intangible Assets

Description of Assets	Gross Block			Accumulated Amortisation and Impairment			Net Block As at March 31, 2018
	As at April 01, 2017	Additions during the year	Disposals during the year	As at April 01, 2017	Charge for the year	Disposals during the year	
Other Intangible Assets							
Software	3.31	0.92	-	-	1.57	-	2.66
Total	3.31	0.92	-	-	1.57	-	2.66

Note:

**Charged against secured redeemable non-convertible debentures



Edelweiss Retail Finance Limited

Notes to the financial statements (Continued)

(Currency : Indian rupees in millions)

	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
17 Other non-financial assets			
Input tax credit (Goods and Services Tax/ Service Tax)	123.91	135.94	29.01
Prepaid expenses	1.14	0.90	0.74
Advances to vendors	1.13	13.65	1.46
Advances to employees	0.54	0.63	0.42
	<u>126.72</u>	<u>151.12</u>	<u>31.63</u>
18 Trade Payables			
Trade payables to non-related parties	244.50	417.70	338.99
Trade payables to related parties - (Refer note 43)	23.87	121.62	51.81
	<u>268.37</u>	<u>539.32</u>	<u>390.80</u>
Notes:			
(i) Total outstanding dues to creditors other than micro enterprises and small enterprises	268.37	539.32	390.80
(ii) Total outstanding dues of micro enterprises and small enterprises	-	-	-
19 Debt securities (In India) (At amortised cost)			
Non-convertible redeemable debentures (Secured)			
Privately placed non-convertible debentures	1,140.49	3,201.19	3,263.31
Publicly placed non-convertible debentures	3,769.43	4,839.38	-
	<u>4,909.92</u>	<u>8,040.57</u>	<u>3,263.31</u>

Note: For disclosure relating to repayment and other terms, refer note 50

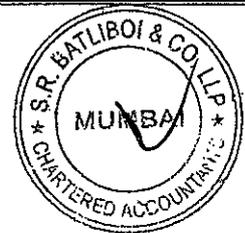


Edelweiss Retail Finance Limited

Notes to the financial statements (Continued)

(Currency : Indian rupees in millions)

	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
20 Borrowings other than debt securities (In India) (At amortised cost)			
Term Loan (secured)			
- From Banks	9,317.77	11,601.77	5,848.92
- From SIDBI	1,922.28	2,464.73	-
Note: For disclosure relating to repayment and other terms, refer note 49			
	<u>11,240.05</u>	<u>14,066.50</u>	<u>5,848.92</u>
Bank overdraft (Secured) [Secured by charge on receivables from financing business] Bank overdraft is in nature of Committed Cash Credit lines repayable on demand (Interest rate range, March-19: 8.55% - 11.00%, March-18: 8.30% - 10.00%, April-17: 8.70% 10.65%)	1,220.14	1,592.65	1,018.53
Loan from related parties (Unsecured) (Repayable on demand, Interest rate payable @9.50% for March-19, 9.00% for March 18 and 12.50% for April-17)	1.31	1,274.98	732.96
	<u>1,221.45</u>	<u>2,867.63</u>	<u>1,751.49</u>
	<u><u>12,461.50</u></u>	<u><u>16,934.13</u></u>	<u><u>7,600.41</u></u>
21 Subordinated liabilities (In India) (At amortised cost)			
Non-convertible subordinated debentures	1,602.17	1,577.98	296.86
Non-convertible perpetual debentures	458.63	459.08	-
Note: For disclosure relating to repayment and other terms, refer note 51 & 52			
	<u>2,060.80</u>	<u>2,037.06</u>	<u>296.86</u>
22 Other financial liabilities			
Debenture application monies received pending allotment	0.21	5.38	-
Book overdraft	-	1,212.11	280.11
Payable to employees	2.25	33.70	42.75
	<u>2.46</u>	<u>1,251.19</u>	<u>322.86</u>



Edelweiss Retail Finance Limited
Notes to the financial statements (Continued)
(Currency : Indian rupees in millions)

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
23 Current tax liabilities (net)			
Provision for taxation (net of advance tax Rs. 97.46 million, previous year Rs. 199.23 million and as at April 01, 2017 Rs. 311.89)	105.05	59.91	26.21
	<u>105.05</u>	<u>59.91</u>	<u>26.21</u>
24 Provisions			
Provision for employee benefits (refer note 40)	2.73	35.73	30.07
	<u>2.73</u>	<u>35.73</u>	<u>30.07</u>
25 Other non-financial liabilities			
Revenue received in advance	0.01	1.84	0.46
Payable to others	3.30	6.70	3.43
Payable to related party (refer note 43)	0.94	-	-
Statutory dues payable	24.27	96.04	25.47
	<u>28.52</u>	<u>104.58</u>	<u>29.36</u>



Edelweiss Retail Finance Limited
Notes to the financial statements (Continued)
(Currency : Indian rupees in millions)

	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
26 Equity share capital			
Authorised :			
5,00,00,000 (Previous year: 5,00,00,000 and as at April 01, 2017: 5,00,00,000) equity shares of Rs.10 each	500.00	500.00	500.00
	<u>500.00</u>	<u>500.00</u>	<u>500.00</u>
Issued, Subscribed and Paid up:			
4,29,50,000 (Previous year: 4,29,50,000 and as at April 01, 2017: 3,29,50,000) Equity shares of Rs. 10, fully paid-up	429.50	429.50	329.50
	<u>429.50</u>	<u>429.50</u>	<u>329.50</u>

(a) Movement in share capital :

	As at March 31, 2019		As at March 31, 2018		As at April 01, 2017	
	No of shares	Amount	No of shares	Amount	No of shares	Amount
Outstanding at the beginning of the year	4,29,50,000	429.50	3,29,50,000	329.50	2,99,50,000	299.50
Shares issued during the year	-	-	1,00,00,000	100.00	30,00,000	30.00
Outstanding at the end of the year	<u>4,29,50,000</u>	<u>429.50</u>	<u>4,29,50,000</u>	<u>429.50</u>	<u>3,29,50,000</u>	<u>329.50</u>

During the previous year, the Company issued 50,00,000 each fully paid-up equity shares of Rs.10 each at a premium of Rs 90 each for the total consideration of Rs. 100.00 million to Edelweiss Financial Services Limited and Edelcap Securities Limited.

(b) Terms/rights attached to equity shares :

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

(c) Shares held by holding/ultimate holding company and/or their subsidiaries

	As at March 31, 2019		As at March 31, 2018		As at April 01, 2017	
	No of shares	%	No of shares	%	No of shares	%
Holding company						
Edelcap Securities Limited	3,02,58,333	70.45%	3,02,58,333	70.45%	2,52,58,333	76.66%
Fellow subsidiaries						
Edelweiss Financial Services Limited	96,91,667	22.57%	96,91,667	22.57%	46,91,667	14.24%
Edelweiss Finvest Private Limited	30,00,000	6.98%	30,00,000	6.98%	30,00,000	9.10%
	<u>4,29,50,000</u>	<u>100.00%</u>	<u>4,29,50,000</u>	<u>100.00%</u>	<u>3,29,50,000</u>	<u>100.00%</u>

(d) There are no shares reserved for issue under options and contracts / commitments for the sale of shares/ disinvestment.



Edelweiss Retail Finance Limited
Notes to the financial statements (Continued)
(Currency : Indian rupees in millions)

	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
27 Other Equity			
Capital reserve	8.18	8.18	8.18
Securities premium	3,112.08	3,112.08	2,212.08
Statutory reserve	260.04	192.33	128.96
Debenture redemption reserve	337.14	8.99	-
Deemed capital contribution - Equity	5.94	5.94	5.44
Retained earnings	479.14	543.92	348.68
	<u>4,202.52</u>	<u>3,871.44</u>	<u>2,703.34</u>

Note: For movement in Other Equity, refer 'Statement of changes in Equity'.

27.1 Nature and purpose of Reserves

(a) Capital reserve

Capital reserve represents the gains of capital nature which is not freely available for distribution.

(b) Securities Premium

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

(c) Special Reserve under Section 45-IC of the Reserve Bank of India Act, 1934

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

(d) Debenture Redemption Reserve

The Companies Act 2013 requires companies that issue debentures to create a debenture redemption reserve from annual profits until such debentures are redeemed. Company being NBFC has to maintain Debenture Redemption reserve upto 25% of the value of debentures issued through public issue. The amounts credited to the debenture redemption reserve may not be utilised except to redeem debentures. On redemption of debentures, the amount may be transferred from debenture redemption reserve to retained earnings.

(e) Deemed capital contribution - Equity

This reserve relates to Share options granted to eligible employees of the company by the parent company under its employee share option plan.

(f) Retained Earnings

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



Edelweiss Retail Finance Limited
Notes to the financial statements (Continued)
(Currency : Indian rupees in millions)

	For the period ended March 31, 2019	For the period ended March 31, 2018
28 Interest Income (at amortised cost)		
Interest on Loans	3,866.44	3,389.20
Interest on deposits with bank	62.65	1.78
Other interest income	0.04	0.04
Other interest income on direct assignment	20.69	30.94
	<u>3,949.82</u>	<u>3,421.96</u>
29 Fee and commission income		
Fee and commission income	267.42	277.72
	<u>267.42</u>	<u>277.72</u>
30 Net gain on fair value changes (Realised)		
Profit / (loss) on trading of securities (FVTPL)	92.10	-
Profit on sale of mutual fund units (FVTPL)	147.63	-
Gain on buy back of debt securities (at amortised cost)	26.14	-
	<u>265.87</u>	<u>-</u>
31 Other income		
Other non operating income	1.21	17.73
	<u>1.21</u>	<u>17.73</u>



Edelweiss Retail Finance Limited
Notes to the financial statements (Continued)
(Currency : Indian rupees in millions)

	For the period ended March 31, 2019	For the period ended March 31, 2018
32 Finance costs (at amortised cost)		
Interest on borrowings	1,317.25	1,170.15
Interest on debt securities	719.19	322.63
Interest on subordinated liabilities	194.88	101.19
Other interest expense (including bank charges)	12.63	16.84
	<u>2,243.95</u>	<u>1,610.81</u>
33 Impairment on financial instruments		
Bad- debts and advances written off	898.47	287.20
Provision for expected credit loss (at amortised cost) (including on loan commitments)	(29.30)	171.60
	<u>869.17</u>	<u>458.80</u>
34 Employee benefit expenses		
Salaries and wages	29.51	315.64
Contribution to provident and other funds	3.07	13.86
Gratuity Expense (refer note 40)	0.66	1.81
Expense on Employee Stock Option Scheme (ESOP) (Refer note below)	0.94	0.50
Staff welfare expenses	6.61	8.06
	<u>40.79</u>	<u>339.87</u>

Note:

Edelweiss Financial Services Limited ("EFSL") the ultimate holding Company has granted an ESOP option to acquire equity shares of EFSL that would vest in a graded manner to Company's employees. Based on group policy / arrangement, EFSL has charged the fair value of such stock options, Company has recognised the same under the employee cost.



Edelweiss Retail Finance Limited
Notes to the financial statements (Continued)
(Currency : Indian rupees in millions)

	For the period ended March 31, 2019	For the period ended 31 March 2018
35 Other expenses		
Advertisement and business promotion	8.24	7.70
Commission and brokerage	5.42	2.59
Communication	11.15	8.35
Directors' sitting fees	0.56	0.44
Legal and professional fees	175.25	204.77
Printing and stationery	7.64	4.87
Rent, Rates and taxes	19.07	40.90
Repairs and maintenance	0.41	2.11
Computer expenses	21.97	6.89
Corporate social responsibility (refer note 35.2)	2.50	2.50
Rating support fees	0.16	0.22
Office expenses	83.83	49.01
Postage and courier	2.44	1.64
Goods & Service tax expenses	52.66	69.10
Stamp duty	1.11	14.78
Auditors' remuneration (refer note 35.1)	1.63	1.72
Travelling and conveyance	5.40	20.84
Miscellaneous expenses	2.44	7.62
Loan origination costs amortised	388.80	422.80
	<u>790.68</u>	<u>868.85</u>
35.1. Auditors' remuneration		
As a Auditor		
Statutory Audit	0.60	0.70
Limited Review	0.90	0.96
Towards reimbursement of expenses	0.13	0.06
	<u>1.63</u>	<u>1.72</u>
35.2. Details of CSR Expenditure:		
As per the provisions of Section 135 of Companies Act 2013,		
Gross Amount required to be spent by the Company	10.07	7.19
Amount Spent (Paid in Cash)		
(i) Construction/ Acquisition of any assets	-	-
(ii) on purpose other than (i) above	2.50	2.50
Amount Spent (Yet to be paid in Cash)		
Construction/ Acquisition of any assets	-	-
on purpose other than (i) above	-	-
	<u>2.50</u>	<u>2.50</u>



Edelweiss Retail Finance Limited
Notes to financial statements
(Currency: Indian rupees in million)

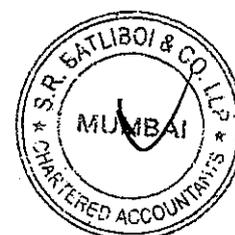
36 Income tax

36.1. The components of income tax expense:

	For the period ended March 31, 2019	For the period ended March 31, 2018
Current tax	198.12	126.37
Adjustment in respect of current income tax of prior years	(11.60)	-
Deferred tax relating to origination and reversal of temporary differences	(72.52)	77.27
MAT credit entitlement	56.40	(56.40)
Total tax charge	170.40	147.24
Current tax	186.52	126.37
Deferred tax	(16.12)	20.87

36.2. Reconciliation of total tax charge

	For the period ended March 31, 2019	For the period ended March 31, 2018
Accounting profit before tax as per financial statements	508.95	424.07
Tax rate (in percentage)	34.94%	34.94%
Income tax expense calculated based on this tax rate	177.85	148.19
Adjustment in respect of current income tax of prior years	(11.60)	-
Effect of income not subject to tax:		
Others	-	-
Effect of non-deductible expenses:		
Others	4.15	(0.95)
Tax charge for the year recorded in P&L	170.40	147.24
Effective tax rate	33.48%	34.72%



Edelweiss Housing Finance Limited
Notes to financial statements
(Currency : Indian rupees in millions)

36 Income tax

36.3. Movement of Deferred Tax assets / liabilities

For the Year Ended March 31, 2019

Deferred taxes in relation to:

	Deferred tax asset / (liability) (Opening)	In profit or loss	In OCI	Directly in equity	Total movement	Deferred tax asset / (liability) (Closing)
Deferred Tax Assets						
Provision for expected credit loss	171.78	(10.24)	-	-	(10.24)	161.54
Retirement Benefits	12.49	(11.17)	(0.36)	-	(11.53)	0.96
Difference between book and tax WDV (including intangibles)	1.07	4.31	-	-	4.31	5.38
Others	8.15	-	-	(8.15)	(8.15)	(0.00)
Deferred Tax Liabilities						
Effective interest rate on financial assets	(98.31)	69.72	-	-	69.72	(28.59)
Stage 3 Income recognition	(10.80)	2.87	-	-	2.87	(7.93)
Interest spread on assignment transactions	(16.78)	2.62	-	-	2.62	(14.16)
Effective interest rate on financial Liabilities	(51.73)	14.39	-	-	14.39	(37.33)
MAT Credit Entitlement	56.40	(56.40)	-	-	(56.40)	-
Total	72.27	16.11	(0.36)	(8.15)	7.60	79.87

For the Year Ended March 31, 2018

Deferred taxes in relation to:

	Deferred tax asset / (liability) (Opening)	In profit or loss	In OCI	Directly in equity	Total movement	Deferred tax asset / (liability) (Closing)
Deferred Tax Assets						
Provision for expected credit loss	110.75	61.03	-	-	61.03	171.78
Effective interest rate on financial assets	(21.44)	(76.87)	-	-	(76.87)	(98.31)
Retirement Benefits	10.41	2.16	(0.08)	-	2.08	12.49
Difference between book and tax WDV (including intangibles)	(0.34)	1.41	-	-	1.41	1.07
Others	17.22	-	-	(9.07)	(9.07)	8.15
Deferred Tax Liabilities						
Stage 3 Income recognition	(1.07)	(9.73)	-	-	(9.73)	(10.80)
Interest spread on assignment transactions	(13.08)	(3.70)	-	-	(3.70)	(16.78)
Effective interest rate on financial Liabilities	(0.17)	(51.56)	-	-	(51.56)	(51.73)
MAT Credit Entitlement	-	56.40	-	-	56.40	56.40
Total	102.28	(20.86)	(0.08)	(9.07)	(30.01)	72.27



37 Cash Flow Disclosure

Change in Liabilities arising from financing activities

Particulars	As at March 31, 2018	Cash Flows	Changes in Fair value	Others	As at March 31, 2019
Debt Securities	8,040.57	(3,006.44)	-	(124.21)	4,909.92
Borrowings other than Debt Securities	16,934.13	(4,501.31)	-	28.68	12,461.50
Subordinated Liabilities	2,037.06	-	-	23.74	2,060.80
	27,011.76	(7,507.75)	-	(71.79)	19,432.22

Particulars	As at April 01, 2017	Cash Flows	Changes in Fair value	Others	As at March 31, 2018
Debt Securities	3,263.31	4,916.22	-	(138.96)	8,040.57
Borrowings other than Debt Securities	7,600.41	9,330.14	-	3.58	16,934.13
Subordinated Liabilities	296.86	1,690.00	-	50.20	2,037.06
	11,160.58	15,936.36	-	(85.18)	27,011.76

Other column includes the effect of accrued but not paid interest on borrowing, amortisation of processing fees etc.



Edelweiss Retail Finance Limited
Notes to financial statements
(Currency : Indian rupees in millions)

38. Earnings per Share

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

	For the year ended March 31, 2019	For the year ended March 31, 2018
Net Profit attributable to Equity holders of the Company - A	338.55	276.83
Weighted average Number of Shares		
- Number of equity shares outstanding at the beginning of the year	42.95	32.95
- Number of equity shares issued during the year	-	10.00
Total number of equity shares outstanding at the end of the year	42.95	42.95
Weighted average number of equity shares outstanding during the year (based on the date of issue of shares) - B	42.95	36.39
Basic and diluted earnings per share (in rupees) (A/B)	7.88	7.61

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

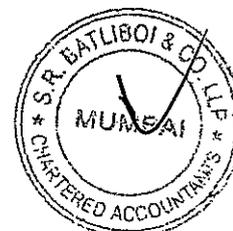
39. Contingent Liability & Commitment:

(a) Contingent Liability

	As at March 31, 2019	As at March 31, 2018
Taxation matters	Nil	Nil
Litigation pending against the company	Nil	Nil

(b) Commitment:

	As at March 31, 2019	As at March 31, 2018
Estimated amount of contracts remaining to be executed on capital account	4.35	22.84
Loan sanctioned pending disbursements	246.14	863.13



40. Retirement and other employee benefits

(a) Defined contribution plan - Provident funds

In accordance with Employees' Provident Fund and Miscellaneous Provisions Act, 1952, employees of the Company are entitled to receive benefits under the provident fund, a defined contribution plan, in which, both the employee and the Company contribute monthly at a determined rate. These contributions are made to a recognized provident fund administered by Regional Provident Fund Commissioner. The employees contribute 12% of their basic salary and the Company contributes an equal amount.

The Company recognised Rs.2.72 millions (March 31, 2018 : Rs 13.05 millions) for provident fund and other contributions in the Statement of profit and loss.

The Supreme Court has recently, delivered its ruling on the composition of basic wages for the purposes of deduction and contribution to the Employees Provident and Pension funds. The company, in the interest of its employees, awaits clarity on the complexities revolving around the application of the said order, the ambiguity reflected by the divergent views of legal experts and the response/direction from the authorities, including on representations made by an industry association in this regard.

(b) Defined benefit plan - Gratuity

In accordance with the Payment of Gratuity Act, 1972, the Company provides for gratuity, a defined benefit plan covering all employees. The plan provides a lump sum payment to vested employees at retirement or termination of employment in accordance with the rules laid down in the Payment of Gratuity Act, 1972. The gratuity benefit is partially provided through funded plan and annual expense is charged to the statement of profit and loss on the basis of actuarial valuation.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation (DBO) for gratuity were carried out as at March 31, 2019. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at balance sheet date:

	As at <u>March 31, 2019</u>	As at <u>March 31, 2018</u>	As at <u>April 01, 2017</u>
Present value of defined benefit obligations (A)	2.06	5.56	3.63
Fair Value of plan assets (B)	-	-	-
Present value of defined benefit obligations (A-B)	2.06	5.56	3.63
Net deficit / (assets) are analysed as:			
Liabilities	2.06	5.56	3.63
Assets	-	-	-

Movement in net defined benefit (asset) liability:

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) liability and its components:

	Defined benefit obligation		Fair value of plan assets		Net defined benefit (asset) liability	
	<u>March 31, 2019</u>	<u>March 31, 2018</u>	<u>March 31, 2019</u>	<u>March 31, 2018</u>	<u>March 31, 2019</u>	<u>March 31, 2018</u>
(i) Present value of defined benefit obligations (opening)	5.56	3.63	-	-	5.56	3.63
Current service cost	0.39	1.35	-	-	0.39	1.35
Past service cost	-	0.22	-	-	-	0.22
Interest cost	0.27	0.24	-	-	0.27	0.24
	6.22	5.44	-	-	6.22	5.44
(ii) Other comprehensive Income						
Remeasurement Actuarial loss (gain) arising from:						
Experience	(1.06)	0.36	-	-	(1.06)	0.36
Financial assumptions	0.02	(0.12)	-	-	0.02	(0.12)
Expected return from plan assets	-	-	-	-	-	-
	(1.04)	0.24	-	-	(1.04)	0.24
(iii) Others						
Transfer In/ (Out)	(1.71)	0.02	-	-	(1.71)	0.02
Contributions by Employer	-	-	-	-	-	-
Benefits paid	(1.41)	(0.15)	-	-	(1.41)	(0.15)
	(3.12)	(0.13)	-	-	(3.12)	(0.13)
(iv) Closing Balance (i) + (ii) + (iii)	2.06	5.55	-	-	2.06	5.55
Represented by						
Net defined benefit asset					-	-
Net defined benefit liability					2.06	5.55



40. Retirement and other employee benefits

Components of defined benefit plan cost:

	For the year ended March 31, 2019	For the year ended March 31, 2018
(i) Recognised in Statement of profit or loss		
Current service cost	0.39	1.35
Interest cost	0.27	0.24
Expected return on plan assets	-	-
Past service cost	-	0.22
	0.66	1.81
(ii) Recognised in other comprehensive income		
Remeasurement of net defined benefit liability/(asset)	(1.04)	0.24
Return on plan assets excluding net interest	-	-
	(1.04)	0.24
Total (i) + (ii)	(0.37)	2.05

Actuarial assumptions:

The following were the principal actuarial assumptions at the reporting date:

	As at March 31, 2019	As at March 31, 2018
Discount Rate	6.70%	7.00%
Salary Growth Rate	7.00%	7.00%
Withdrawal/Attrition Rate (based on categories)	13% to 60%	13% to 60%
Expected return on plan Assets (p.a)	7.00%	6.60%
Mortality Rate	IALM 2012-14(Ultimate)	IALM 2006-08(Ultimate)
Expected weighted average remainin working lives of employees	4 Years	3 Years

Sensitivity analysis:

	As at March 31, 2019		As at March 31, 2018	
	Increase	Decrease	Increase	Decrease
Salary Growth Rate (+/- 1%)	0.11	(0.11)	0.33	(0.30)
Discount Rate (+/- 1%)	(0.10)	0.12	(0.30)	0.34
Withdrawl Rate (+/- 1%)	0.00	0.00	(0.05)	(0.05)
Mortality (increase in expected lifetime by 1 year)	Negligible change		Negligible change	
Mortality (increase in expected lifetime by 3 year)	Negligible change		Negligible change	

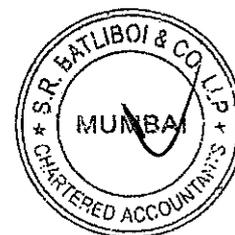
The sensitivity is performed on the BDO at the respective valuation date by modifying one parameter whilst retaining other parameters constant. There are no changes from the previous period to the methods and assumptions underlying the sensitivity analysis.

Asset liability comparisons:

	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Present value of DBO	2.06	5.56	3.63
Fair Value of Plan assets	-	-	-
Net (Assets)/Liability	2.06	5.56	3.63

(c) Compensated absences :

The Company provides for accumulated compensated absences as at the balance sheet date using projected unit credit method based on actuarial valuation. The leave encashment on separation is paid on basic salary.



Edelweiss Retail Finance Limited
Notes to the financial statements (Continued)
(Currency : Indian rupees in millions)

42. Segment reporting

The Company's is registered with 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. Accordingly, there is no separate reportable segment and hence no disclosure is made under Ind AS 108 - 'Operating Segment Reporting'. Further, segmentation based on geography has not been presented as the Company operates only in India.

43. Related Partly Disclosures

(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)	ECL Finance Limited Edelweiss Rural & Corporate Services Limited (Formerly Edelweiss Commodities Services Ltd) Edelweiss Housing Finance Limited Edelweiss Business Services Limited (Merged with Edelweiss Rural & Corporate Services Limited w.e.f. 1st August, 2018) Edelweiss Finvest Private Limited Edelweiss Investment Advisors Limited Edelweiss Finance & Investments Limited Edelweiss Agri Value Chain Limited (Merged with Edelweiss Rural & Corporate Services Limited w.e.f. 1st August, 2018) Edelweiss Broking Limited Edelweiss Global Wealth Management Limited Edelweiss Asset Reconstruction Company Limited Edelweiss Asset management Company Limited Ecap Equities Limited EdelGive Foundation Edelweiss Securities Limited Edelweiss Custodial Services Limited Edelweiss General Insurance Company Limited Edelweiss Insurance Brokers Limited Edelweiss Multi Strategy Funds Management Private Limited (Merged with Edelweiss Asset management Company Limited) EFSL Trading Limited (Merged with Edelweiss Rural & Corporate Services Limited)
Independent Director	Mr. Sanjay Nathalal Shah Mr. Mitul Bhagvandas Shah
Key Management Personnel	Mr. Vineet Mahajan (w.e.f. 14th December, 2018) Mr. Arun Kumar Nayyar (up to 30th July, 2018)

(ii) Transactions with related parties :

Nature of Transaction	Related Party Name	For the year ended March 31, 2019	For the year ended March 31, 2018
Capital Account Transaction during the year:			
Equity shares issued to	Edelweiss Financial Services Limited Edelcap Securities Limited	- -	500.00 500.00
Non convertible debentures Issued to	Ecap Equities Limited	-	440.00
Current Account Transactions during the year:			
Loans taken from	Edelweiss Rural & Corporate Services Limited	6,354.81	5,171.46
Loans repaid to	Edelweiss Rural & Corporate Services Limited	7,629.27	4,628.94
Securities Purchase	Edelweiss Rural & Corporate Services Limited Edelweiss Finance & Investments Limited Edelweiss Finvest Private Limited	2,100.04 315.46 244.34	- - -
Amount paid to broker for Cash segment	Edelweiss Securities Limited	1,116.30	-
Amount Received from broker for Cash segment	Edelweiss Securities Limited	1,200.50	-
Reimbursement of taxes paid to	Edelweiss Rural & Corporate Services Limited	-	9.99



Edelweiss Retail Finance Limited
Notes to the financial statements (Continued)
(Currency :Indian rupees in millions)

43. Related Partly Disclosures

Nature of Transaction	Related Party Name	For the year ended March 31, 2019	For the year ended March 31, 2018
Income			
Rent received from	Edelweiss Rural & Corporate Services Limited	0.19	0.12
	ECL Finance Limited	27.76	2.34
	Edelweiss Housing Finance Limited	10.11	0.31
	Edelweiss Investment Advisors Limited	0.58	-
	Edelweiss Agri Value Chain Limited	0.49	-
	Edelweiss Multi Strategy Funds Management Private Limited	0.01	-
	Edelweiss Financial Services Limited	0.07	0.02
	Edelweiss Broking Limited	0.52	-
	Edelweiss Asset management Company Limited	0.01	-
Cost reimbursement Received from	ECL Finance Limited	25.02	1.06
	Edelweiss Investment Advisors Limited	0.21	-
	Edelweiss Agri Value Chain Limited	0.33	-
	Edelweiss Housing Finance Limited	9.23	0.12
	Edelweiss Rural & Corporate Services Limited	0.14	0.04
	Edelweiss Broking Limited	0.33	0.01
	Edelweiss Financial Services Limited	0.05	0.02
	EFSL Trading Limited	-	0.01
Expenses			
Rent paid	Edelweiss Securities Limited	0.15	0.53
	Ecap Equities Limited	1.79	10.04
	ECL Finance Limited	0.51	-
	Edelweiss Broking Limited	0.33	1.16
	Edelweiss Housing Finance Limited	0.48	1.92
	Edelweiss Rural & Corporate Services Limited	1.37	3.31
	Edelweiss Global Wealth Management Limited	-	0.59
Cost reimbursement paid to	Edelweiss Financial Services Limited	8.86	1.11
	Edelweiss Rural & Corporate Services Limited	0.13	0.38
	Ecap Equities Limited	0.15	0.82
	Edelweiss Broking Limited	0.29	0.53
	Edelweiss Global Wealth Management Limited	-	0.09
	Edelweiss Securities Limited	0.22	0.14
	ECL Finance Limited	0.14	0.16
	Edelweiss Housing Finance Limited	0.45	2.76
Interest paid on loan from	Edelweiss Rural & Corporate Services Limited	52.65	301.98
Interest paid on Non convertible debentures	Edelweiss Rural & Corporate Services Limited	91.13	31.23
	Edelweiss Finance & Investments Limited	26.70	-
	Edelweiss Finvest Private Limited	21.88	-
	ECL Finance Limited	-	1.74
Brokerage paid	Edelweiss Securities Limited	0.53	-
Enterprise Service charge paid to	Edelweiss Rural & Corporate Services Limited	69.58	42.43
Advisory fees paid to	Edelweiss Housing Finance Limited	3.98	135.46
Service Fee paid to	Edelweiss Housing Finance Limited	0.04	0.05
Premium Expenses	Edelweiss General Insurance Company Limited	-	1.84
CSR Expenses Paid to	EdeIGive Foundation	2.50	2.50
Commission and brokerage paid to	Edelweiss Broking Limited	13.40	37.68
ESOP cost reimbursement	Edelweiss Financial Services Limited	0.94	-
Rating support fees paid to	Edelweiss Financial Services Limited	0.16	0.22
Director Sitting fees	Mr. Mitul Shah	0.26	0.22
	Mr.Sanjay Shah	0.30	0.22
Remuneration paid to	Mr. Arun Kumar Nayyar	18.50	19.50
	Mr. Vineet Mahajan	2.04	-

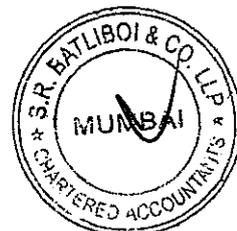


Edelweiss Retail Finance Limited
Notes to the financial statements (Continued)
(Currency :Indian rupees in millions)

43. Related Party Disclosures

Nature of Transaction	Related Party Name	For the year ended	For the year ended
		March 31, 2019	March 31, 2018
Sale of Property, Plant and Equipment	ECL Finance Limited	1.16	0.02
	Edelweiss Broking Limited	0.81	0.06
	Edelweiss Global Wealth Management Limited	-	0.03
	Edelweiss Asset Reconstruction Company Limited	0.02	-
	Edelweiss Custodial Services Limited	0.02	-
	Edelweiss Financial Services Limited	0.01	-
	Edelweiss General Insurance Company Limited	0.01	-
	Edelweiss Housing Finance Limited	0.21	-
	Edelweiss Insurance Brokers Limited	0.01	-
	Edelweiss Rural & Corporate Services Limited	0.08	-
	Edelweiss Securities Limited	0.11	-
Balances with related parties:		As at	As at
		March 31, 2019	March 31, 2018
Short term borrowing from	Edelweiss Rural & Corporate Services Limited	0.52	1,274.98
Non convertible debentures (at face value) held by	Edelweiss Rural & Corporate Services Limited	72.40	479.00
	Edelweiss Finance & Investments Limited	-	3.00
	ECL Finance Limited	-	1,250.00
Interest accrued on short term borrowing	Edelweiss Rural & Corporate Services Limited	0.79	-
Interest accrued on Non convertible debentures	Edelweiss Rural & Corporate Services Limited	1.82	24.07
	Edelweiss Finance & Investments Limited	-	0.03
Trade Payables	Edelweiss Housing Finance Limited	0.42	91.93
	Edelweiss Financial Services Limited	0.17	0.24
	Edelweiss Rural & Corporate Services Limited	19.42	24.75
	ECL Finance Limited	3.34	1.47
	Edelweiss Securities Limited	0.14	0.06
	Edelweiss Broking Limited	0.06	0.83
	Ecap Equities Limited	0.34	1.92
	Edelweiss Global Wealth Management Limited	-	0.02
Other payable	Edelweiss Financial Services Limited	0.94	-
Trade Receivables	ECL Finance Limited	14.81	5.42
	Edelweiss Broking Limited	0.07	0.08
	Edelweiss Rural & Corporate Services Limited	2.28	0.19
	Edelweiss Housing Finance Limited	5.48	6.38
	Edelweiss Financial Services Limited	0.03	-
	Edelweiss Investment Advisors Limited	0.02	-
	Edelweiss Insurance Brokers Limited	0.02	-
	Edelweiss General Insurance Company Limited	0.01	-
	Edelweiss Securities Limited	-	0.02
Nomination deposits - Payables	Edelcap Securities Limited	-	0.60
Nomination deposits - Receivables	Edelcap Securities Limited	-	0.10

- 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, bonus and deferred bonus which are provided for group of employees on an overall basis. These are included on cash basis. The variable compensation included herein is on cash basis.
- The above list contain name of only those related parties with whom the Company has undertaken transactions for the year ended 31 March 2019 and 31 March 2018.



44 *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 March 31, 2019 aggregated to Rs.49.95 million (Previous year Rs. 23.64 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 leases are as follows:

	As at March 31, 2019	As at March 31, 2018
Minimum lease payments for non cancellable lease		
- not later than one year	16.98	22.24
- later than one year and not later than five years	6.67	19.69
- later than five years	-	-
	23.66	41.93

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

45 *Cost sharing*

Edelweiss Financial Services Limited, being the ultimate holding Company along with fellow subsidiaries incurs expenditure like common senior management compensation cost, 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 34 and 35 include reimbursements (received)/ paid and are net of reimbursements paid/(received). Based on the management's best estimate Rs. (60.16) millions is received during the year (Previous year Rs. 19.49 millions).



46. Risk Management

(a) Introduction and risk profile

The Company's overall objective is to manage its business, and the associated risks, in a manner that balances serving the interests of its customers and investors and protects the safety and soundness of the Company.

The Company follows following for effective risk management:

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

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

(b) Risk Management Structure

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

Company's risk management policy ensures that the margin requirements are able to withstand market volatility and scenarios of sharply declining prices. The Company centralises the risk monitoring systems to monitor its client's credit exposure which is in addition to the monitoring undertaken by the respective businesses.

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

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

(c) Risk mitigation and risk culture

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

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

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

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



46. Risk Management

(d) Types of Risks

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

Risk	Exposure Arising from	Measurement	Management of risk
Credit Risk	Cash equivalents, trade receivables, financial assets measured at amortised cost.	Aging Analysis, Credit Ratings	Credit limits and regular monitoring.
Liquidity Risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of surplus cash, committed credit lines and borrowing facilities
Market Risk	Investments in Government Securiteis, Treasury Bills, Equity Shares, Futures & Options	Cash flow forecasting Sensitivity analysis	Regular monitoring to keep the exposure at an acceptable level, with option of taking Interest Rate Swaps/Futures if deemed necessary.



46.1. Credit Risk

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

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

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

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

(a) Impairment Assessment:

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

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

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

*Days past due

(b) Expected Credit Loss

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

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

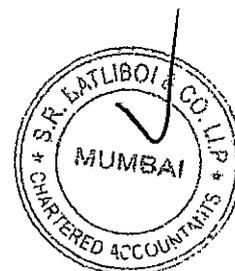
Reasonable and supportable information that is available without undue cost and effort at the reporting date about past events, current conditions and forecasts of future economic conditions;

Time value of money

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

(c) Significant increase in credit risk (SICR)

Company considers a financial instrument defaulted, classified as Stage 3 (credit-impaired) for ECL calculations, in all cases when the borrower becomes 90 days past due. Classification of assets from stage 1 to stage 2 has been carried out based on SICR criterion. Accounts which are more than 30 days past due have been identified as accounts where significant increase in credit risk has been observed. These accounts have been classified as Stage 2 assets. When such events occur, the Company carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate.



46.1. Credit Risk

(d) Probability of Default

Probability of default (PD) is an estimate of the likelihood of default over a given time horizon. PD estimation process is done based on historical internal data available with the Company. While arriving at the PD, the Company also ensures that the factors that affects the macro economic trends are considered to a reasonable extent, wherever necessary. Company calculates the 12 month PD by taking into account the past historical trends of the Loans/portfolio and its credit performance. In case of assets where there is a significant increase in credit risk / credit impaired assets, lifetime PD has been applied.

(e) Loss Given Default (LGD)

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

(f) Exposure at Default (EAD)

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

$$EAD = \text{Drawn Credit Line} + \text{Credit Conversion Factor} * \text{Undrawn Credit Line}$$

Where,

Drawn Credit Line = Current outstanding amount

Credit Conversion Factor (CCF) = Expected future drawdown as a proportion of undrawn amount

Undrawn Credit Line = Difference between the total amount which the Company has committed and the drawn credit line While the drawn exposure and limits for the customer are available, the modelling of CCF is required for computing the EAD

(g) Forward looking adjustments

“A measure of ECL is an unbiased probability-weighted amount that is determined by evaluating a range of possible outcomes and using reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.”

The Company has incorporated forward looking information into its measurement of ECL. The objective of developing a macroeconomic model using exogenous macroeconomic variables (MEVs) is to address the requirements of unbiased, probability weighted outcomes while taking into account current conditions as well as future economic conditions. This will be achieved by using the model output to adjust the PD risk component in order to make it forward looking and probability-weighted.

Exogenous macroeconomic parameters were used as independent (X) variables to predict the dependent (Y) variable. The Company formulates base case view of the future direction of relevant economic variable as well as a representative range of other possible forecast scenario. This involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome.

(h) Data sourcing

The Company ensure to obtain reasonable and supportable information that is available without undue cost or effort. Accordingly, macroeconomic information was aggregated from Economic Intelligence Unit (EIU), Bloomberg, World Bank, RBI database. The EIU data has a database of around 150 macroeconomic variables as well as their forecasted values. Beyond 2022 macro-economic variables are forecasted by mean reverting the values to their long term average. External information includes economic data and forecasts published by governmental bodies and monetary authorities in the country, supranational organisations such as the OECD and the IMF, and selected private sector and academic forecasters.



46.1. Credit Risk

(i) Probability weighted scenario creations:

To incorporate macroeconomic impact into probability-weighted, each scenario has an associated probability. These probabilities were calculated at an overall level for both Retail and Non-Retail portfolios, considering the impact of a scenario across different portfolios may differ based on endogenous factors, the probability of a scenario unfolding is purely exogenous, and hence should not vary.

The Company has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and using an analysis of historical data, has estimated relationship between macro-economic variables and credit risk and credit losses.

The significant economic parameters scenarios used are as follows:

<u>Key Economic Parameter</u>	<u>Base FY +1</u>	<u>Base FY +2</u>
Debt-to-GDP ratio:	18.3-18.7%	18.7-19.2%
Total factor productivity	4-4.5	4.4-5.0
Labor productivity growth:	5.1-5.5%	5.5-6.3%
Unemployment rate	8.5-8.8%	8.5-8.8%
Gross Domestic Product	7.0-7.5%	7.5-8.0%

Apart from the above significant economic parameters, the Company has also identified and used few other economic parameter to build up the forward looking scenarios. These indicators include inflation, forecasted growth in real estate sector, expectation of industry performance, collateral coverage movement, conduct of accounts and expectation of market liquidity.

Above explained indicators have supported in measurement of ECL, and behaviours of such indicators will suitably support going forward in measurement of forward looking scenarios.

Predicted relationship between the key indicators and default and loss rates on various portfolios of financial assess have been developed based on analysing historical data over the past 5 years.



Edelweiss Retail Finance Limited
Notes to the financial statements (Continued)
(Currency : Indian rupees in millions)

46.1. Credit Risk

46.1.1. Analysis of risk concentration

The following table shows the risk concentration by industry for the components of the balance sheet. Additional disclosures for credit quality and the maximum exposure for credit risk per categories based on the Company's internal credit assessment system and year-end stage classification are further disclosed in Note 11.

Industry analysis

As at March 31, 2019	Financial services	Retail	Construction	Total
Financial assets				
Cash and cash equivalent and other bank balances	5,408.05	-	-	5,408.05
Trade receivables	24.77	-	-	24.77
Loans	-	17,550.28	1,066.14	18,616.42
Other non financial assets	90.11	-	-	90.11
	<u>5,522.93</u>	<u>17,550.28</u>	<u>1,066.14</u>	<u>24,139.35</u>
Loan Commitments	-	0.88	245.26	246.14
Total	<u>5,522.93</u>	<u>17,551.16</u>	<u>1,311.40</u>	<u>24,385.49</u>
As at March 31, 2018	Financial services	Retail	Construction	Total
Financial assets				
Cash and cash equivalent and other bank balances	233.76	-	-	233.76
Trade receivables	13.42	-	-	13.42
Loans	-	31,008.48	1,663.72	32,672.20
Other non financial assets	70.55	-	-	70.55
	<u>317.73</u>	<u>31,008.48</u>	<u>1,663.72</u>	<u>32,989.93</u>
Loan Commitments	-	137.63	725.50	863.13
Total	<u>317.73</u>	<u>31,146.11</u>	<u>2,389.22</u>	<u>33,853.06</u>
As at April 01, 2017	Financial services	Retail	Construction	Total
Financial assets				
Cash and cash equivalent and other bank balances	72.23	-	-	72.23
Trade receivables	0.17	-	-	0.17
Loans	-	14,466.07	255.00	14,721.07
Other non financial assets	51.69	-	-	51.69
	<u>124.10</u>	<u>14,466.07</u>	<u>255.00</u>	<u>14,845.17</u>
Loan Commitments	-	59.73	-	59.73
Total	<u>124.10</u>	<u>14,525.80</u>	<u>255.00</u>	<u>14,904.90</u>



Edelweiss Retail Finance Limited
Notes to the financial statements (Continued)
(Currency : Indian rupees in millions)

46.1. Credit Risk

46.1.2. Collateral held and other credit enhancements

- (a) The tables on the following pages show the maximum exposure to credit risk by class of financial asset along with details of principal type of collateral:

	Maximum exposure to credit risk (carrying amount before ECL)			Principal type of collateral
	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017	
Financial assets				
Loans (at amortised cost)	12,945.93	17,565.27	9,362.80	Property; book receivables
Total (A)	12,945.93	17,565.27	9,362.80	
Loan commitments	246.14	863.13	59.73	Property; book receivables
Total (B)	246.14	863.13	59.73	
Total (A + B)	13,192.07	18,428.40	9,422.53	

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

As at March 31, 2019

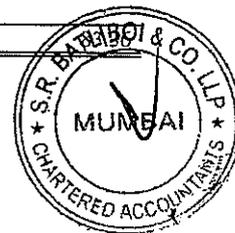
	Maximum exposure to credit risk (carrying amount before ECL)	Associated ECL	Carrying amount	Fair value of collateral
Financial assets				
Loans (at amortised cost)	598.40	86.31	512.09	651.16
Total (A)	598.40	86.31	512.09	651.16
Loan commitments	-	-	-	-
Total (B)	-	-	-	-
Total (A + B)	598.40	86.31	512.09	651.16

As at March 31, 2018

Financial assets				
Loans (at amortised cost)	380.07	104.48	275.59	358.88
Total (A)	380.07	104.48	275.59	358.88
Loan commitments	-	-	-	-
Total (B)	-	-	-	-
Total (A + B)	380.07	104.48	275.59	358.88

As at April 01, 2017

Financial assets				
Loans (at amortised cost)	140.51	69.21	71.30	83.36
Total (A)	140.51	69.21	71.30	83.36
Loan commitments	-	-	-	-
Total (B)	-	-	-	-
Total (A + B)	140.51	69.21	71.30	



Edelweiss Retail Finance Limited
Notes to the financial statements (Continued)
(Currency : Indian rupees in millions)

46.1. Credit Risk

46.1.3. Overview of modified and forborne loans

The table below includes assets that were modified and, therefore, treated as forborne during the year, with the related modification gain / (loss) suffered by the Company.

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Amortised costs of financial assets modified during the year	64.94	27.96
Net modification gain / (loss)	1.09	3.97

46.1.4. Allowance for expected credit loss on securitisation portfolio is Rs. 1.19 millions as at March 31, 2019, Rs. 9.56 millions as at March 31, 2018 and Rs. 35.74 millions as at April 01, 2017.



Edelweiss Retail Finance Limited
Notes to the financial statements (Continued)
(Currency : Indian rupees in millions)

46.2. Liquidity Risk

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

The company has financing arrangement from banks/ financial institutions in form of committed credit lines.

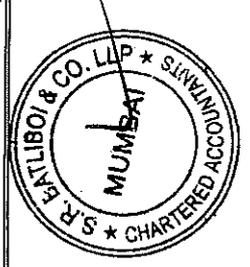
46.2.1. Analysis of non-derivative financial assets and liabilities by remaining contractual maturities

As at March 31, 2019	On demand	1 to 14 days	15 days to 1 month	1 month to 2 months	2 months to 3 months	3 months to 6 months	6 months to 1 year	1 year to 3 years	3 years to 5 years	Over 5 years	Total
A. Financial Assets											
Cash and cash equivalent and other bank balances	3,238.12	-	284.93	-	-	-	1,885.00	-	-	-	5,408.05
Trade receivables	-	-	-	24.77	-	-	-	-	-	-	24.77
Loans	-	1,095.41	183.02	893.04	958.93	2,499.92	4,336.13	5,546.09	3,480.51	8,909.20	27,902.22
Other financial assets	-	-	-	31.67	-	-	-	-	-	58.43	90.11
Total undiscounted financial assets	3,238.12	1,095.41	467.95	949.48	958.93	2,499.92	6,221.13	5,546.09	3,480.51	8,967.63	33,425.15
B. Financial Liabilities											
Trade payables	-	-	-	268.37	-	-	-	-	-	-	268.37
Debt securities	-	-	-	5.79	5.98	17.75	387.24	2,839.01	2,210.19	1,219.23	6,685.18
Borrowings (other than debt securities)	93.01	162.56	109.20	909.78	1,251.81	3,648.49	6,685.92	1,356.24	-	-	14,217.01
Subordinated financial liabilities	-	-	-	-	-	22.20	149.20	342.60	342.20	2,899.20	3,755.40
Other financial liabilities	-	-	-	2.46	-	-	-	-	-	-	2.46
Total undiscounted financial liabilities	93.01	162.56	109.20	1,186.40	1,257.79	3,688.44	7,222.36	4,537.85	2,552.39	4,118.43	24,928.42
Net financial assets / (liabilities)	3,145.11	932.85	358.75	(236.92)	(298.86)	(1,188.52)	(1,001.24)	1,008.24	928.12	4,849.20	8,496.73

Note - The company has financing arrangement from banks/ financial institutions in form of committed credit lines. Undrawn committed credit lines as at March 31, 2019 is Rs. 771.59 million.

46.2.2. The table below shows the expected maturity of the Company's loan commitments

Undrawn loan commitments	-	-	-	-	-	-	246.14	-	-	-	246.14
Total	-	-	-	-	-	-	246.14	-	-	-	246.14



Edelweiss Retail Finance Limited
Notes to the financial statements (Continued)
(Currency : Indian rupees in millions)

46.2. Liquidity Risk

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

The company has financing arrangement from banks/ financial institutions in form of committed credit lines.

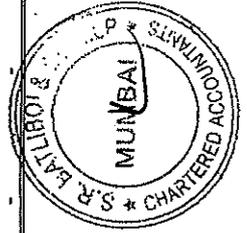
46.2.1. Analysis of non-derivative financial assets and liabilities by remaining contractual maturities

As at March 31, 2018	On demand	1 to 14 days	15 days to 1 month	1 month to 2 months	2 months to 3 months	3 months to 6 months	6 months to 1 year	1 year to 3 years	3 years to 5 years	Over 5 years	Total
A. Financial Assets											
Cash and cash equivalent and other bank balances	213.73	-	20.03	-	-	-	-	-	-	-	233.76
Trade receivables	-	-	-	13.42	-	-	-	-	-	-	13.42
Loans	-	1,027.11	353.97	1,534.53	1,678.60	4,491.66	8,252.40	12,577.15	4,829.65	10,355.15	45,100.21
Investments at fair value through profit or loss	-	-	-	-	-	-	-	-	-	-	-
Other financial assets	-	-	-	13.32	-	-	-	-	-	57.24	70.55
Total undiscounted financial assets	213.73	1,027.11	374.00	1,561.27	1,678.60	4,491.66	8,252.40	12,577.15	4,829.65	10,412.38	45,417.94
B. Financial Liabilities											
Trade payables	-	-	-	539.32	-	-	-	-	-	-	539.32
Debt securities	-	-	-	-	16.60	747.30	2,003.20	4,188.40	2,372.90	1,300.50	10,628.90
Borrowings (other than debt securities)	-	117.90	121.85	355.67	590.57	1,321.57	4,493.89	8,723.09	3,859.66	-	19,584.20
Subordinated financial liabilities	-	-	-	-	-	22.20	148.90	343.00	342.10	3,070.30	3,926.50
Other financial liabilities	-	-	606.06	645.14	-	-	-	-	-	-	1,251.19
Total undiscounted financial liabilities	-	117.90	727.91	1,540.13	607.17	2,091.07	6,645.99	13,254.49	6,574.66	4,370.80	35,930.11
Net financial assets / (liabilities)	213.73	909.21	(353.91)	21.14	1,071.43	2,400.59	1,606.41	(677.34)	(1,745.01)	6,041.58	9,487.83

Note - The company has financing arrangement from banks/ financial institutions in form of committed credit lines. Undrawn committed credit lines as at March 31, 2018 is Rs. 232.60 million.

46.2.2. The table below shows the expected maturity of the Company's loan commitments

Undrawn loan commitments	-	-	-	-	-	-	863.13	-	-	-	863.13
Total	-	-	-	-	-	-	863.13	-	-	-	863.13



Edelweiss Retail Finance Limited
Notes to the financial statements (Continued)
(Currency : Indian rupees in millions)

46.2. Liquidity Risk

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

The company has financing arrangement from banks/ financial institutions in form of committed credit lines.

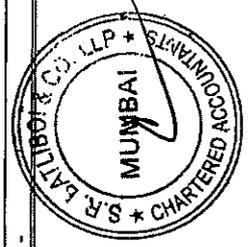
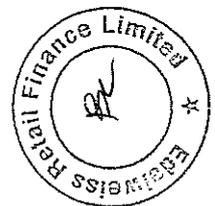
46.2.1. Analysis of non-derivative financial assets and liabilities by remaining contractual maturities

As at April 01, 2017	On demand	1 to 14 days	15 days to 1 month	1 month to 2 months	2 months to 3 months	3 months to 6 months	6 months to 1 year	1 year to 3 years	3 years to 5 years	Over 5 years	Total
A. Financial Assets											
Cash and cash equivalent and other bank balances	7.88	-	-	-	-	64.35	-	-	-	-	72.23
Trade receivables	-	-	0.17	-	-	-	-	-	-	-	0.17
Loans	-	530.40	75.54	625.65	700.04	1,789.65	3,389.98	5,812.93	2,985.24	5,913.03	21,822.47
Other financial assets	-	47.89	-	-	-	-	-	-	-	3.81	51.69
Total undiscounted financial assets	7.88	578.28	75.54	625.82	700.04	1,854.00	3,389.98	5,812.93	2,985.24	5,916.84	21,946.56
B. Financial Liabilities											
Trade payables	-	-	-	390.80	-	-	-	-	-	-	390.80
Debt securities	-	-	-	-	-	998.30	338.70	2,258.90	-	-	3,595.90
Borrowings (other than debt securities)	-	171.49	48.69	416.33	623.46	520.08	2,028.90	3,661.55	1,391.94	-	8,862.44
Subordinated financial liabilities	-	-	-	-	-	-	11.90	23.90	23.90	595.80	655.50
Other financial liabilities	-	-	-	322.86	-	-	-	-	-	-	322.86
Total undiscounted financial liabilities	-	171.49	48.69	1,129.99	623.46	1,518.38	2,379.50	5,944.35	1,415.84	595.80	13,827.50
Net financial assets / (liabilities)	7.88	406.79	26.85	(504.17)	76.58	335.62	1,010.48	(131.42)	1,569.40	5,321.04	8,119.06

Note - The company has financing arrangement from banks/ financial institutions in form of committed credit lines. Undrawn committed credit lines as at April 01, 2017 is Rs. 68.70 million.

46.2.2. The table below shows the expected maturity of the Company's loan commitments

Undrawn loan commitments	-	-	-	-	-	-	59.73	-	-	-	59.73
Total	-	-	-	-	-	-	59.73	-	-	-	59.73



Edelweiss Retail Finance Limited
Notes to financial statements
(Currency : Indian rupees in millions)

46.2. Liquidity Risk

46.2.3. Financial assets available to support future funding

Following table sets out availability of Group financial assets to support funding

As at March 31, 2019	Encumbered		Unencumbered		Total carrying amount
	Pledge as collateral	Contractually/legally restricted assets ¹	Available as collateral	others ²	
Cash and cash equivalent including bank balance	712.28	-	4,695.77	-	5,408.05
Trade receivables	-	-	24.77	-	24.77
Loans	18,616.42	-	-	-	18,616.42
Property, Plant and Equipment	0.37	-	-	-	0.37
Other non financial assets	-	-	-	-	-
Total assets	19,329.07	-	4,720.54	-	24,049.61

As at March 31, 2018	Encumbered		Unencumbered		Total carrying amount
	Pledge as collateral	Contractually/legally restricted assets ¹	Available as collateral	others ²	
Cash and cash equivalent including bank balance	20.00	-	213.76	-	233.76
Trade receivables	-	-	13.42	-	13.42
Loans	25,461.70	-	7,210.50	-	32,672.20
Property, Plant and Equipment	0.37	-	-	-	0.37
Other non financial assets	-	-	-	-	-
Total assets	25,482.07	-	7,437.68	-	32,919.75

As at April 01, 2017	Encumbered		Unencumbered		Total carrying amount
	Pledge as collateral	Contractually/legally restricted assets ¹	Available as collateral	others ²	
Cash and cash equivalent including bank balance	64.33	-	7.90	-	72.23
Trade receivables	-	-	0.17	-	0.17
Loans	10,603.50	-	4,117.57	-	14,721.07
Property, Plant and Equipment	0.37	-	-	-	0.37
Other non financial assets	-	-	-	-	-
Total assets	10,668.20	-	4,125.64	-	14,793.84

¹ Represents assets which are not pledged and Group believes it is restricted from using to secure funding for legal or other

² Represents assets which are not restricted for use as collateral, but that the group would not consider readily available to secure funding in the normal course of business



46.3. Market Risk

Market risk is the risk associated with the effect of changes in market factors such as interest rates, equity prices, credit spreads or implied volatilities, on the value of assets and liabilities held resulting in loss of future earnings. The objective of the Company's market risk management is to manage and control market risk exposures within acceptable parameters. The Company separates its exposure to market risks between trading and non-trading portfolios.

Exposure to market risk – Non trading portfolios

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

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

46.3.1 Total market risk exposure

The fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates. The Company classifies its exposures to market risk into non-trading portfolios.

Particulars	As at March 31, 2019			As at March 31, 2018			As at April 01, 2017			Primary risk sensitivity
	Carrying amount	Traded risk	Non-traded risk	Carrying amount	Traded risk	Non-traded risk	Carrying amount	Traded risk	Non-traded risk	
Financial Assets										
Cash and cash equivalent and other bank balances	5,408.05	-	5,408.05	233.76	-	233.76	72.23	-	72.23	Interest rate
Loans	18,616.42	-	18,616.42	32,672.20	-	32,672.20	14,721.07	-	14,721.07	Interest rate
Trade receivables	24.77	-	24.77	13.42	-	13.42	0.17	-	0.17	
Other financial assets	90.11	-	90.11	70.55	-	70.55	51.69	-	51.69	
Total	24,139.35	-	24,139.35	32,989.93	-	32,989.93	14,845.16	-	14,845.16	
Financial Liability										
Debt securities	4,909.92	-	4,909.92	8,040.57	-	8,040.57	3,263.31	-	3,263.31	Interest rate
Borrowings (other than Debt Securities)	12,461.50	-	12,461.50	16,934.13	-	16,934.13	7,600.41	-	7,600.41	Interest rate
Subordinated Liabilities	2,060.80	-	2,060.80	2,037.06	-	2,037.06	296.86	-	296.86	Interest rate
Trade payables	268.37	-	268.37	539.32	-	539.32	390.80	-	390.80	
Other liabilities	2.46	-	2.46	1,251.19	-	1,251.19	322.86	-	322.86	
Total	19,703.05	-	19,703.05	28,802.27	-	28,802.27	11,874.24	-	11,874.24	



Edelweiss Retail Finance Limited
Notes to the financial statements (Continued)
(Currency : Indian rupees in millions)

46.3. Market Risk

46.3.2 Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows of financial instruments. The sensitivity of the statement of profit and loss is the effect of the assumed changes in interest rates on the profit or loss for a year, based on the floating rate non-trading financial assets and financial liabilities held as at year end.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates (all other variables being constant) of the Company's statement of profit and loss and equity.

For the year ended	Increase/ (Decrease) in basis points	Increase in profit after tax	Decrease in profit after tax	Increase in Equity	(Decrease) in Equity
INR Loans					
March 31, 2019	25/(25)	18.22	(18.22)	-	-
March 31, 2018	25/(25)	25.74	(25.74)	-	-
INR Borrowings					
March 31, 2019	25/(25)	(20.21)	20.21	-	-
March 31, 2018	25/(25)	(25.46)	25.46	-	-

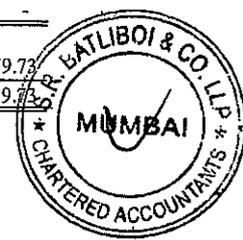


Edelweiss Retail Finance Limited
Notes to the financial statements (Continued)
(Currency : Indian rupees in millions)

47. Financial instruments not measured at fair value

The following table sets out the fair values of financial instruments not measured at fair value and analysing them by the level in the fair value hierarchy into which each fair value measurement is categorised.

As on March 31, 2019	Total Carrying Amount	Total fair value	Level 1	Level 2	Level 3
Financial assets					
Cash and cash equivalent	3,238.12	3,238.12	3,238.12	-	-
Bank balances other than cash and cash equivalent	2,169.93	2,169.93	2,169.93	-	-
Trade Receivables	24.77	24.77	-	24.77	-
Loans	18,616.42	19,138.61	-	-	19,138.61
Other financial assets	90.11	90.11	-	90.11	-
Total	24,139.34	24,661.53	5,408.04	114.88	19,138.61
Financial liabilities					
Trade payables	268.37	268.37	-	268.37	-
Debt securities	4,909.92	5,031.92	-	5,031.92	-
Borrowing (other than debt securities)	12,461.50	12,461.50	-	12,461.50	-
Subordinated liabilities	2,060.80	2,125.16	-	2,125.16	-
Other financial liabilities	2.46	2.46	-	2.46	-
Total	19,703.05	19,889.41	-	19,889.41	-
Off-balance sheet items					
Loan commitments	246.14	246.14	-	-	246.14
Total	246.14	246.14	-	-	246.14
<u>As on March 31, 2018</u>					
Financial assets:					
Cash and cash equivalent	213.73	213.73	213.73	-	-
Bank balances other than cash and cash equivalent	20.03	20.03	20.03	-	-
Trade Receivables	13.42	13.42	-	13.42	-
Loans	32,672.20	32,503.95	-	-	32,503.95
Other financial assets	70.55	70.55	-	70.55	-
Total	32,989.93	32,821.68	233.76	83.97	32,503.95
Financial liabilities					
Trade payables	539.32	539.32	-	539.32	-
Debt securities	8,040.57	8,244.80	-	8,244.80	-
Borrowing (other than debt securities)	16,934.13	16,934.13	-	16,934.13	-
Subordinated liabilities	2,037.06	2,099.32	-	2,099.32	-
Other financial liabilities	1,251.19	1,251.19	-	1,251.19	-
Total	28,802.28	29,068.76	-	29,068.76	-
Off-balance sheet items					
Loan commitments	863.13	863.13	-	-	863.13
Total	863.13	863.13	-	-	863.13
<u>As on April 01, 2017</u>					
Financial assets:					
Cash and cash equivalent	7.88	7.88	7.88	-	-
Bank balances other than cash and cash equivalent	64.35	64.35	64.35	-	-
Trade Receivables	0.17	0.17	-	0.17	-
Loans	14,721.07	15,118.14	-	-	15,118.14
Other financial assets	51.69	51.69	-	51.69	-
Total	14,845.17	15,242.24	72.23	51.86	15,118.14
Financial liabilities					
Trade payables	390.80	390.80	-	390.80	-
Debt securities	3,263.31	3,263.31	-	3,263.31	-
Borrowing (other than debt securities)	7,600.41	7,600.41	-	7,600.41	-
Subordinated liabilities	296.86	343.38	-	343.38	-
Other financial liabilities	322.86	322.86	-	322.86	-
Total	11,874.24	11,920.76	-	11,920.76	-
Off-balance sheet items					
Loan commitments	59.73	59.73	-	-	59.73
Total	59.73	59.73	-	-	59.73



47. **Financial instruments not measured at fair value**

Valuation methodologies of financial instruments not measured at fair value

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

Short term financial assets and liabilities

For financial assets and financial liabilities that have a short-term maturity (less than twelve months), the carrying amounts are a reasonable approximation of their fair value. Such instruments include: Trade receivables, trade payables and contract liability without a specific maturity. Such amounts have been classified as Level 2 on the basis that no adjustments have been made to the balances in the balance sheet. Cash and cash equivalent and Bank balances other than cash and cash equivalents have been classified as Level 1.

Financial assets at amortised cost

The fair values financial assets measured at amortised cost are estimated using a discounted cash flow model based on contractual cash flows using actual or estimated yields and discounting by yields incorporating the counterparties' credit risk.

Issued debt

The fair value of issued debt is estimated by a discounted cash flow model incorporating the Company's own credit risk.

Off balance-sheet

Estimated fair values of off-balance sheet positions in form of undrawn commitment are estimated using a discounted cash flow model based on contractual cash flows using actual or estimated yields and discounting by yields incorporating the counterparties' credit risk.



Edelweiss Retail Finance Limited
Notes to the financial statements (Continued)
(Currency : Indian rupees in millions)

48. Trade receivables

Provision matrix for Trade receivables

Particulars	Trade receivables days past due	1-90days	91-180 days	181-360 days	more than 360 days	Total
ECL rate		0%	0%	0%	100%	
As at March 31, 2019	Estimated total gross carrying amount at default	23.94	0.15	0.44	0.61	25.14
	ECL - Simplified approach	-	-	-	(0.38)	(0.38)
	Net carrying amount	23.94	0.15	0.44	0.23	24.77
As at March 31, 2018	Estimated total gross carrying amount at default	12.63	0.54	0.08	0.17	13.42
	ECL - Simplified approach	-	-	-	-	-
	Net carrying amount	12.63	0.54	0.08	0.17	13.42
As at April 01, 2017	Estimated total gross carrying amount at default	0.17	-	-	-	0.17
	ECL - Simplified approach	-	-	-	-	-
	Net carrying amount	0.17	-	-	-	0.17



Edelweiss Retail Finance Limited
Notes to the financial statements (Continued)
(Currency Indian rupees in millions)

49. Details of the loan taken from Banks and other parties

Nature of Security and terms of repayment for secured borrowings

All Secured long term borrowings are secured by way of hypothecation of receivables i.e. loans & advances.

(a) Details of term loan taken from Banks
As at March 31 2019

Month of Maturity/Repayment	Rate of Interest			Grand Total
	8.00%-8.99%	9.00% to 9.99%	10.00% to 10.99%	
December-22	-	139.50	62.49	201.99
September-22	-	287.58	62.50	350.08
July-22	31.25	-	-	31.25
June-22	-	287.58	62.50	350.08
May-22	-	18.75	-	18.75
April-22	31.25	17.86	-	49.11
March-22	31.25	287.58	62.50	381.33
February-22	-	18.75	-	18.75
January-22	31.25	17.86	-	49.11
December-21	31.25	287.58	62.50	381.33
November-21	-	18.75	-	18.75
October-21	31.25	17.86	-	49.11
September-21	31.25	287.58	62.50	381.33
August-21	-	18.75	-	18.75
July-21	31.25	17.86	-	49.11
June-21	31.25	287.58	62.50	381.33
May-21	-	18.75	-	18.75
April-21	31.25	17.86	-	49.11
March-21	31.25	439.36	62.50	533.11
February-21	-	18.75	-	18.75
January-21	31.25	17.86	-	49.11
December-20	31.25	486.29	106.09	623.63
November-20	-	18.75	-	18.75
October-20	31.25	17.86	-	49.11
September-20	72.92	587.60	109.38	769.89
August-20	-	18.75	-	18.75
July-20	31.25	17.86	-	49.11
June-20	72.92	587.60	109.38	769.89
May-20	-	18.75	-	18.75
April-20	64.58	17.86	-	82.44
March-20	72.92	587.60	109.38	769.89
February-20	-	18.75	-	18.75
January-20	64.58	17.86	-	82.44
December-19	72.92	587.60	109.38	769.89
November-19	-	18.75	-	18.75
October-19	64.58	17.86	-	82.44
September-19	72.92	587.60	109.38	769.89
August-19	-	18.75	-	18.75
July-19	64.58	17.86	-	82.44
June-19	72.92	587.60	109.38	769.89
May-19	-	18.75	-	18.75
April-19	64.58	17.86	-	82.44
Total	1,229.17	6,792.09	1,262.33	9,283.58



Edelweiss Retail Finance Limited
Notes to the financial statements (Continued)
(Currency :Indian rupees in millions)

49. Details of the loan taken from Banks and other parties

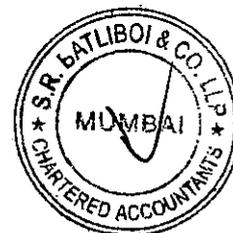
Nature of Security and terms of repayment for secured borrowings

All Secured long term borrowings are secured by way of hypothecation of receivables i.e.loans & advances.

(a) Details of term loan taken from Banks (continued)

As at March 31 2018

Month of Maturity/Repayment	Rate of Interest			Grand Total
	8.00%-8.99%	9.00% to 9.99%	10.00% to 10.99%	
December-22	257.33	-	-	257.33
September-22	350.08	-	-	350.08
July-22	31.25	-	-	31.25
June-22	350.08	-	-	350.08
May-22	18.75	-	-	18.75
April-22	31.25	-	-	31.25
March-22	381.33	-	-	381.33
February-22	18.75	-	-	18.75
January-22	31.25	-	-	31.25
December-21	381.33	-	-	381.33
November-21	18.75	-	-	18.75
October-21	31.25	-	-	31.25
September-21	381.33	-	-	381.33
August-21	18.75	-	-	18.75
July-21	31.25	-	-	31.25
June-21	381.33	-	-	381.33
May-21	18.75	-	-	18.75
April-21	31.25	-	-	31.25
March-21	427.00	105.50	-	532.50
February-21	18.75	-	-	18.75
January-21	31.25	-	-	31.25
December-20	515.25	109.40	-	624.65
November-20	18.75	-	-	18.75
October-20	31.25	-	-	31.25
September-20	660.49	109.40	-	769.89
August-20	18.75	-	-	18.75
July-20	31.25	-	-	31.25
June-20	660.49	109.40	-	769.89
May-20	18.75	-	-	18.75
April-20	64.58	-	-	64.58
March-20	660.48	109.40	-	769.88
February-20	18.75	-	-	18.75
January-20	64.58	-	-	64.58
December-19	660.49	109.40	-	769.89
November-19	18.75	-	-	18.75
October-19	64.58	-	-	64.58
September-19	660.49	109.40	-	769.89
August-19	18.75	-	-	18.75
July-19	64.58	-	-	64.58
June-19	660.49	109.40	-	769.89
May-19	18.75	-	-	18.75
April-19	64.58	-	-	64.58
March-19	660.50	109.40	-	769.90
February-19	18.75	-	-	18.75
January-19	64.58	-	-	64.58
December-18	401.04	109.40	-	510.44
November-18	18.75	-	-	18.75
October-18	64.58	25.00	-	89.58
September-18	331.25	109.40	-	440.65
August-18	18.75	-	-	18.75
July-18	33.33	25.00	-	58.33
June-18	331.25	109.40	-	440.65
April-18	33.33	25.00	-	58.33
Total	10,212.02	1,383.90	-	11,595.92



Edelweiss Retail Finance Limited
Notes to the financial statements (Continued)
(Currency :Indian rupees in millions)

49. Details of the loan taken from Banks and other parties

Nature of Security and terms of repayment for secured borrowings

All Secured long term borrowings are secured by way of hypothecation of receivables i.e.loans & advances.

(b) Details of term loan taken from SIDBI

As at March 31 2019

Month of Maturity/Repayment	Rate of Interest		
	<=9.99%	10.00% to 10.99%	Grand Total
Mar-2023	-	52.50	52.50
Dec-2022	-	52.50	52.50
Sep-2022	-	52.50	52.50
Jun-2022	-	52.50	52.50
Apr-2022	89.00	-	89.00
Mar-2022	-	52.50	52.50
Jan-2022	83.00	-	83.00
Dec-2021	-	52.50	52.50
Oct-2021	83.00	-	83.00
Sep-2021	-	52.50	52.50
Jul-2021	83.00	-	83.00
Jun-2021	-	52.50	52.50
Apr-2021	83.00	-	83.00
Mar-2021	-	52.50	52.50
Jan-2021	83.00	-	83.00
Dec-2020	-	52.50	52.50
Oct-2020	83.00	-	83.00
Sep-2020	-	52.50	52.50
Jul-2020	83.00	-	83.00
Jun-2020	-	52.50	52.50
Apr-2020	83.00	-	83.00
Mar-2020	-	52.50	52.50
Jan-2020	83.00	-	83.00
Dec-2019	-	52.50	52.50
Oct-2019	83.00	-	83.00
Sep-2019	-	52.50	52.50
Jul-2019	83.00	-	83.00
Jun-2019	-	52.50	52.50
Apr-2019	83.00	-	83.00
Total	1,085.00	840.00	1,925.00



Edelweiss Retail Finance Limited
Notes to the financial statements (Continued)
(Currency : Indian rupees in millions)

49. Details of the loan taken from Banks and other parties

Nature of Security and terms of repayment for secured borrowings

All Secured long term borrowings are secured by way of hypothecation of receivables i.e. loans & advances.

(b) Details of term loan taken from SIDBI (continued)

As at March 31 2018

Month of Maturity/Repayment	Rate of Interest		
	<=9.99%	10.00% to 10.99%	Grand Total
Mar-2023	52.50	-	52.50
Dec-2022	52.50	-	52.50
Sep-2022	52.50	-	52.50
Jun-2022	52.50	-	52.50
Apr-2022	89.00	-	89.00
Mar-2022	52.50	-	52.50
Jan-2022	83.00	-	83.00
Dec-2021	52.50	-	52.50
Oct-2021	83.00	-	83.00
Sep-2021	52.50	-	52.50
Jul-2021	83.00	-	83.00
Jun-2021	52.50	-	52.50
Apr-2021	83.00	-	83.00
Mar-2021	52.50	-	52.50
Jan-2021	83.00	-	83.00
Dec-2020	52.50	-	52.50
Oct-2020	83.00	-	83.00
Sep-2020	52.50	-	52.50
Jul-2020	83.00	-	83.00
Jun-2020	52.50	-	52.50
Apr-2020	83.00	-	83.00
Mar-2020	52.50	-	52.50
Jan-2020	83.00	-	83.00
Dec-2019	52.50	-	52.50
Oct-2019	83.00	-	83.00
Sep-2019	52.50	-	52.50
Jul-2019	83.00	-	83.00
Jun-2019	52.50	-	52.50
Apr-2019	83.00	-	83.00
Mar-2019	52.50	-	52.50
Jan-2019	83.00	-	83.00
Dec-2018	52.50	-	52.50
Oct-2018	83.00	-	83.00
Sep-2018	52.50	-	52.50
Jul-2018	83.00	-	83.00
Jun-2018	52.50	-	52.50
Apr-2018	83.00	-	83.00
Total	2,467.00	-	2,467.00



50. Repayment terms of Secured Non-convertible Debentures are as follow.

The debentures are secured by way of pari passu charge on an immovable property and standard loan assets to the extent of 100% of the outstanding amount of the debentures, unless otherwise stated.

As at March 31 2019

Description of Secured Redeemable Non Convertible Debentures (NCD)	Rate	Issue Date	Redemption Date	No. of NCDs	Amount
ERFL/Public NCD/Series VI	9.25%	22-Mar-2018	22-Mar-2028	4,83,173	483.17
ERFL/Public NCD/Series V	8.88%	22-Mar-2018	22-Mar-2028	4,09,205	409.21
ERFL/Public NCD/Series IV	9.00%	22-Mar-2018	22-Mar-2023	6,39,638	639.64
ERFL/Public NCD/Series III	8.65%	22-Mar-2018	22-Mar-2023	2,34,347	234.35
ERFL/NCD/07Nov22	8.50%	07-Nov-2017	07-Nov-2022	1,000	1,000.00
ERFL/NCD/ 29Jul21	0.00%	03-Aug-2018	29-Jul-2021	100	100.00
ERFL/Public NCD/Series II	8.75%	22-Mar-2018	22-Mar-2021	18,79,450	1,879.45
ERFL/Public NCD/Series I	8.42%	22-Mar-2018	22-Mar-2021	1,63,967	163.97
					<u>4,909.78</u>

As at March 31 2018

Description of Secured Redeemable Non Convertible Debentures (NCD)	Rate	Issue Date	Redemption Date	No. of NCDs	Amount
ERFL/Public NCD/Series VI	9.25%	22-Mar-2018	22-Mar-2028	4,83,547	483.55
ERFL/Public NCD/Series V	8.88%	22-Mar-2018	22-Mar-2028	4,09,205	409.21
ERFL/Public NCD/Series IV	9.00%	22-Mar-2018	22-Mar-2023	6,40,817	640.82
ERFL/Public NCD/Series III	8.65%	22-Mar-2018	22-Mar-2023	2,34,347	234.35
ERFL/NCD/07Nov22	8.50%	07-Nov-2017	07-Nov-2022	1,000	1,000.00
ERFL/Public NCD/Series II	8.75%	22-Mar-2018	22-Mar-2021	29,84,334	2,984.33
ERFL/Public NCD/Series I	8.42%	22-Mar-2018	22-Mar-2021	1,63,967	163.96
ERFL/NCD/19Aug20	9.00%	19-Aug-2015	19-Aug-2020	2,000	2,000.00
					<u>7,916.22</u>

51. Repayment terms of Unsecured non-convertible redeemable subordinate debentures are as follow.

As at March 31 2019

ISIN number	Rate	Issue Date	Redemption Date	No. of NCDs	Amount
INE528S08043	9.25%	06-Oct-2017	06-Oct-2027	1,000	1,000.00
INE528S08035	9.25%	31-Jul-2017	31-Jul-2027	240	240.00
INE528S08027	9.95%	10-Oct-2016	09-Oct-2026	120	120.00
INE528S08019	0.00%	25-May-2015	26-May-2025	140	140.00
					<u>1,500.00</u>

As at March 31 2018

ISIN number	Rate	Issue Date	Redemption Date	No. of NCDs	Amount
INE528S08043	9.25%	06-Oct-2017	06-Oct-2027	1,000	1,000.00
INE528S08035	9.25%	31-Jul-2017	31-Jul-2027	240	240.00
INE528S08027	9.95%	10-Oct-2016	09-Oct-2026	120	120.00
INE528S08019	11.25%	25-May-2015	26-May-2025	140	140.00
					<u>1,500.00</u>

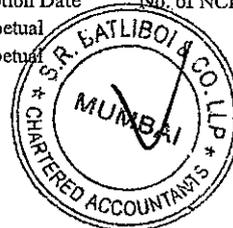
52. Repayment terms of Unsecured non-convertible redeemable perpetual debentures are as follow.

As at March 31 2019

ISIN number	Rate	Issue Date	Redemption Date	No. of NCDs	Amount
INE528S08050	9.75%	26-Dec-2017	Perpetual	200	200.00
INE528S08068	10.00%	07-Feb-2018	Perpetual	250	250.00
					<u>450.00</u>

As at March 31 2018

ISIN number	Rate	Issue Date	Redemption Date	No. of NCDs	Amount
INE528S08050	9.75%	26-Dec-2017	Perpetual	200	200.00
INE528S08068	10.00%	07-Feb-2018	Perpetual	250	250.00
					<u>450.00</u>



53. Capital Management

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

(a) The Pillars of its policy are as follows:

- a) Maintain diversity of sources of financing and spreading the maturity across tenure buckets in order to minimize liquidity risk.
- b) Maintain investment grade ratings for all its liabilities issuances domestically and internationally by ensuring that the financial strength of their balance sheets are preserved.
- c) Manage financial market risks arising from Interest rate, equity prices and minimise the impact of market volatility on earnings.
- d) Leverage optimally in order to maximise shareholder returns while maintaining strength and flexibility of balance sheet.

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

(b) Regulatory Capital

The below regulatory capital is computed in accordance with RBI/DNBR/2016-17/45 - Master Direction DNBR. PD. 008/03.10.119/2016-17 September 01, 2016 (updated time to time) dated issued by Reserve Bank of India on Ind AS financial statements.

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Capital Funds			
Common Equity Tier1 (CET1) capital	4,861.75	4,464.46	2,732.06
Other Tier 2 capital instruments (CET2)	1,748.32	1,762.73	354.17
Total capital	6,610.07	6,227.19	3,086.23
Risk weighted assets	19,513.24	33,919.04	15,235.29
CET1 Capital ratio	24.92%	13.16%	17.93%
CET2 Capital ratio	8.96%	5.20%	2.32%
Total Capital ratio	33.87%	18.36%	20.26%



54. First Time adoption to Ind AS

These financial statements, for the year ended March 31, 2019, are the first annual financial statements the Company has prepared in accordance with Ind AS. For periods up to and including the year ended March 31, 2018, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP or previous GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on March 31, 2019, together with the comparative period data as at and for the year ended March 31, 2018, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at April 01, 2017, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at April 01, 2017 and the financial statements as at and for the year ended March 31, 2018.

Exemptions applied:

The Company has prepared the opening balance sheet as per Ind AS as of April 01, 2017 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to the certain exception and certain optional exemptions availed by the Company as detailed below.

(a) Share based payment:

The Company has applied the requirements of Ind AS 102 Share-based payment to equity instruments that are unvested as of the transition to Ind AS (April 01, 2017).

(b) Deemed cost for property, plant and equipment, investment property, and intangible assets:

The Company has elected to continue with the carrying value of all of its plant and equipment, and intangible assets recognised as of April 01, 2017 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

(c) De-recognition of financial assets and liabilities:

The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after April 01, 2017 (the transition date).

(d) Classification and measurement of financial assets:

The Company has classified and measured the financial assets on the basis of facts and circumstances that exist at the date of transition to Ind AS.

(e) Impairment of financial assets:

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.



54. First Time adoption to Ind AS

(f) The reconciliations of equity and total Comprehensive income in accordance with Previous GAAP to Ind AS are explained below.

(i) Reconciliation of Equity as at:

Particulars	As at March 31, 2018	As at April 01, 2017
Net Worth as reported under Indian GAAP	4,346.74	3,134.93
Ind AS adjustments increasing / (decreasing) Net worth as reported under Indian GAAP:		
Effective interest rate on financial assets and liabilities (net)	178.85	3.58
Expected credit loss provision	(314.75)	(223.84)
Fair valuation of employee stock options	0.24	-
Interest spread on assignment transactions	51.28	37.81
Others	-	-
Total effect of transition to Ind AS	(84.38)	(182.45)
Tax on Above	38.58	80.36
Equity as per Ind AS	4,300.94	3,032.84

(ii) Reconciliation of total comprehensive income

Particulars	For the year ended March 31, 2018
Net profit after tax as reported under Indian GAAP	316.86
Ind AS adjustments increasing / (decreasing) net profit as reported under Indian GAAP:	
Effective interest rate on financial assets and liabilities (net)	21.86
Expected credit loss provision	(90.92)
Fair valuation of employee stock options	(0.26)
Interest spread on assignment transactions	13.47
Tax Impact on above Transactions	15.81
Net profit as per Ind AS	(40.04)
Other Comprehensive Income after tax as per Ind AS	(0.15)
Total Comprehensive Income as per Ind AS	276.67

(g) Reference notes to reconciliation of Equity and profit & Loss

(i) Remeasurements of post-employment benefit obligations

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year

(ii) Share Based Payment

Under the previous GAAP, the cost of ESOPs were recognised using the intrinsic value method. Under Ind AS, the cost of equity settled share-based plan is recognised based on the fair value of the options as at the grant date.

(iii) Trade receivables /Loans:

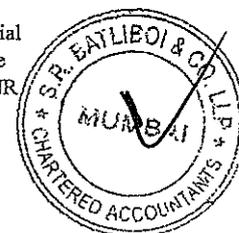
Under Previous GAAP the Company has created provision for impairment of receivables and Loans based on incurred losses where as under Ind AS, Impairment allowance has been determined based on Expected credit loss model (ECL).

(iv) EIR

Under previous GAAP, transaction cost on borrowings were charged upfront to Statement of profit and loss while under Ind AS, such cost are included in initial recognition amount of financial liability and is amortised over the tenure of the borrowings.

(v) Reclassification of provisions for standard /non-performing assets (NPA)

Under Indian GAAP provision for NPA and standard asset were presented under provisions. However, under Ind AS financial assets measured at amortised cost (mainly loans) are presented net of provision for expected credit losses. Consequently, the Company has reclassified the Indian GAAP provisions for standard assets / NPA's amounting to INR 96.12 millions and INR 76.83 millions as on April 01, 2017 and March 31,2018 respectively.



55 Regulatory Disclosures

(i) Foreign currency

The Company has not undertaken any foreign currency transaction during the year ended March 31, 2019 (Previous year: Rs Nil).

(ii) Investments

Particulars	As at	As at
	March 31, 2019	March 31, 2018
Value of Investments		
(i) Gross value of Investments		
(a) In India	Nil	Nil
(b) Outside India	Nil	Nil
(ii) Provisions for Depreciation		
(a) In India	Nil	Nil
(b) Outside India	Nil	Nil
(iii) Net value of Investments		
(a) In India	Nil	Nil
(b) Outside India	Nil	Nil
Movement of provisions held towards depreciation		
(i) Opening balance	Nil	Nil
(ii) Add: Provisions made during the year	Nil	Nil
(iii) Less: Write-off / Written-back of excess provisions during the year	Nil	Nil
(iv) Closing balance	Nil	Nil

(iii) Derivatives

(a) Forward Rate Agreement / Interest Rate Swap

S.No.	Particulars	As at March 31, 2019	As at March 31, 2018
(i)	The notional principal of swap agreements	Nil	Nil
(ii)	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	Nil	Nil
(iii)	Collateral required by the applicable NBFC upon entering into swaps	Nil	Nil
(iv)	Concentration of credit risk arising from the swaps \$	Nil	Nil
(v)	The fair value of the swap book @	Nil	Nil
	Note: Nature and terms of the swaps including information on credit and market risk and the accounting policies adopted for recording the swaps should also be disclosed.		
	\$ Examples of concentration could be exposures to particular industries or swaps with highly geared companies.		
	@ If the swaps are linked to specific assets, liabilities, or commitments, the fair value would be the estimated amount that the applicable NBFC would receive or pay to terminate the swap agreements as on the balance sheet date.		

(b) Exchange Traded Interest Rate (IR) Derivatives

S.No.	Particulars	Amount
(i)	Notional principal amount of exchange traded IR derivatives undertaken during the year (instrumentwise)	
a)		Nil
(ii)	Notional principal amount of exchange traded IR derivatives outstanding as on March 31, 2019 (instrument-wise)	
a)		Nil
(iii)	Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	
a)		Nil
(iv)	Mark-to-market value of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	
a)		Nil



55 Regulatory Disclosures

(c) Qualitative Disclosures

The Company has a process whereby periodically all long term 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 account. The Company has not entered into any derivative contracts during the year. (Previous year Rs. Nil)

(d) Quantitative Disclosures

Sr. No	Particular	Current Derivatives	Interest Rate Derivatives
(i)	Derivatives (Notional Principal Amount) For hedging	Nil	Nil
(ii)	Marked to Market Positions [1] a) Asset (+) b) Liability (-)	Nil	Nil
(iii)	Credit Exposure [2]	Nil	Nil
(iv)	Unhedged Exposures	Nil	Nil

(iv) Asset liability management

Maturity pattern of certain items of assets and liabilities

As at March 31, 2019

Particulars	Upto 30/31 days	Over 1 month upto 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months upto 1 year	Over 1 year upto 3 years	Over 3 years upto 5 years	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	-
Advances	1,258.08	676.11	750.48	1,924.88	3,391.69	3,304.94	1,852.43	5,920.08	19,078.69
Investments	-	-	-	-	-	-	-	-	-
Borrowings	209.02	25.01	822.39	1,021.35	3,341.88	8,028.67	3,175.41	2,808.49	19,432.22
Foreign Currency Assets	-	-	-	-	-	-	-	-	-
Foreign Currency Assets	-	-	-	-	-	-	-	-	-

As at March 31, 2018

Particulars	Upto 30/31 days	Over 1 month upto 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months upto 1 year	Over 1 year upto 3 years	Over 3 years upto 5 years	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	-
Advances	1,349.81	1,116.71	1,279.63	3,379.66	6,390.74	9,203.70	2,774.25	7,669.28	33,163.78
Investments	-	-	-	-	-	-	-	-	-
Borrowings	951.89	255.00	694.16	2,307.72	3,933.53	10,596.24	5,527.56	2,745.66	27,011.76
Foreign Currency Assets	-	-	-	-	-	-	-	-	-
Foreign Currency Assets	-	-	-	-	-	-	-	-	-

In computing the above information, certain estimates, assumptions and adjustments have been made by the management which are consistent with the guidelines provided by the Reserve Bank of India.

(v) Capital to risk assets ratio (CRAR)

S. No.	Particular	As at March 31, 2019	As at March 31, 2018
i)	CRAR (%)	33.87%	18.36%
ii)	CRAR - Tier I capital (%)	24.92%	13.16%
iii)	CRAR - Tier II Capital (%)	8.96%	5.20%
iv)	Subordinated debt raised as Tier-II capital	-	1,240.00
v)	Amount raised by issue of perpetual debt	-	450.00



55 Regulatory Disclosures

(vi) Direct assignment & Securitisation

(a) 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

S. No.	Particular	As at	As at
		March 31, 2019	March 31, 2018
1	No. of SPVs sponsored by the NBFC for securitisation transactions	3	3
2	Total amount of securitised assets as per books of the SPVs sponsored by the NBFC	68.22	592.29
3	Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet	243.30	319.78
	a) Off-balance sheet exposures		
	- First loss	243.30	319.78
	- Others	-	-
	b) On-balance sheet exposures		
	- First loss	-	-
	- Others	-	-
4	Exposures of assignment transactions other than MRR		
	a) Off-balance sheet exposures		
	i) Exposure to own securitisations		
	- First loss	-	-
	- Others	-	-
	ii) Exposure to third party securitisations		
	- First loss	-	-
	- Others	-	-
	b) On-balance sheet exposures		
	i) Exposure to own securitisations		
	- First loss	-	-
	- Others	-	-
	ii) Exposure to third party securitisations		
	- First loss	-	-
	- Others	-	-



55 Regulatory Disclosures

(b) Disclosures in the notes to the accounts in respect of assignment transactions

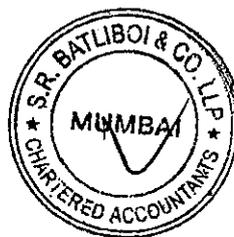
S. No.	Particular	As at March 31, 2019	As at March 31, 2018
1	No. of assignment transactions	6	5
2	Total amount of assigned assets as per books	950.17	920.60
3	Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet	105.57	102.14
	a) Off-balance sheet exposures		
	- First loss	-	-
	- Others	-	-
	b) On-balance sheet exposures		
	- First loss	-	-
	- Others	105.57	102.14
4	Exposures of assignment transactions other than MRR	-	-
	a) Off-balance sheet exposures		
	i) Exposure to own securitisations		
	- First loss	-	-
	- Others	-	-
	ii) Exposure to third party securitisations		
	- First loss	-	-
	- Others	-	-
	b) On-balance sheet exposures		
	i) Exposure to own securitisations		
	- First loss	-	-
	- Others	-	-
	ii) Exposure to third party securitisations		
	- First loss	-	-
	- Others	-	-

(c) Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction

S. No.	Particular	For the year ended March 31, 2019	For the year ended March 31, 2018
i)	No. of accounts	Nil	Nil
ii)	Aggregate value (net of provisions) of accounts sold to	Nil	Nil
iii)	Aggregate consideration	Nil	Nil
iv)	Additional consideration realized in	Nil	Nil
v)	Aggregate gain / loss over net book value	Nil	Nil

(d) Details of Assignment transactions undertaken

S. No.	Particular	For the year ended March 31, 2019	For the year ended March 31, 2018
i)	No. of accounts	39.00	1,784.00
ii)	Aggregate value (net of provisions) of accounts sold to SC / RC	442.06	509.35
iii)	Aggregate consideration	442.06	510.08
iv)	Additional consideration realized in respect of accounts transferred in earlier	-	-
v)	Aggregate gain / loss over net book value	20.69	31.67



55 Regulatory Disclosures

(vii) 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)

A. Details of Non performing financial assets purchased:

S. No.	Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
(a)	No. of accounts purchased during the year	Nil	Nil
(b)	Aggregate outstanding	-	-
(a)	Of these, number of accounts restructured during the year	Nil	Nil
(b)	Aggregate outstanding	-	-

B. Details of Non performing financial assets Sold:

S. No.	Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
(a)	No. of accounts sold	Nil	Nil
(b)	Aggregate outstanding	-	-
(c)	Aggregate consideration received	-	-

(viii) Exposure to real estate sector, both direct and indirect & exposure to capital market

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

S. No.	Particulars	As at March 31, 2019	As at March 31, 2018
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	4,442.93	6,025.97
(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).	8,606.20	12,290.94
(iii)	Investments in Mortgage Backed Securities (MBS) and other securitised		
	- Residential	-	-
	- Commercial real estate	-	-
B. Indirect exposure			
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	-	-



55 Regulatory Disclosures
b) Exposure to capital market

S. No.	Particulars	As at March 31, 2019	As at March 31, 2018
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	74.83	-
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)	-	-
Total Exposure to Capital Market			

(ix) **Movements in non performing advances (Stage III loans):**

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

S. No.	Particulars	As at March 31, 2019	As at March 31, 2018
i)	Net NPAs to net advances (%)	2.68%	0.83%
ii)	Movement of NPAs (Gross)		
a)	Opening balance	380.07	140.51
b)	Additions during the year	417.31	309.24
c)	Reductions during the year	(198.98)	(69.68)
d)	Closing balance	598.40	380.07
iii)	Movement of net NPA		
a)	Opening balance	275.59	71.30
b)	Additions during the year	354.08	223.18
c)	Reductions during the year	(117.58)	(18.88)
d)	Closing balance	512.09	275.59
iv)	Movement of provisions for NPAs		
a)	Opening balance	104.48	69.21
b)	Additions during the year	63.23	86.06
c)	Reductions during the year	(81.40)	(50.80)
d)	Closing balance	86.31	104.48

(x) **Details of single borrower limit and group borrower limit exceeded by the Company:**

During the year ended March 31, 2019 and March 31, 2018, the Company's credit exposure to single borrowers and group borrowers were within the limits prescribed by the RBI.

(xi) **Unsecured Advances**

The company has not taken any charges over the rights, licences, authorisation etc against unsecured loan given to borrowers in the current year and previous year.

(xii) **Fraud Reporting**

There were no instances of fraud identified and reported during the year (Previous Year Nil) as required in terms of Chapter 10 of the Monitoring of frauds in NBFCs (Reserve Bank) Directions, 2016



55 Regulatory Disclosures

(xiii) Remuneration of Directors

The company has not entered into any transaction with non-executive directors during the year (Previous Year Rs. Nil) except disclosure made in table below:

Details of transaction with non executives directors

Name of Directors	Nature of transaction	For the year ended March 31, 2019	For the year ended March 31, 2018
Mr. Mitul Shah	Sitting fees	0.26	0.22
Mr. Sanjay Shah	Sitting fees	0.30	0.22

(xiv) Net profit or loss for the period, prior period items and changes in accounting policy

There are no prior items (previous year Rs, Nil). For changes in accounting policies refer note 3 and note 54 for 'First Time adoption to Ind AS'.

(xv) Details of 'provisions and contingencies'

Break up of 'provisions and contingencies' shown under the head expenditure	For the year ended March 31, 2019	For the year ended March 31, 2018
i) Provisions for depreciation on investment	-	-
ii) Provision towards NPA (Stage III loans)	(18.17)	35.27
iii) Provision made towards income tax	186.52	126.37
iv) Provision for Standard loans (Stage I & II loans)	(11.14)	136.33

(xvi) Draw down from Reserves

The Company has not made any draw down from reserve during current year and previous year.

(xvii) Concentration of deposits, advances, exposures and NPAs

A) Concentration of Deposits (for deposit taking NBFCs)	As at March 31, 2019	As at March 31, 2018
Total Deposits to twenty largest depositors	NA	NA
% of Deposits of twenty largest depositors to total Deposit taking NBFC	NA	NA

B) Concentration of advances	As at March 31, 2019	As at March 31, 2018
Total advances to twenty largest borrowers	2,434.42	2,728.89
% of advances to twenty largest borrowers to total advances	12.84%	8.31%
B) Concentration of exposures (includes Off balance sheet exposure)		
Total exposures to twenty largest borrowers / customers	2,568.56	3,209.44
% of exposures to twenty largest borrowers / customers to total Exposure	13.38%	9.52%
C) Concentration of NPAs		
Total exposures to top four NPAs	127.10	97.29
D) Sector-wise NPAs	% of NPAs to total advances in that sector	
1 Agriculture & allied activities	2.22%	0.00%
2 MSME	0.00%	0.00%
3 Corporate borrowers	3.85%	1.26%
4 Services	2.47%	1.30%
5 Unsecured personal loans	0.00%	0.00%
6 Auto loans	0.00%	0.00%
7 Other personal loans	3.03%	1.13%

(xviii) Customer complaints

S. No.	Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
(a)	No. of complaints pending at the beginning of the year	13	-
(b)	No. of complaints received during the year	157	70
(c)	No. of complaints redressed during the year	157	57
(d)	No. of complaints pending at the end of the year	-	13



55 Regulatory Disclosures

(xix) Details of ratings assigned by credit rating agencies

As at March 31, 2019

Instrument category	CRISIL	SMERA	ICRA	CARE	Brickworks	Brickworks	Acuite
i) Long term instruments							
Rating	CRISIL	NA	[ICRA] AA	CARE AA	BWR AA+ and	BWR AA	Acuite AA+
Amount	AA/Stable	NA	41,500.00	12,250.00	BWR AA	1,000.00	Stable
ii) Short term instruments							
Rating	CRISIL A+	NA	[ICRA] A1+	CARE A1+	NA	NA	NA
Amount	5,000.00	NA	6,000.00	5,000.00	NA	NA	NA

As at March 31, 2018

Instrument category	CRISIL	SMERA	ICRA	CARE	Brickworks	Brickworks	Acuite
i) Long term instruments							
Rating	CRISIL	CRISIL	[ICRA] AA	CARE AA	BWR AA+	BWRAA	
Amount	AA/Stable	AA/Stable	44,500.00	12,500.00	4,500.00	1,000.00	
ii) Short term instruments							
Rating	CRISIL A+	NA	[ICRA] A1+	CARE A1+	NA	NA	
Amount	5000	NA	6,000.00	5,000.00	NA	NA	

(xx) Disclosure on perpetual debt

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Amount of funds raised through Perpetual debt instrument	-	450.00

Particulars	As at March 31, 2019	As at March 31, 2019
Principal amount outstanding as at year end.	450.00	450.00
Percentage of the amount of Perpetual debt of the amount of its Tier I Capital	9.26%	10.08%
Unpaid interest on Perpetual debt	-	-

(xxi) There are no amount due and outstanding to be credited to investor education & protection Fund as at March 31, 2019 and at at March 31, 2018

(xxii) Off balane sheet SPV sponsored -NIL (Previous year NIL)

(xxiii) Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances

The Company has restructured 10 MSME borrower accounts amounting to Rs. 56.28 millions during the current year under extant RBI guideline under reference RBI/2018-19/100 DBR.No.BP.BC.18/21.04.048/2018-19 dated January 01, 2019.

(xxiv) Registration obtained from other financial sector regulators - Nil (Previous Year - Nil)

(xxv) Detail of financing parents company products -Nil (Previous Year - Nil)

(xxvi) Disclosure of penalties imposed by RBI and other regulators - Nil (Previous Year - Nil)

(xxvii) Ownership Overseas Assets (for those with joint ventures and subsidiaries abroad)

There are no overseas assets owned by the company (Previous year Nil)

(xxviii) The Company has not postponed revenue recognition on any item during the current year and previous year.



(xxx) 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.

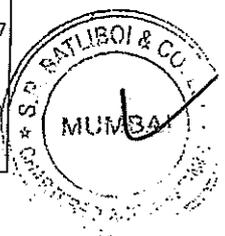
Liabilities side:				
Particulars	Amount outstanding		Amount overdue	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
1) Loans and advances availed by NBFC inclusive of interest accrued thereon but not paid				
a) Debentures:				
(other than those falling within the meaning of Public deposit)				
(i) Secured	4,909.92	8,040.57	-	-
(ii) Unsecured	2,060.80	2,037.06	-	-
b) Deferred credits	-	-	-	-
c) Term loans	11,240.05	14,066.50	-	-
d) Inter-corporate loans and borrowing	-	-	-	-
e) Commercial paper	-	-	-	-
f) Other loans	-	-	-	-
1) Loan from related parties	1.31	1,274.98	-	-
2) Bank overdraft	1,220.14	1,592.65	-	-
(* Please see note 1 below)				
Assets side:				
2) Break up of loans and advances including bills receivables				
(other than those included in (3) below)				
a) Secured	12,945.93	17,565.27		
b) Unsecured	6,132.76	15,598.51		
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	-	-		



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.

	As at March 31, 2019		As at March 31, 2018			
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 March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
1. Related parties**	-	-	-	-	-	-
(a) Subsidiaries	-	-	-	-	-	-
(b) Companies in the same group	-	-	-	-	-	-
(c) Other related parties	-	-	-	-	-	-
2. Other than related parties	12,945.93	17,565.27	6,132.76	15,598.51	19,078.69	33,163.78
TOTAL	12,945.93	17,565.27	6,132.76	15,598.51	19,078.69	33,163.78
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 March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018		
1) Related parties	-	-	-	-		
(a) Subsidiaries	-	-	-	-		
(b) Companies in the same group	-	-	-	-		
(c) Other related parties	-	-	-	-		
2) Other than related parties	-	-	-	-		
TOTAL	-	-	-	-		
7) Other information						
Particulars	As at					
	March 31, 2019	March 31, 2018				
a) Gross non-performing assets	-	-				
1) Related parties	-	-				
2) Other than related parties	598.40	380.07				
b) Net non-performing assets	-	-				
1) Related parties	-	-				
2) Other than related parties	512.09	275.58				
c) Assets acquired in satisfaction of debt	-	-				

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



56 Other Disclosures

(i) 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 and previous 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.

(ii) Disclosure under regulation 53(f) of SEBI (Listing obligations and disclosure Requirements) Regulations, 2015

Particulars	As at March 31, 2019	As at March 31, 2018
Loans to advances in the nature of loans to subsidiaries	-	-
Loans to advances in the nature of loans to associates	-	-
Loans to advances in the nature of loans to firms/companies in which directors are interested	-	-
Investment by the lonee in the share of parents company and subsidiary company, when the company has made a loans & advances in the nature of loans	-	-

(iii) Disclosure Large Corporate as per the applicability criteria given under the SEBI circular SEBI/HO/DDHS/CIR/P/2018/144 dated November 26, 2018.

Initial Disclosure to be made by an entity identified as a Large Corporate

Sr. No.	Particulars	Details
1	Name of the company	EDELWEISS RETAIL FINANCE LIMITED
2	CIN	U67120MH1997PLC285490
3	Outstanding borrowing of company as on March 31, 2019	19,432.22
4	Highest Credit Rating During the previous FY along with name of the Credit Rating Agency	As per Table 1 below
5	Name of Stock Exchange in which the fine shall be paid, in case of shortfall in the required borrowing under the framework	BSE LIMITED

Table 1

Product	Credit Rating	Name of Rating Agency
Bank Borrowings	ICRA AA	ICRA Limited
Bank Borrowings	CRISIL AA/Stable	CRISIL
Commercial Papers	CARE A1+	CARE Limited
Commercial Papers	CRISIL A1+	CRISIL
Commercial Papers	ICRA A1+	ICRA Limited
Long Term Sub-Debt	CARE AA	CARE Limited
Long Term Sub-Debt	CRISIL AA/Stable	CRISIL
Long Term Sub-Debt	ICRA AA	ICRA Limited
Long Term-NCD	BWR AA+	Brickwork Ratings
Perpetual - Debt	ACUITE AA/Stable	Acuite Ratings & Research Limited
Perpetual - Debt	BWR AA	Brickwork Ratings
Short Term NCD	ICRA A1+	ICRA Limited

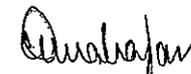
As per our report of even date attached.

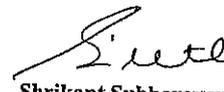
For S.R.Batliboi & Co.LLP
Chartered Accountants
Firm's Registration No. 301003E/E300005

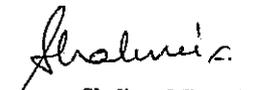
For and on behalf of the Board of Directors
Edelweiss Retail Finance Limited


per Jitendra H. Ranawat
Partner
Membership No: 103380

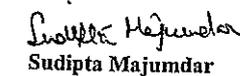



Vineet Mahajan
Chief Executive Officer


Shrikant Subbarayan
Director
DIN: 05225191


Shalinee Mimani
Director
DIN: 07404075


Kirti Sawant
Chief Financial Officer


Sudipta Majumdar
Company Secretary
Membership No. A33961

Place : Mumbai
Date : May 13, 2019