Edelweiss
Ideas create, values protect

EW/Sec/2017/520

August 7, 2017

**National Stock Exchange of India Limited**
Exchange Plaza,
Bandra Kurla Complex,
Bandra (E),
Mumbai – 400 051.

Dear Sir,

**Ref.:- Symbol - EDELWEISS**

**Sub: Submission of Annual Report for the Year 2016-17**

Please find enclosed the Annual Report of the Company for the Financial Year ended March 31, 2017. Kindly note that the members at the 22nd Annual General Meeting of the Company held on Wednesday, August 2, 2017 have adopted the Annual Financial Statements together with the Reports of the Board and Auditors thereon.

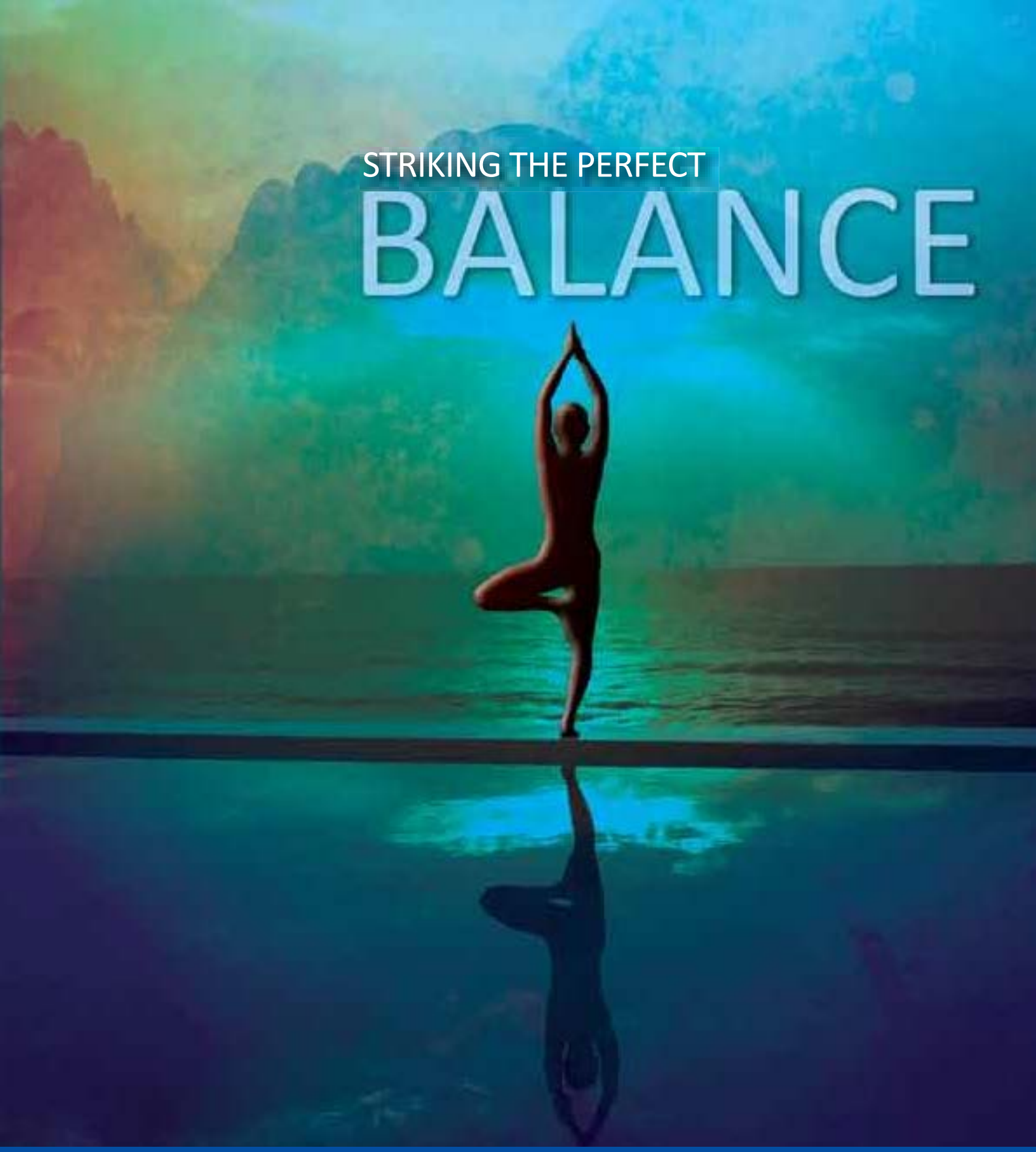
Kindly take the same on record.

Thanking you,

**Yours faithfully,**
**For Edelweiss Financial Services Limited**

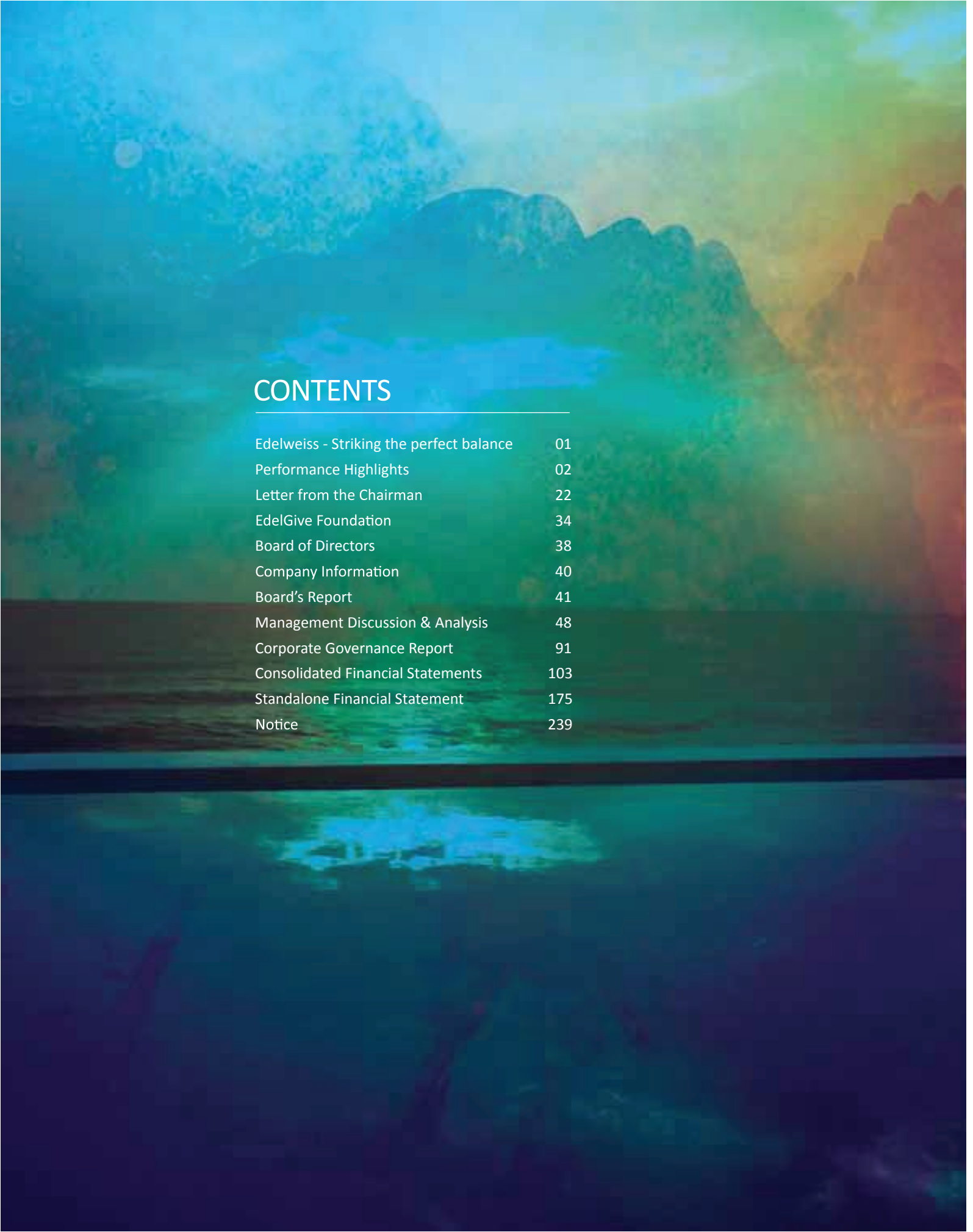
**B. Renganathan**
**Executive Vice President & Company Secretary**

Encl.: as above.




Edelweiss
Ideas create, values protect

Annual Report 2016-17



# CONTENTS


| | |
|---|---|
| Edelweiss - Striking the perfect balance | 01 |
| Performance Highlights | 02 |
| Letter from the Chairman | 22 |
| EdelGive Foundation | 34 |
| Board of Directors | 38 |
| Company Information | 40 |
| Board's Report | 41 |
| Management Discussion & Analysis | 48 |
| Corporate Governance Report | 91 |
| Consolidated Financial Statements | 103 |
| Standalone Financial Statement | 175 |
| Notice | 239 |

## EDELWEISS - STRIKING THE PERFECT BALANCE

Edelweiss Group is one of India's leading financial services conglomerates. The Group, buttressed by total assets* of over ₹1.56 trillion, enjoys a diverse and robust platform spanning three scalable and profitable business segments; **Credit** (retail, corporate and distressed asset resolution), **Franchise** (wealth management, asset management and capital markets) and **Insurance**. This de-risked diversified business model reflects Edelweiss's experience in the growth of India across its multiple consuming facets, from industrial behemoths and large companies through to small businesses and the average Indian urban and rural household.

India today is witnessing a paradigm shift owing to a unique convergence of steadfast vision, inclusive growth and deep policy reforms, all intended to positively affect all Indians. The country's focus on infrastructure development, digital transformation, urbanisation and social upliftment backed by demonstration of good governance has been energising. Sustaining its GDP growth, even as there have been global headwinds, India strikes a fine balance between growth and fiscal prudence.

We have built our 22nd Annual Report around key words that we feel best describe the journey our country is taking – with us in lock-step. In the following pages the words – *Balance, Align, Stretch, Rise, Step-up, Strengthen, Pursue, Impact and Uphold* – effectively convey the dynamism and transformation that we are seeing around us. We stay inspired by the nation's sure-footed approach towards what is probably going to be India's game changing decade, balanced by bold and decisive moves to improve the here and now. For each and everyone.

*Total assets under management includes on Balance Sheet Assets, Distressed Assets Credit (ARC Assets), Wealth Management AuA, Asset Management funds under management and Assets under Custody

# TAKING THE BIG LEAP TO SUCCESS

## PERFORMANCE HIGHLIGHTS

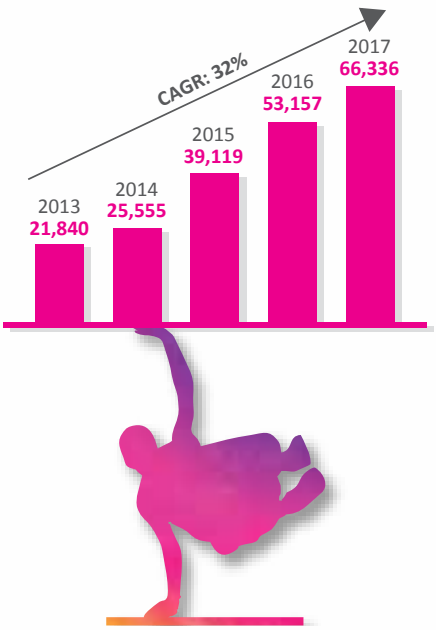
*(In ₹ million except as indicated)*

| Year Ended March 31 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Total Income | 66,336 | 53,157 | 39,119 | 25,555 | 21,840 | 16,707 | 14,289 | 9,778 | 9,005 | 10,888 | 3,718 |
| Total Expenditure | 56,756 | 46,969 | 33,839 | 22,040 | 19,247 | 14,720 | 10,789 | 6,450 | 5,715 | 6,421 | 1,971 |
| Profit Before Tax | 9,580 | 6,188 | 5,280 | 3,515 | 2,593 | 1,987 | 3,500 | 3,328 | 3,290 | 4,467 | 1,747 |
| Tax Expenses | 3,948 | 2,354 | 2,017 | 1,346 | 881 | 681 | 1,031 | 879 | 1,199 | 1,540 | 646 |
| Profit After Tax | 6,093 | 4,144 | 3,287 | 2,202 | 1,785 | 1,277 | 2,330 | 2,292 | 1,864 | 2,732 | 1,099 |
| Paid up Equity Capital | 833 | 814 | 792 | 769 | 719 | 757 | 752 | 375 | 375 | 375 | 45 |
| Net worth* | 52,879 | 43,717 | 35,314 | 32,558 | 26,909 | 28,748 | 25,554 | 24,706 | 23,303 | 23,274 | 7,222 |
| Diluted EPS (₹) (FV ₹1)# | 6.92 | 4.85 | 3.88 | 2.85 | 2.31 | 1.66 | 3.00 | 2.94 | 2.43 | 4.00 | 2.08 |
| BVPS (₹) (FV ₹1)# | 52.00 | 45.14 | 39.92 | 37.57 | 32.13 | 34.80 | 30.56 | 30.04 | 28.21 | 24.65 | 9.36 |

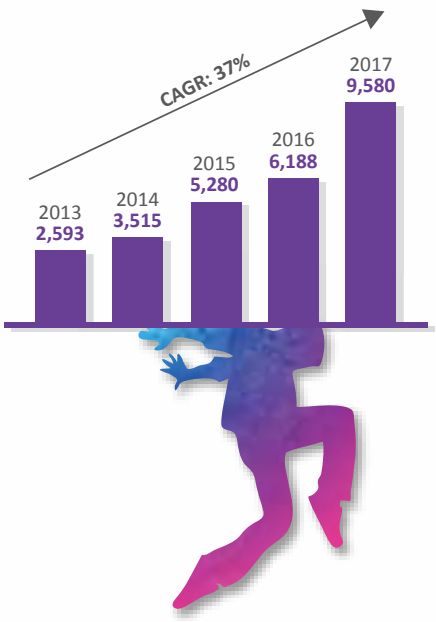
#Adjusted for Corporate Actions  *Net worth including minority  Previous years' figures have been regrouped wherever necessary

## PERFORMANCE HIGHLIGHTS

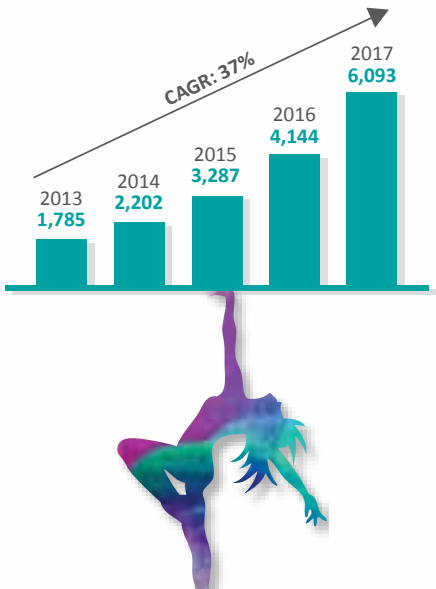
**Total Income (₹ million)**




**Profit Before Tax (₹ million)**

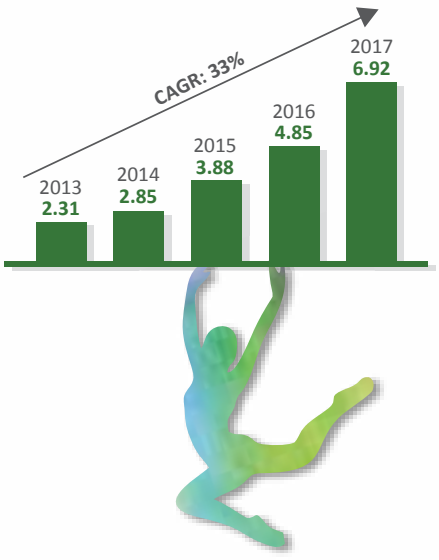



**Profit After Tax (₹ million)**

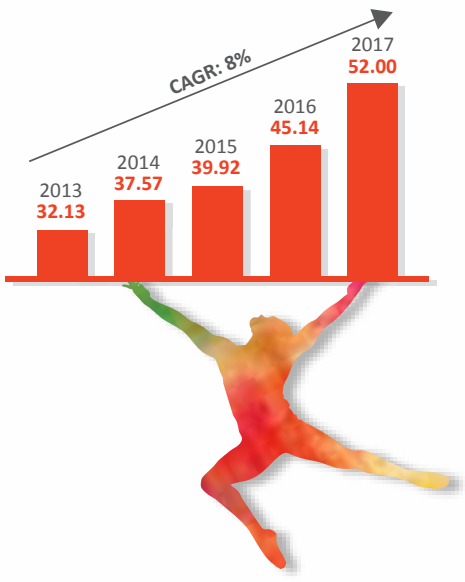


## PERFORMANCE HIGHLIGHTS

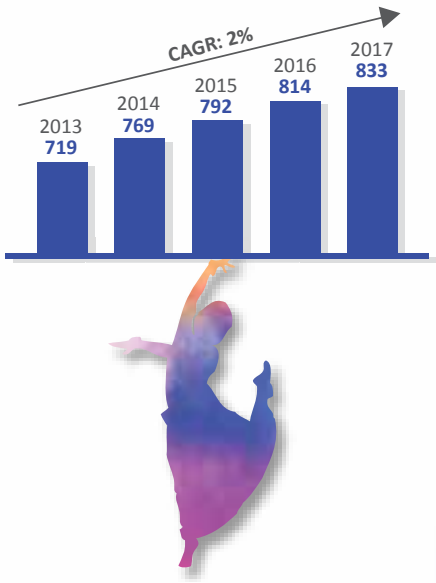
**Diluted Earnings Per Share (₹) (FV ₹1)#**



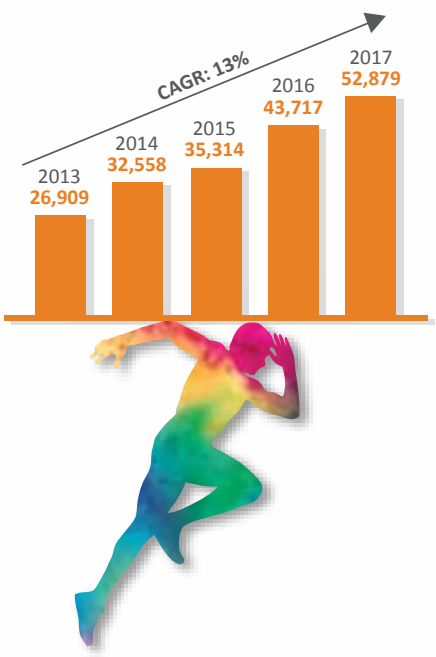

**Book Value Per Share (₹) (FV ₹1)#**



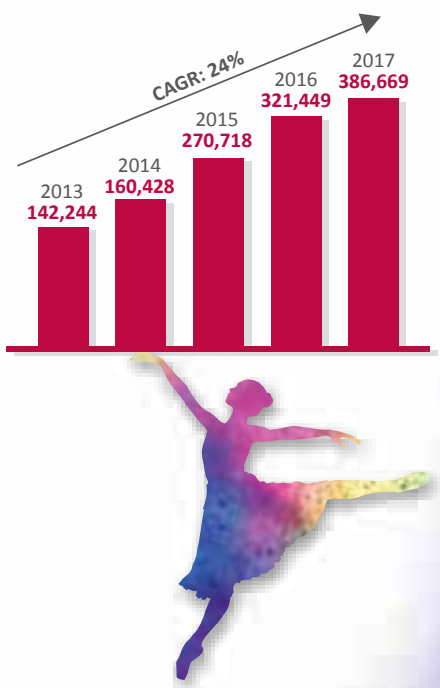

**Paid up Equity Capital (₹ million)**




**Net worth* (₹ million)**




**Balance Sheet Size (₹ million)**



# FY17 HIGHLIGHTS

**TOTAL INCOME**
**₹66,336 MILLION**

**PROFIT AFTER TAX**
**₹6,093 MILLION**

**ROE - EX-INSURANCE**
**20.7%**

**DILUTED EARNINGS PER SHARE (FV ₹1)**
**₹6.92**

**BALANCE SHEET SIZE**
**₹386.67 BILLION**

**ROA - EX-INSURANCE**
**2.4%**

**NET WORTH***
**₹52.88 BILLION**

*Net worth including minority



**GROSS NPLS**
**1.59%**



**NET NPLS**
**0.60%**



**PROVISION COVER**
**(INCL. STD ASSET PROV.)**
**87%**



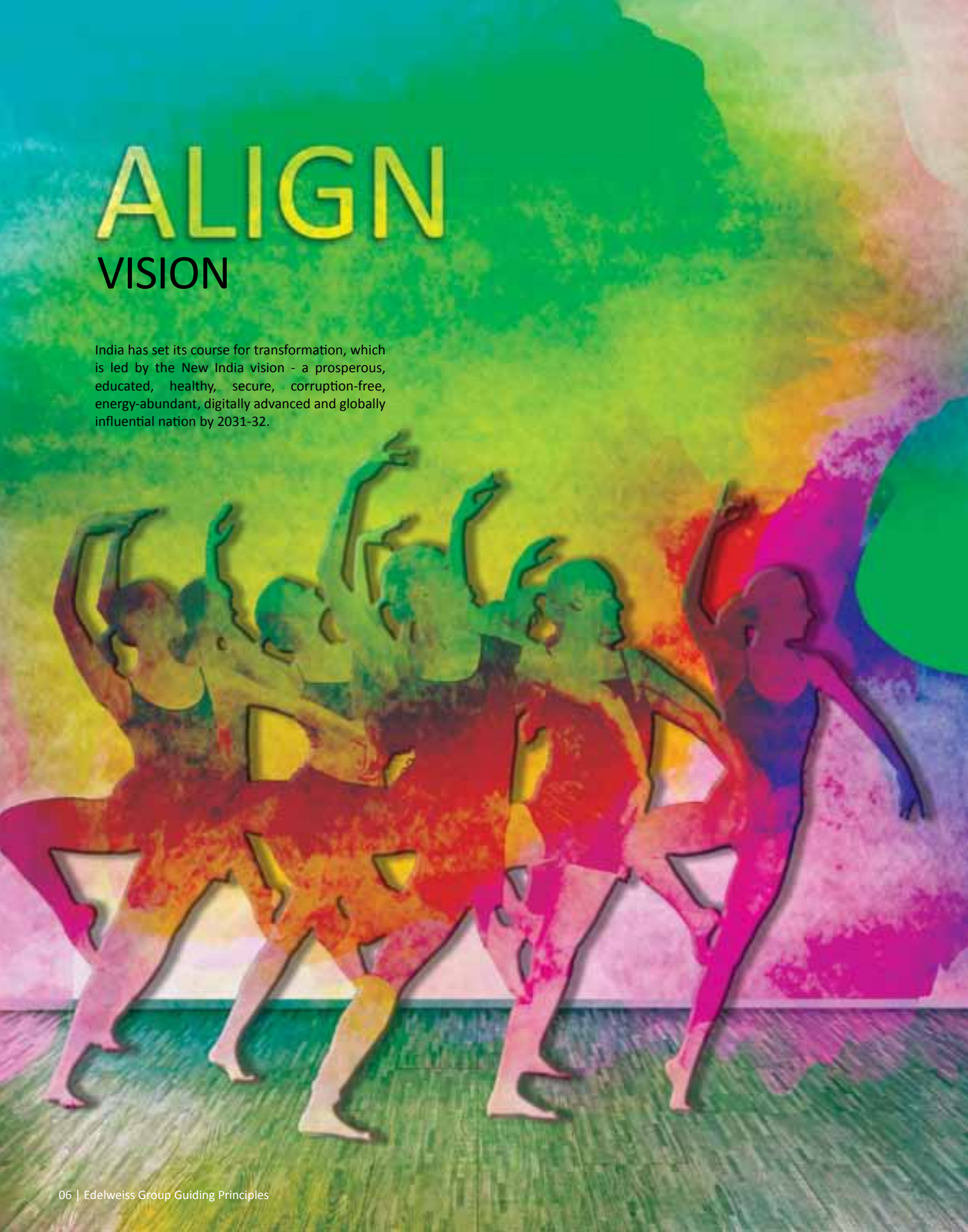
**RETAIL CREDIT PORTFOLIO**
**₹89.51 BILLION**



**TOTAL CREDIT BOOK**
**₹276.08 BILLION**

# ALIGN
## VISION

India has set its course for transformation, which is led by the New India vision - a prosperous, educated, healthy, secure, corruption-free, energy-abundant, digitally advanced and globally influential nation by 2031-32.



# EDELWEISS GROUP GUIDING PRINCIPLES

The Edelweiss guiding principles ensure that each employee is guided by a common vision. Our 13 principles reflect all the values that define us, breathing life into our credo – *Ideas Create, Values Protect*. As our guiding light, they support our vision to be one of the leading and most respected financial services firms in the country. They have aided us in creating value for our stakeholders year after year, while steering our ambition so that we always stay true to our ideals.

### Edelweiss Group: Guiding Principles

1. We will be a **Thinking Organisation**. We will constantly bring 'thought' to everything we do. Our clients' and our own success depend on our ability to use greater ideation and more imagination in our approach
2. We will be **Fair** to our clients, our employees and all stakeholders
3. We will take care of our **People**. Our policies - in spirit and in letter - will ensure transparency and equal opportunity for all. We will go beyond the normal goals of attracting, recruiting, retaining and rewarding fine talent. We will ensure that every individual in Edelweiss has an opportunity to achieve their fullest potential
4. We will operate as a **Partnership**, internally and externally. Though individuals are very often brilliant, we believe teamwork and collaboration will always ensure a better and more balanced organisation. We will also treat our clients as partners and show them the same respect and consideration that we would towards our internal team members
5. We will focus on the **Long-Term**. Though the world will change a lot in the coming years and our assumptions for the future may not hold up, we will reflect on the long-term implications of our actions. Even when making short-term decisions we will be aware of the long-term implications
6. We will focus on **Growth** for our clients, employees and shareholders
7. Our **Reputation and Image** is more important than any financial reward. Reputation is hard to build and even harder to rebuild. Reputation will be impacted by our ability to think for our clients, maintain confidentiality and by our adherence to our value system
8. We will **Obey and Comply** with the rules of the land. We will maintain the highest standard of integrity and honesty. When we are unclear we will seek clarifications
9. We will respect **Risk**. Our business is going to be a constant challenge of balancing risk and reward. Our ability to constantly keep one eye on risk will guide us through this fine balance
10. We will endeavour to grow, protect and use our **Financial Capital** wisely
11. We are defined by the **Experience** our customers have with us. We will strive to make it outstanding at all times
12. We will **Listen** to our customers. Listening is the start of the relationship wherein we understand their needs and fulfil these with the most appropriate products and solutions
13. We recognise that we need to satisfy the **Needs**, sometimes conflicting, of all stakeholders; shareholders who entrust us with their capital, employees who create the organisation, customers who are the reason we exist and society which has given us the resources and opportunity to create value



# RISE
## STEADILY

India is the fastest growing major economy in the world with GDP clocking in at a healthy 7.1%. Benign commodity cycles and rising levels of foreign investment along with a focus on financial discipline and institutional reforms augur well for sustained growth in the years ahead.

# GROWTH AND PROFITABILITY

At Edelweiss, the focus has been on perfecting its bifocal vision to ensure it grows steadily year on year, while, continuing to invest in the diversified platform of scalable businesses. For 5 long years this platform has delivered an impressive PAT CAGR of 37% , without raising any capital at the listed entity level. The Group has also seen the newer businesses, especially Asset & Wealth management and Retail Credit bearing fruit, ensuring the future growth performance is consistent and sustainable.

**Edelweiss Group: Growth Snapshot in FY17**

- 25% growth in revenue at ₹66,336 million (₹53,157 million FY16)
- 47% growth in Profit After Tax (PAT) at ₹6,093 million (₹4,144 million FY16)
- 39% growth in PAT ex-insurance at ₹7,194 million (₹5,188 million FY16)
- 21% increase in Group Gross Net worth at ₹52.88 billion (₹43.72 billion FY16)
- 68% jump in Total Assets managed at ₹1.56 trillion (₹0.93 trillion FY16)
- 15.5% Consolidated Return on Equity (RoE) (12.9% FY16); 20.7% RoE ex-insurance (18.6% FY16)
- 1.7% Consolidated Return on Assets (RoA) (1.3% FY16); 2.4% RoA ex-insurance (1.8% FY16)
- 7.2% Net Interest Margin (NIM) for credit book (6.8% FY16)
- 79% increase in Fee & Commission income at ₹12,481 million (₹6,966 million FY16)

**Business Facts: FY17**

- 38% growth in Total Credit Book at ₹276 billion (₹200 billion FY16) across corporate, retail and distressed asset resolution
- 15% growth in Corporate Credit book at ₹138.75 billion (₹120.88 billion FY16)
- 48% growth in Retail Credit book, which now constitutes 33% of total credit book
- ~28% top line growth in Institutional Equities and Investment Banking
- 264% growth in Assets under Management (AuM) in the total Asset Management business at ₹182 billion (₹50 billion FY16)
- 104% growth in Assets under Advice (AuA) to ₹603 billion in Wealth Management (₹295 billion FY16)
- 42% growth in Gross Premium income at ₹4,413 million (₹3,101 million FY16) recorded by Edelweiss Tokio Life Insurance

# STRETCH HORIZONS



The government and Niti Aayog are focused on first understanding India's structural issues and only then evolving an addressable execution framework with a long-term vision to build scale. From addressing administrative bottlenecks, rationalising laws, simplifying processes, agri reforms and boosting small entrepreneurs, bold and innovative steps are being taken to widen the horizon for India and her people.

# SCALABILITY

As a forward looking organisation, Edelweiss seeks to constantly expand its horizons. FY17 witnessed improved profitability and substantial growth, with each of its businesses increasing in size and scale. Its diverse and growing range of businesses, led by a fast expanding client base across a burgeoning geographical spread are testimony to the focus on building a scalable business model.

Edelweiss's continuous and single-minded focus on first understanding customers' needs and then honing the right financial solutions is driving expansion and scale. Being present in every financial life stage of a customer, helping them create, grow and protect their wealth are Edelweiss's key lines of business i.e. Credit, Franchise and Insurance.

| Credit | Franchise | Insurance |
|---|---|---|
| • Retail Credit | • Wealth Management | • Life Insurance |
| • Corporate Credit | • Asset Management | • General Insurance* |
| • Distressed Asset Resolution | • Capital Markets | |

### Edelweiss Group: 5 year scalability perspective

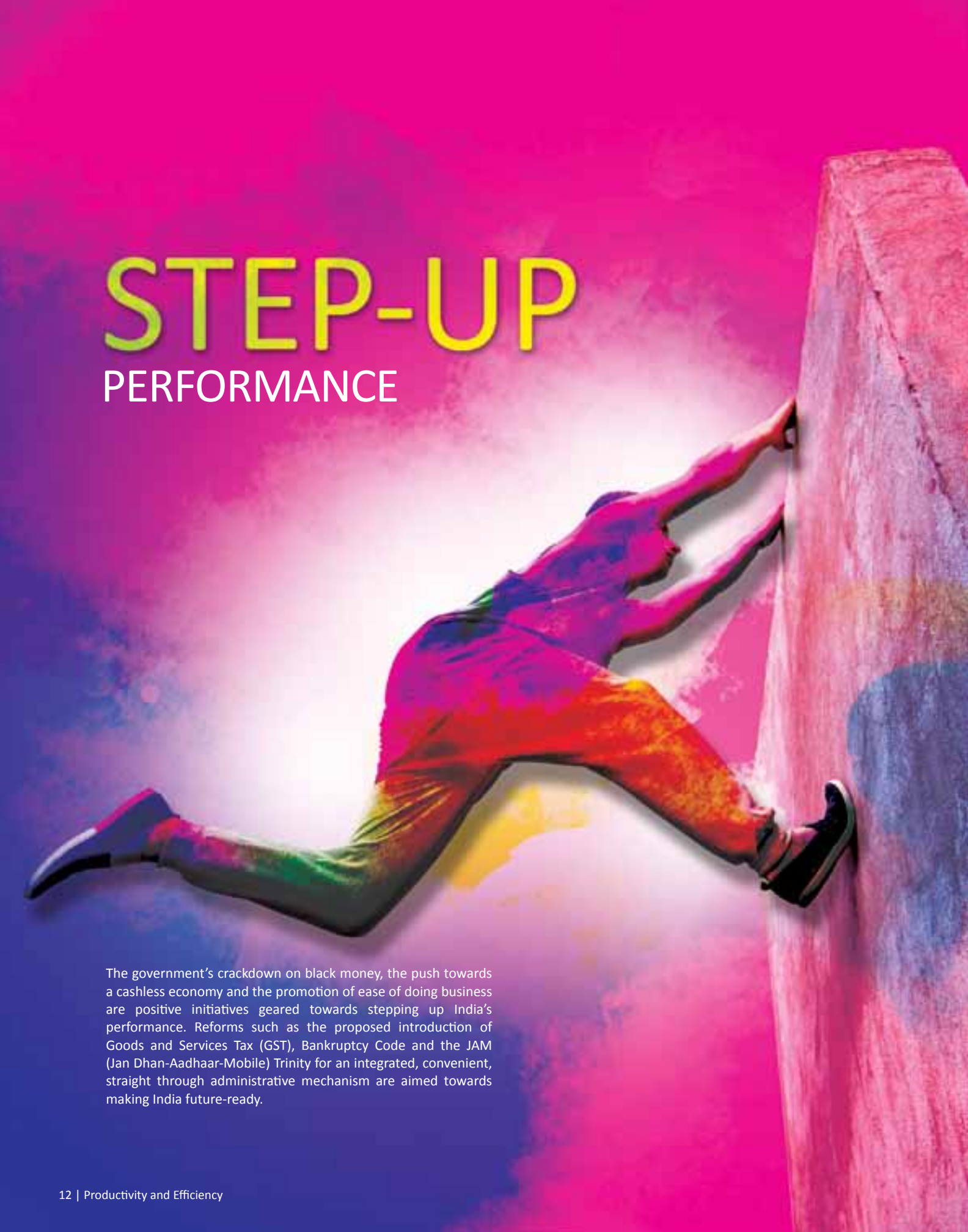
- 37% CAGR in PAT to ₹6,093 million in FY17 (₹1,277 million FY12)
- 54% CAGR in total assets (both on and off balance sheet) at ₹1.56 trillion (₹0.18 trillion FY12)
- 84% increase in Net worth to ₹52.88 billion in FY17 (₹28.75 billion FY12)
- 196% growth in customer base addressing ~1,100,000 clients (3,72,000 in FY12)
- 124% growth in employee strength to 6,972 employees (3,108 in FY12)

### Business Facts: FY17

- Geographic expansion of the Retail Credit Business on track with launch of 60 branches across 55 cities; client base expanded to over 390,000
- Housing finance, SME and Agri Services & Credit Business operates out of 55 cities and ~3100 villages
- Agri Services & Credit business expanded to a network of 435 warehouses with a storage capacity of 1.4 million tonne across 17 states in India
- Wealth Management:
  - Rapidly gaining market share with consistent increase in AuA; ₹300 billion added in FY17
  - Present across the spectrum of client segments- Ultra High Net Worth, High Net Worth and Mass Affluent
- Asset Management completed first closure for three funds (EISAF II, EREF, EROF) garnering AuM of ₹45 billion
- 325% growth in AuM to ₹68 billion in Mutual Fund business with the successful integration of JP Morgan AMC Schemes & Ambit Alpha Fund acquisition
- Investment Banking raised over ₹123 billion through 6 IPOs
- Edelweiss Tokio Life Insurance:
  - ~21,400 Personal Finance Advisors (PFAs) across 66 cities in India
  - Wide pan-India presence - 91 branches in 66 cities
  - Over 45,000 policies issued in FY17

*Awaiting final IRDAI approval

# STEP-UP PERFORMANCE



The government's crackdown on black money, the push towards a cashless economy and the promotion of ease of doing business are positive initiatives geared towards stepping up India's performance. Reforms such as the proposed introduction of Goods and Services Tax (GST), Bankruptcy Code and the JAM (Jan Dhan-Aadhaar-Mobile) Trinity for an integrated, convenient, straight through administrative mechanism are aimed towards making India future-ready.

# PRODUCTIVITY AND EFFICIENCY

Edelweiss's differentiated approach to business, customer centric initiatives, and intelligent investments in people and technology have helped step-up its performance. The Group continues to leverage its balance sheet with an eye to future growth backed by stringent Asset Liability management and a calibrated approach to capital allocation. Ongoing investments in Technology are focused on stringent quality and delivery outcomes leading to greater automation, real time information and error free commitments across the Group.

### Edelweiss Group FY17: 5 year perspective

- Highest Short Term Debt Rating of A1+ and Long -Term Debt Rating at AA by Crisil, CARE and ICRA and AA+ by Brickwork
- RoE ex-insurance increased to 20.7% up from 7% in FY12
- RoA ex-insurance increased to 2.4% up from 1.1% in FY12
- Cost to Income ratio (C/I) ex-insurance improved to 54% from 72% in FY12
- Revenue/employee increased by 77%, while PAT/ employee increased by 112% over FY12
- Leveraged technology to enhance overall efficiency, automating decision-making, enabling Straight Through Processing (STP) and strengthening management reporting

### Business Facts: FY17

- Credit business improved its NIM (including fees) to 7.2% from 6.8% in FY16
- C/I ratio for Credit business improved to 36% from 44% in FY16
- Retail Credit launched a cognitive automated email response engine powered by artificial intelligence
- Agri Services & Credit launched Warehousing ERP System to manage business growth and achieve operational efficiency
- Distressed Assets Resolution business:
  - Established multi-sector advisory board to help implement best practices in portfolio companies
  - Purchased Gross loans of ~ ₹800 billion since inception - ~8% of stressed assets in the Banking sector
- C/I ratio for Franchise businesses improved to 73% from 85% in FY16 as businesses scaled up
- C/I ratio for Wealth Management business improved to 76% from 88% in FY16
- Edelweiss Tokio Life Insurance:
  - Claim settlement ratio improved from 85.1% in FY16 to 93.29% in FY17
  - Over 95% of claims settled within turnaround time (TAT)
  - Persistency Ratio is one of the best in the industry at 72%

# STRENGTHEN
## FOUNDATION



Despite volatility in global financial markets, India has shown resilience compared to other major emerging market economies. Prudent macroeconomic policies and continued progress with regulatory reforms over the last few years have strengthened the economy's foundation, thus preparing it for a sustainable uptrend in growth trajectory.

# GOVERNANCE

While Edelweiss is present across multiple businesses, asset classes and geographies, its rigorous governance structure ensures continuous monitoring and updation of its risk and compliance practices to ensure a secure foundation, one that can quickly address ever-changing dynamic situations. With increasing complexities, different types of risks get intertwined. Understanding this, Edelweiss has established a risk forum with owners of financial and non-financial risk as an additional layer of oversight across the organisation.

### Edelweiss Group: Governance Overview

- 12 member Edelweiss Board of Directors, majority of whom are independent directors and collectively provide Edelweiss Group with over 350 man years of experience
- The Board's deep involvement and diverse skill sets, spanning banking, financial markets, asset & wealth management, policy making, law, finance & accounts, provide invaluable guidance in policy design and strategy
- Major subsidiaries have external oversight through independent directors. Similarly key board committees like audit and remuneration consist almost entirely of independent directors
- Voted **The Best Corporate Governance, India 2016** by London based Capital Finance International Jury twice in three years
- Built a robust proprietary risk reporting and management system with a Risk Control Self Assessment (RCSA) process in place. This is stress tested regularly and undergoes rigorous monitoring via external audit firms
- Rapidly evolved from a four-tier risk framework to a comprehensive eight-tier system that includes business risk, financial risk, liquidity risk, operational risk, regulatory and compliance risk, reputational risk, fraud risk and technology risk
- Conferred the prestigious **Golden Peacock Award for Risk Management** in 2016

### Edelweiss Group FY17

- Over 3900 employees participated in the bi-annual organisation-wide Risk Survey that monitors awareness levels, understanding of policies, processes and responsibilities around risk management
- Over 4700 employees completed 30 business-specific compliance learning and assessment modules across businesses under the ACE online training program
- Security Operations Center (SOC) implemented for IT infrastructure and cyber-security monitoring. Regular awareness and mitigation programs including cyber-attack simulations are run to ensure employees are ever-alert to new age cyber risks

# PURSUE EXCELLENCE



There is visible intent, energy and optimism in announcing initiatives to fast-track clearances and address bottlenecks. The 'Indian Customs Single Window Project', liberalisation of FDI rules, the New Industrial Policy, removal of MRTP restrictions, promoting PSU efficiency, Skill India - all have contributed to bring steady improvement to India's rankings in ease of doing business, reflecting a relentless confidence in pursuing excellence in its quest to become an enviable country to be reckoned with.

# LEADERSHIP

Edelweiss, in its continuous pursuit of excellence, has maintained leadership position across many of its business verticals including Asset Reconstruction and Capital Markets. This improved ranking is also seen in its younger businesses such as Wealth Management, Life Insurance and others. It is this track record that demonstrates the high level of commitment and determination that is the driving force which raises the bar for newer businesses verticals to follow.

**Edelweiss Group FY17**

- Maintained leadership position as India's largest Asset Reconstruction Company and a leading player in Private Debt and special opportunities
- Third largest wealth manager in India in terms of AuA at ₹603 billion*
- Edelweiss Tokio Life Insurance awarded Best Life Insurer by Outlook Money magazine
- Market leaders in Capital Markets with strong performance in both debt and equity

Equity

1. Lead arranger with a 40% market share in the three year period ended March 31, 2017 in the category of IPOs of ₹3.50 billion plus#
2. Retained leadership position in Equity IPO distribution in HNI and Retail categories with 27% market share#
3. Among the largest domestic institutional brokerage houses with ~4% market share and a research coverage of 233 stocks across 28 sectors

Debt

1. No. 1 position with 21% market share in both Commercial Paper issuances and public debt issues distribution#
2. Lead arranger to 96% of the mobilisation via public issue of bonds#

*Credit Suisse Report June 6, 2017
#Prime Database

# IMPACT
## LONG-TERM



India's liberalisation in the early 1990s, set the pace for positive economic reforms, allowing for a palpable impact over the long-term. Similarly, the recent bank reforms, demonetisation and digital India initiatives are aimed at positively impacting India with ample opportunities, rising productivity and a transparent citizen government interface over the long run. This will ensure that as India reaps the benefit of the demographic dividend with increased incomes and consumption, overall growth will remain long-lasting and far-reaching for all its citizens.

# SUSTAINABILITY

Around 6-8 years ago, Edelweiss established several new businesses including retail finance, asset and wealth management, Agri Services & Credit and life insurance. The unwavering dedication towards nurturing all its businesses, until they mature and ultimately bear fruit, remains the hallmark of Edelweiss's long-term strategy and sustained business profitability.

### Edelweiss Group FY17

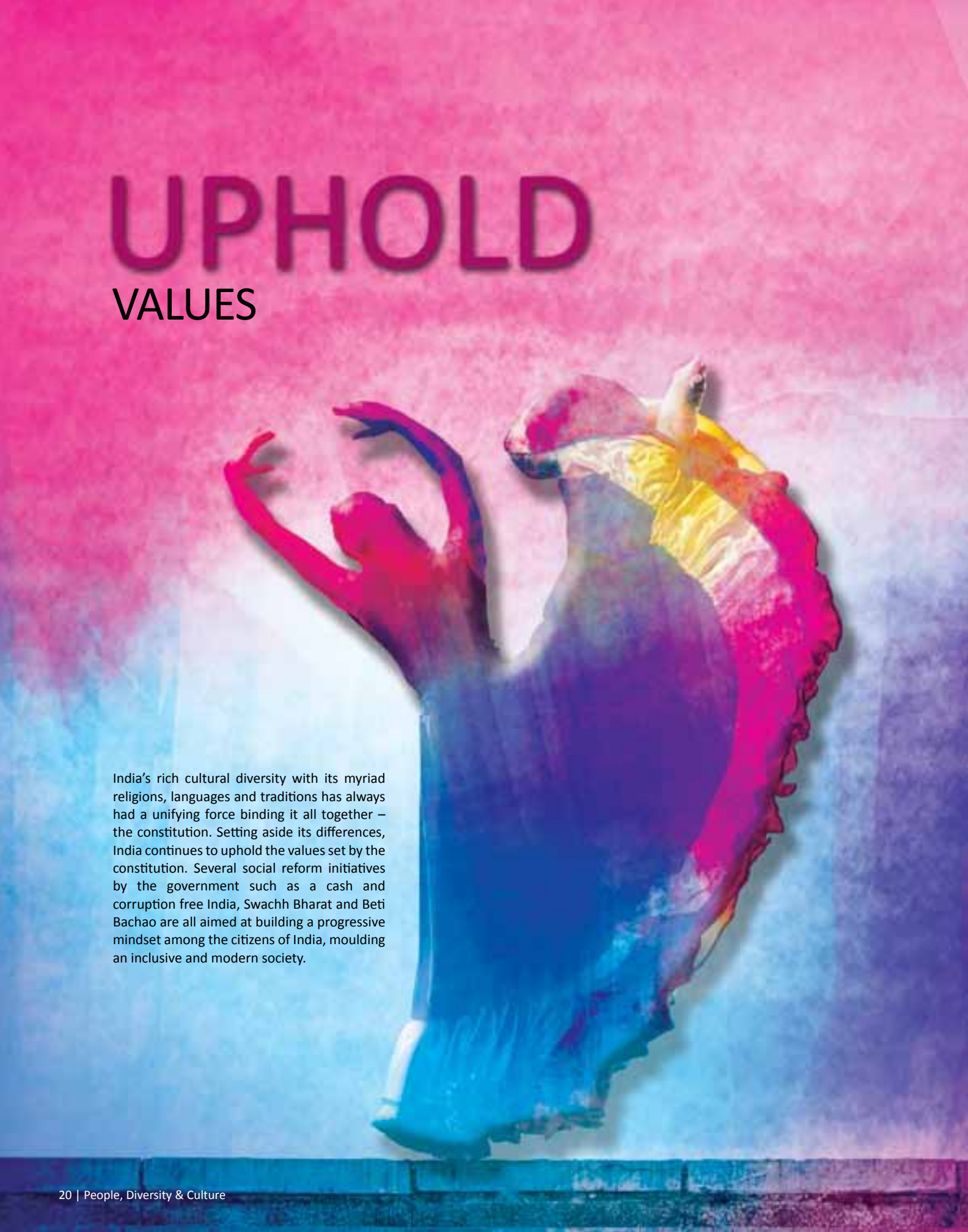
- Diversified revenue and profit streams eliminating the impact of volatility in business cycles
- Matched Asset Liability Management (ALM) across durations
- Comfortable Capital Adequacy Ratio at 17.01% for the Group
- Comfortable Debt to Equity Ratio at 5.2x excluding Treasury Assets
- Liquidity cushion increased to 10.5% of total assets at the end of FY17 through investment in high-quality liquid assets
- Total provision cover for credit book NPLs at 87% including provision on standard assets
- Diversified liabilities mix to reduce dependence on short-term market borrowings
- Maintained strong asset quality with Gross Non-Performing Assets (NPA) at 1.59% and a high collateral cover

### Business Facts: FY17

- Total Credit book grew at a CAGR of 42% since FY12
- Agri Credit business empanelled with 23 banks for Collateral Management Services
- Asset Management:
  - Partnered with Caisse de dépôt et placement du Québec (CDPQ) to jointly invest in private debt opportunities
  - CDPQ has acquired 20% equity stake in Edelweiss Asset Reconstruction Company (EARC)
- Asset management business focused on risk and capital preservation, without compromising on returns
- Edelweiss Tokio Life Insurance's individual Annualised Premium Equivalent grew (APE) at a CAGR of 48% since FY13 compared to 8% for peer set and 3% for industry*

*IRDAI NB report (CAGR Ratio Applied)

# UPHOLD
## VALUES



India's rich cultural diversity with its myriad religions, languages and traditions has always had a unifying force binding it all together – the constitution. Setting aside its differences, India continues to uphold the values set by the constitution. Several social reform initiatives by the government such as a cash and corruption free India, Swachh Bharat and Beti Bachao are all aimed at building a progressive mindset among the citizens of India, moulding an inclusive and modern society.

# PEOPLE, DIVERSITY AND CULTURE

Edelweiss's unrelenting focus on leadership development, employee engagement and cultural integration has helped create a workforce that is empowered and aligned to a unified vision, while upholding its core values.

Its employee base of nearly 7000 people consists of a mix of talent from a diverse pool of financial and non-financial experience and expertise. Edelweiss is also home to entrepreneurs, industry stalwarts and foreign executives. All this, coupled with our unique value-driven culture, helps fuel strategic initiatives and drive business growth.

### Edelweiss Group: A people centric organisation

- Focused endeavour towards shaping next rung of leaders through significant time and resource investments - over 10% of employees engaged in leadership groups at various levels
- A well-defined Leadership Program ensures sharper focus on engagement and development of Edelweiss's high performing talent pool. Structured development interventions for the Managing Committee, Senior Leaders, Business Leaders and Emerging Leaders aid them in their leadership journey at Edelweiss
- Gender diversity is valued with women employees comprising 20% of the total employee pool. Special mentoring programs are conducted, with high-potential female employees being mentored by senior women leaders
- Continuous focus on our high-performing talent via Edelweiss Titans that recognises those employees who are torchbearers for risk management, collaboration, customer centricity, people development, reliability and technology
- Philanthropy continues to be encouraged across the organisation with employees volunteering with EdelGive's NGO partners. Employees, families and clients have dedicated over 22,000 hours to volunteering via EdelGive Foundation
- To commemorate 21 years of Edelweiss, over 3000 employees participated in raising ₹21 million towards causes supported by EdelGive Foundation
- 22% employees are actively engaged and have participated in various club activities organised under the aegis of the EdelHealth Club

# LETTER FROM THE CHAIRMAN

## A REFLECTION ON OUR JOURNEY

| Phase | Year | PAT (₹million) | Revenue (₹million) | Net Worth (₹million) | Book Value Per Share (₹) |
|---|---|---|---|---|---|
| Start of Edelweiss | 1996 | 0.03 | 0.2 | 7 | 0.1 |
| End of Phase 1 Foundation | 2000 | 39 | 85 | 104 | 0.4 |
| Phase 2 Baby Steps | 2004 | 78 | 281 | 342 | 0.9 |
| Phase 3 Joyful Hypergrowth | 2008 | 2,732 | 10,888 | 23,274 | 24.7 |
| Phase 4 Painful Consolidation | 2012 | 1,277 | 16,707 | 28,748 | 34.8 |
| Phase 5 Mature & Balanced Growth | 2016 | 4,144 | 53,157 | 43,717 | 45.1 |
| Start of Phase 6 Gaining Scale | 2017 | 6,093 | 66,336 | 52,879 | 52.0 |

Last year, we talked in detail about the last twenty years of Edelweiss since inception, enunciating on our successes, failures, struggles and learning in each of the 5 phases of our Edelweiss Journey. With FY17 drawing to a close, we have completed the first year of the 6th phase in our journey – a phase we like to call 'Gaining Scale'. In this phase, the focus is on scaling up our existing businesses to a size where we can be amongst the top 5 players in each business. The over-arching philosophy continues to be around building a leading, diversified financial services firm.

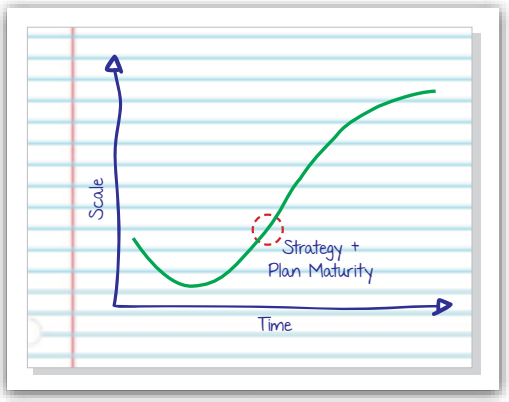
The last phase was a period of mature and balanced growth for Edelweiss. As we seeded and built businesses ground up, we focused on establishing strong foundations in these businesses through investments which could generate benefits for the long-term. In the preceding 6-8 years, we have started a variety of new businesses including retail finance, asset and wealth management, agri-credit and life insurance amongst others.

Some of these businesses were what are, in common parlance, called J-curves. While the gestation period in such businesses is long, the asymmetric pay-off that we earn once these businesses mature provides a sufficiently high return to justify the initial negative returns. We have seen this in multiple businesses over the years, with our asset management business turning profitable in the current year and the wealth management business a few years back.

The defining feature of the current phase would be a disproportionate and exponential growth in scale, as the platform matures for each of these businesses.

> "The greatest shortcoming of the human race is our inability to understand the exponential function."
>
> – Albert Allen Bartlett

This has been our usual approach for all new businesses, where we experiment for some time with various approaches and build up the platform in parallel. Once the strategy is refined enough and we are confident of our business model, we use the mature platform to target faster than market growth.




*Edelweiss business opportunity*

## OVERVIEW ON FY17

In the year gone by, we continued to be amazed by the incredible depth, resilience and determination showed by the Indian economy. Like the global economy, it was another VUCA year in India where volatility abounded, impacted by events like Brexit and election results across the globe as well domestic ones like Demonetisation, surgical strikes at the border and uncertainty around GST and other reforms. Despite all of this, the economy still grew at a healthy 7.1%, one of the fastest across the world and head and shoulders above peers of comparable size.

At Edelweiss, we had another growth year with strong performance despite the external challenges.

- Our Profit after Tax (PAT) was up 47% YoY to ₹6,093 million while our Ex-Insurance PAT for FY17 was ₹7,194 million, a growth of 39% YoY
- As a result of the strong PAT growth, our Ex-Insurance RoE has crossed 20% for the full year for the first time, standing at 20.7% in FY17

**Non-linear growth through On and Off-balance sheet assets**

The growth in profit was non-linear as the 47% growth in PAT was contrasted by only a 20% growth in on-balance sheet assets. The strong profit growth was driven by a much higher (93%) growth in off-balance sheet assets.

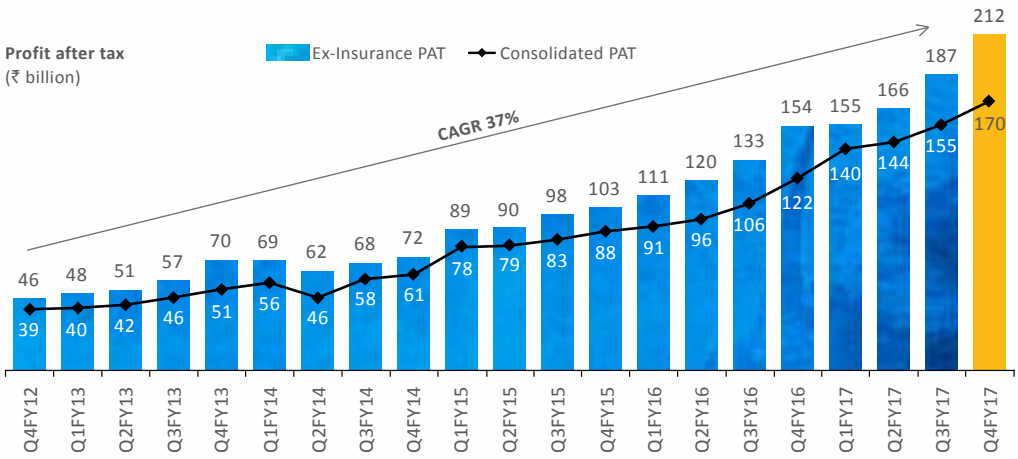
On-balance sheet assets provide us with stability, predictable linear growth and a sizable asset base. At the same time, off-balance sheet assets provide us with intellectual capital and drive the expansion in our profitability ratios. The scale up in these off-balance sheet assets has driven the growth in our franchise businesses, which have grown substantially in FY17.

While our off-balance sheet assets continued to grow, in parallel we focused on strengthening our balance sheet. This was achieved by a mixture of equity investment by Caisse de dépôt et placement du Québec (CDPQ) in Edelweiss Asset Reconstruction Company as well as improvement on the debt side, through a larger share of long-term debt, while reducing debt funding costs at the same time.

| ₹ billion | FY16 | FY17 | YoY Growth |
|---|---|---|---|
| On-Balance Sheet Assets | 321 | 387 | 20% |
| Off-Balance Sheet Assets | 609 | 1,179 | 93% |
| Assets Under Advice (Wealth Management) | 295 | 603 | 104% |
| Funds Under Management (Asset Management) | 50 | 182 | 264% |
| Distressed Credit (ARC Assets) | 252 | 347 | 38% |
| Assets Under Custody | 12 | 47 | 292% |
| Total Assets | 930 | 1,566 | 68% |

**Balanced, Sustainable Long-Term growth**

With another four quarters of strong growth, we have continued our upward PAT trajectory, which now translates to a CAGR of 37% over the last 20 quarters. This sustained and consistent trend has been driven by our diversified financial services model, which is similar to a Bank.




**Diversification is the best form of Risk Management**

Our diversified businesses give us the opportunity to leverage several parallel growth opportunities, while at the same time providing significant risk mitigation through reallocation of resources as per the prevailing environment. We have built this model over several years to reach a stage where we can call ourselves truly well-diversified. In FY17 our profit was well distributed across segments, with Corporate and Retail Credit together contributing 52% of our profit, distressed credit contributing 13%, wealth management and asset management together contributing 10%, capital markets contributing 15% and the balance 10% being contributed by Balance Sheet Management Unit and other since discontinued businesses.

Going forward, we expect the relative contribution from our retail credit business to rise as we:

- Scale up our retail franchise
- See Incremental growth in wholesale and distressed credit move towards the fund structure

This movement, along with the organic growth in wealth and asset management should also drive an increase in the contribution of franchise businesses to the overall profit pool.

| Business Segments | % PAT Contribution |
|---|---|
| **Credit Business** | |
| Structured Collateralised Credit | 15% |
| Wholesale Mortgage | 22% |
| Retail Mortgage | 6% |
| LAS, SME, Agri and others | 9% |
| Distressed Credit | 13% |
| | |
| **Franchise Business** | |
| Wealth Management & Asset Management | 10% |
| Capital Markets | 15% |
| | |
| **BMU, Corp and Others** | 10% |
| **Total Ex-Insurance** | **100%** |

**Making the Core stronger!**

Qualitatively, it was a great year for Edelweiss. We strengthened our back-end, scaled up enterprise functions and improved on our systems and processes.

### Risk Management

Our risk management function, which is amongst the best in financial services, was recognised by the industry with the Golden Peacock Award. Our risk management approach is contingent on answering two key questions – "Is it worth it?" and "Can we afford it?" Answers to these two questions, in effect, determine our entire risk management framework and have served us well over the years.

We have always maintained that we will at all times respect risk and going forward, we will be even more watchful, even more risk conscious and even more prudent in our approach.

### Ideas Create, Values Protect

Our prudent risk management approach will be chaperoned by our focus on the key tenets and guiding principles which have helped us reach where we are today. We will abide by our motto of 'Ideas Create, Values Protect'. For us, ideas are like the accelerator which propels us forward. However, if unchecked, this acceleration can cause a serious accident. That is where our values come in. Values are like the brakes to our Ideas, helping moderate our movement so that we do not go too fast and get our fingers burnt. Our values are also what have helped us define our approach to being a good social citizen in addition to being a good corporate citizen.

### EdelGive

Through EdelGive, we have established a platform to fund outstanding grassroots organisations across India as well as build their organisational capacity to grow and scale. Our employees contribute their time to delivering projects in strengthening functional areas in NGOs pro-bono and this along with their financial contribution saw 75% of our employees engaged with EdelGive during FY17. Our efforts in this direction have been appreciated with multiple awards across CNBC TV18 Financial Inclusion Award and the FICCI CSR Awards.

### Culture

> "Culture eats strategy for breakfast."

– Peter Drucker

At Edelweiss, we have always strongly believed in the veracity of Mr. Drucker's words. We were always clear that we wanted to build an organisational culture that revolved around ownership and collaboration. Today, we are proud to see the results of the journey we have traversed in building such a culture. By giving independence and ownership to our senior people, we have built a great track record of developing businesses and leaders. Most of our business heads have been with us for at least 10 years now, taking responsibility of multiple businesses through their careers and scaling them up to what we see of Edelweiss today.

## BUSINESS PERSPECTIVE

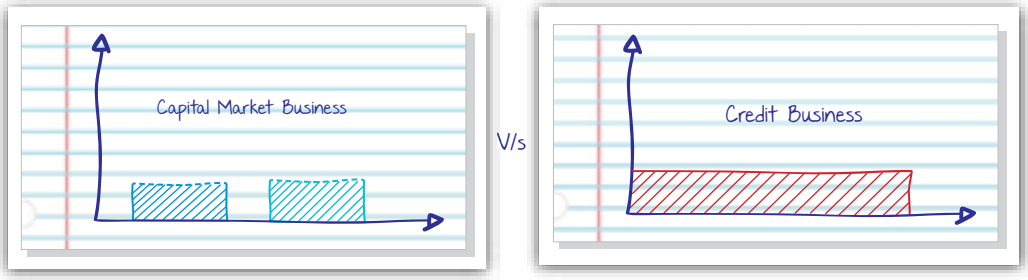
Our businesses are broadly divided into Credit, Franchise and Insurance. Within each of these, we have a variety of business units which together comprise of a product suite that can fulfil the financial aspirations and demands of a vast spectrum of the Indian populace. These businesses have continued their strong performance this year, with robust growth in both credit and the franchise verticals. The insurance vertical continues to be a long-term value creator and is on track for our break-even target of FY22.

## CREDIT

When I think about the origins of our credit business, I circle back to a quote that I heard just before we entered into the Credit business, a quote that resonates with me till date.

> "Capital Markets is a weekday business but Credit is a weekend business."

Effectively, you earn money in a credit business 24x7x365!




## CREATING CREDIT NICHES

Our philosophy around our credit business has been to identify niche areas which are not significantly attractive for banks owing to their size. We then work towards building credit books of around ₹80 - 100 billion in these segments. Building 8-10 such niches could easily help us create a credit book of nearly ₹1,000 billion. Not only has this helped us scale up our credit book with strong underlying profitability; it has also given us the flexibility to quickly alter the mix of our credit book based on the credit cycle.

| As on March'17 | Book Size (₹ billion) | % Share |
|---|---|---|
| **Corporate Credit** | **139** | **50%** |
| Structured Collateralised Credit | 68 | 24% |
| Wholesale Mortgage | 71 | 26% |
| **Retail Credit** | **89** | **33%** |
| Retail Mortgage | 36 | 13% |
| SME & Business Loans | 21 | 8% |
| Loan against shares | 29 | 8% |
| Agri and Rural Finance | 9 | 3% |
| **Distressed Credit** | **48** | **17%** |
| **Total Credit Book** | **276** | |

### 1. Corporate Credit

- Comprises of Structured Collateralised Credit and Wholesale Mortgage
- Outstanding book stands close to ₹140 billion
- PAT of ₹2,878 million in FY17; YoY growth of 26%
- RoE of 18.2% and RoA of 2.2% in FY17

**Underwriting & Collateralisation**

The key in a corporate credit business is to keep the credit cost to a minimum. Having seen a few credit cycles in the wholesale credit industry, we have continuously evolved our underwriting mechanisms to ensure a robust credit-appraisal and monitoring system. In addition to our superior underwriting standards, our corporate credit book is well collateralised with a cover exceeding 2x.

**Move towards fund structure**

At the same time, we remain cognizant of the need to have books of manageable scale. Therefore, going forward, the wholesale book will see growth coming from the asset management model as the incremental growth moves towards the fund structure. This will also

help us do deals of much larger size as we free up capital on the credit side to build up the retail book.

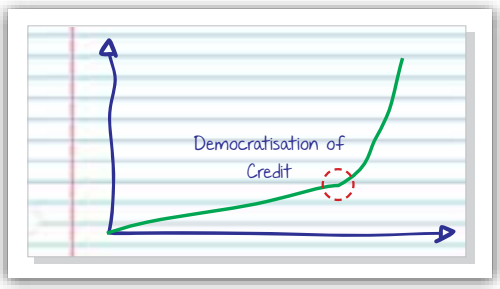
### 2. Retail Credit

- Retail credit book of ~₹90 billion in March 2017
- PAT of ₹1,220 million; 68% YoY growth
- RoE of 16.0%
- Awarded the Best NBFC Award (runner-up) at the MSME Banking & NBFC Excellence Awards

Despite the presence of a significant number of players, retail credit continues to be under-penetrated in India, be it mortgages, SME, agri-credit or microfinance. This is set to change going forward driven by a variety of factors. The primary amongst these is the 'democratisation of credit'

***Democratisation of Credit***

- Credit, today, is concentrated with large borrowers – more than 50% of the outstanding credit is to the top 50 borrowers in the country
- However, increasingly, we are witnessing the democratisation of credit as it becomes easier and safer to extend credit to individual borrowers
- This democratisation is being driven by the improvement in credit underwriting mechanisms for such retail borrowers with a wealth of information now available to lenders, including information on payments, utility bills, online spends, etc.
- This data aggregation has been accentuated through additional information coming from agencies like CIBIL




● *Availability of customer information*

Overlaying all of this is the government's **Digitisation** push through the JAM trinity. By creating a digital identity in the form of Aadhaar and linking bank accounts under Jan Dhan Yojana, the government has taken a major step not only towards financial inclusion but also towards creating a digital financial footprint for the entire population. This should further aid the democratisation of credit, creating truly efficient credit markets with a more equitable uptake of credit. Within Edelweiss, we are leveraging technology in our retail credit business to –

i. Improve customer experience
ii. Reduce operating costs
iii. Enhance objectivity in decision making

**SME opportunity**

With the India growth story that will play over the next few years, incremental demand for credit, particularly from SMEs will rise significantly. The growth will be driven by tier-2 and tier-3 cities as the expanding economy provides more opportunities for potential entrepreneurs to set up new businesses in the smaller towns. Having established a steady business model around SME credit, particularly focused on these entrepreneurs, we have a robust expansion plan charted out, which will see our SME presence increase significantly over the next few years. Going forward, we expect SME credit to be a major part of our retail credit book.

### 3. Distressed Credit

- Largest player in distressed credit with Assets Under Management (AUM) touching nearly ₹400 billion
- PAT of ₹974 million in FY17, a YoY growth of 76%, with a healthy RoE of 22.5%
- Investment by CDPQ – leading and highly respected Canadian pension fund

**LP-GP model**

The beautiful part about an Asset Reconstruction Company (ARC) is that you have two different revenue streams – it is like the ARC is both a Limited Partner (LP) and General Partner (GP) rolled into one. For instance, in a 15:85 model, if you acquire an asset for ₹100 million, you put ₹15 million of your own money and issue Security Receipts (SRs) for the balance ₹85 million to the bank. Effectively, the ARC and the Bank are 15-85 LP partners in the asset.

But the ARC is also the GP in the asset since it manages the asset. On this GP part, the ARC receives the fee, economic interest and the carry incentive. The economics for the pure LP is around 8-10% while you make a further 10-12% on the GP part, accruing overall returns of around 20% on the capital deployed.

**Edelweiss expertise**

The distressed credit business focuses on buying operating assets which are financially broken. With our expertise in financial turnaround and the ability to provide capital through bridge loans, priority funding, etc., we aim to provide working capital to these companies and get them back on track. At the same time, we have focused on building our turnaround and resolution expertise, creating an expert advisory board of leaders from across sectors like steel, power and infrastructure to help us implement best practices in our portfolio companies.

## FRANCHISE BUSINESSES

Our franchise business consists of our wealth management, asset management and capital markets business. Since these businesses are not capital intensive, the key in these businesses is to build a strong foundation based on meeting customer needs backed by a validated business model. The focus after that is on scaling up the business rapidly.

| Amount in ₹million | Wealth Mgmt | Asset Mgmt | Capital Market | Total |
|---|---|---|---|---|
| Net Revenue | 4,527 | 517 | 5,557 | 10,601 |
| Profit After Tax | 709 | 72 | 1,145 | 1,926 |
| Cost to Income Ratio | 76% | 80% | 69% | 73% |

**Scale Benefits**

The franchise businesses of asset and wealth management are strongly impacted by economies of scale. Our cost to income in these businesses is still on the higher side currently because we are investing in building scale in a large and constantly growing opportunity. On a long-term basis, we expect the Cost to Income ratio to come down to around 50%, at which point, these businesses will be highly profitable. With the absence of capital requirement, they will provide a significant ROE kicker to the Edelweiss Group profitability.

### 1. Wealth Management

The growing opportunity in wealth management is driven by two key factors –

a. Growing affluence and rising disposable income

b. Shift from bank savings towards other financial instruments

**Double boost to growth**

The advantage with running a business like wealth management is that while we of course witness organic growth by acquiring new clients and enhanced investments from existing clients, the market-linked nature of the business ensures that Assets Under Advice (AuA) automatically increase with the rise in the market. We thus get a double growth booster on such businesses, resulting in a faster growth trajectory compared to other non-market linked businesses.

**Gaining Scale**

AuA for our wealth management business have seen strong growth this year doubling from ~₹300 billion in March 2016 to ~₹600 billion in March 2017. Our wealth management business is a prime example of the exponential growth we are starting to witness in Edelweiss. AuA has grown 7x over the last 3 years. As a result of this growth, we are now the third largest wealth managers in the country.

A major reason for this augmented growth is that we are constantly investing in hiring people. Over the next two years, we will continue to hire, open new branches and acquire more clients. With an increasing number of Indian retail investors getting comfortable with having advisors and wealth managers, we see the opportunity space expanding rapidly and will continue to invest in the business to gain market share.

### 2. Asset Management

- Added more than ₹130 billion to the AuM – AuM of ₹182 billion in March 2017
- Over the last three years alone, AUM has increased from ₹29 billion to ₹182 billion – a growth of more than 6x!
- Acquisition of onshore schemes of JP

Morgan Asset Management India as well as the Ambit Alpha Fund added ₹45 billion to the AUM

- Completed first close for three funds during the year which added a further ₹45 billion

**Private Debt taking off in India**

- The current allocation of global investors to India is less than 1%
- This is expected to increase significantly driven by a conducive macroeconomic environment
- At the same time, the requirement for non-bank, non capital market credit is rising as bank credit dries up and corporate bond market continues to be underpenetrated
- Foreign funds are entering the private debt market in India in recent times
- We are amongst the pioneers in private debt in India – which will help us become a significant intermediary and benefit from substantial investment flows over the next decade

At the same time, the market for mutual funds and alternatives is also expanding with the financialisation of assets. The mutual funds market space has immense scope for growth and we have built a robust platform which is ready to form the backbone to another phase of rapid growth. In the alternatives space, which is the fastest growing category in public markets, we are amongst the market leaders and will continue to differentiate ourselves with our investment expertise and strong coverage.

### 3. Capital Markets

- All-round growth across Institutional Equities (IE), Investment Banking (IB) & Fixed Income Advisory
- Scale-up in the newer businesses like Financial Products Distribution, Prime Broking and Forex
- Market leaders in public debt issues and Commercial Paper issuances
- Awarded the Best Equity Capital Markets House and the Best Broker Award at the Finance Asia Country Awards 2016

## INSURANCE

Our focus on long-term value creation in our Life Insurance business has borne fruit. Edelweiss Tokio Life Insurance (ETLI) continues to be one of the best performers among its peer set with efficiency parameters matching the best in industry. The focus in Life Insurance has been on an agency-led, multi-channel distribution approach with emphasis on enhanced productivity. At the same time, we are also focusing on building a direct capability through a digital approach to selling life insurance. This is at a nascent stage but we hope to provide a differentiated solution to customers which should add to our value proposition.

- Our Individual APE continues to grow rapidly and is among the fastest growing in its peer set
- We have also improved on our claims ratio to 93% in FY17, compared to 85% in FY16
- Awarded the Best Life Insurer Award at the Outlook Money Awards

## RANDOM MUSINGS

In Edelweiss, we have tried to think through every aspect of our business in a way which is simple, yet comprehensive. Whether it is identifying and acting on business drivers, building a strong core in the form of enterprise functions or even our provisioning policies, we have discussed and deliberated extensively on these internally and in the process, arrived at certain ideas which have become native to us. This section on random musings is an avenue to discuss some of these ideas.

**Loss Given Default v/s Gross NPA**

There has been a lot of talk recently about the NPA situation and the high Gross NPA (GNPA) for banks in India. The hype around these numbers has spooked many investors with predictions of an extended overhang of the situation. This got us thinking on the appropriateness of GNPA as an indicator of asset quality. A high GNPA ratio is an indicator of the deficiencies in the loan approval and underwriting process of the financial institution. However, GNPA is not really the true assessment of the health of a bank and the strength of its balance sheet going forward. To truly estimate the potential financial hit the bank will take, Loss Given Default (LGD) is a more comprehensive and appropriate measure. LGD is the share of a loan that is lost when a borrower defaults. This will, of course, vary

depending on the kind of loan and the extent of collateralisation. For example, average LGD for a home loan is much lower compared to the average LGD for a corporate loan.

A provisioning policy based on LGD will alleviate investor concerns to a large extent. To be clear, an LGD-based provisioning policy will not make stressed assets go away. That is an occupational hazard for any lender and must be guarded against with stronger underwriting, detailed credit appraisal and adequate collateralisation. However, what such a policy will do is remove the uncertainty around the actual stressed assets situation and allow investors to analyse the future with a higher degree of comfort and confidence.

**Building a business**

Over the years, a key question we have often been asked by different people is what does it take to build a sustainable business. Having engaged in trying to build sustainable and quality businesses over the last 21 years, we have realised that building a business involves the management of 4 key vectors:

**1. Cost**

> If you buy things you do not need, soon you will have to sell things you need.

– Warren Buffet

Managing costs is not about cutting costs. It is, in fact, about calibrating costs to ensure that necessary spending for the present is supported by investing for the future. At Edelweiss, we have always tried to invest 10-15% of our pre-tax profit on future businesses and opportunities. This has helped us build businesses like wealth and asset management to such scale today.

**2. People**

> Management is nothing more than motivating other people.

– Lee Laccoca

If there is one resource that makes or breaks an organisation, it has to be its people. Everything else is manageable, be it capital, risk, etc., but what really sets apart good companies from great companies are the human capital. At Edelweiss, we have been lucky to have worked with people who have not only proved to be valuable assets in driving our business and enterprise functions but equally adept at helping extend our core focus on people management to their own leadership teams.

**3. Risk**

> Never test the depth of river with both feet.

– Warren Buffet

Like Mr Buffet, we truly believe in the importance of managing risk and treading carefully. Risk management has been core to Edelweiss since we began our journey. What we have constantly focused on in Edelweiss is not to build on risk as only a function but as a part of every individual's core guiding philosophy. By embedding risk management into the culture of the organisation, we have tried to ensure that the first line of defence starts from each individual.

**4. Customers**

> The goal as a company is to have customer service that is not just the best but legendary.

– Sam Walton

While managing customers seems a very basic hygiene factor, it is surprising how many organisations give such little thought to it. However, organisations across the world are now realising the importance of 'customer obsession'. At Edelweiss, we have also increasingly enhanced our focus on customers with three new guiding principles added to our original list of ten, each of them focusing on customers.

In our view, as long as these four parameters are well-managed, building a quality business should come about naturally. There will of course be a variety of other variables but eventually, they assimilate into one of the above four factors.

## LOOKING TO FY18

In FY18, while the global economic environment will continue to be challenging, India will be a bright spot with strong, sustained GDP growth. The reforms undertaken over the course of last year will have a far-reaching and long-lasting impact. Initiatives like demonetisation and the proposed rollout of GST are likely to transform the Indian economic landscape. While we may witness short-term volatility, the long-term trend continues to be upward – as I often say, *"India is a great movie to watch but might not be a good picture to see"*.

Within Edelweiss, we are well-geared to take advantage of the opportunity. Our retail businesses are starting to gain traction and our franchise businesses have also built significant size and scale. The creation of a strong turnaround unit in the distressed credit business will add to our market leadership and differentiate us further. Both our wealth management and asset management businesses are expected to continue their strong performance next year. At the same time, our life insurance business will continue to grow faster than the industry and on-track for long-term value creation.

With the strong performance in FY17 and the internal targets we have set for FY18, we are well on our way to achieving the FY20 targets we have set for ourselves, focusing on a Consolidated RoE of 18% and an Ex-Insurance RoE of 22%. This will be driven by an annual PAT growth of 25-35% over the next three years and a reduction in Ex-Insurance Cost to Income Ratio to below 50%, along with a scale up in retail credit, which we are targeting to constitute at least 50% of our overall credit book by 2020.

## LOOKING TO THE FUTURE

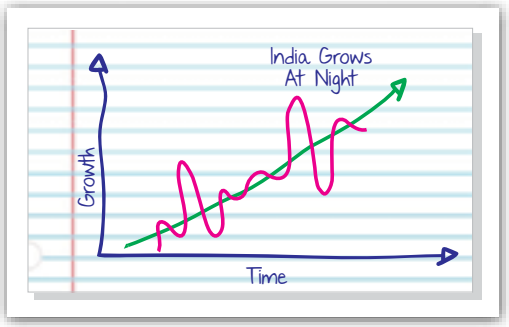
Despite the strong growth in the Indian economy, we continue to face intermittent challenges due to both Global and Indian factors. A lot of investors, domestic and especially foreign, often come and ask us about how India will handle all these challenges. We ask them to look back at India over the last 25 years – we faced a variety of 'negative' events, be it the Harshad Mehta scam, Kargil War, Parliament Attack, 2G spectrum allocation issue, Coalgate, and others. But it is also true that in those 25 years, the market index Sensex grew ~30x from 1,000 to 30,000 and rising and the economy ~8x from US$275 billion to $2,300 billion. It is, therefore, important to look at India from two concurrent perspectives – a bifocal vision, so to say.

**Bifocal Vision**

When I say **Bifocal Vision**, I refer to using two lenses while looking at India –

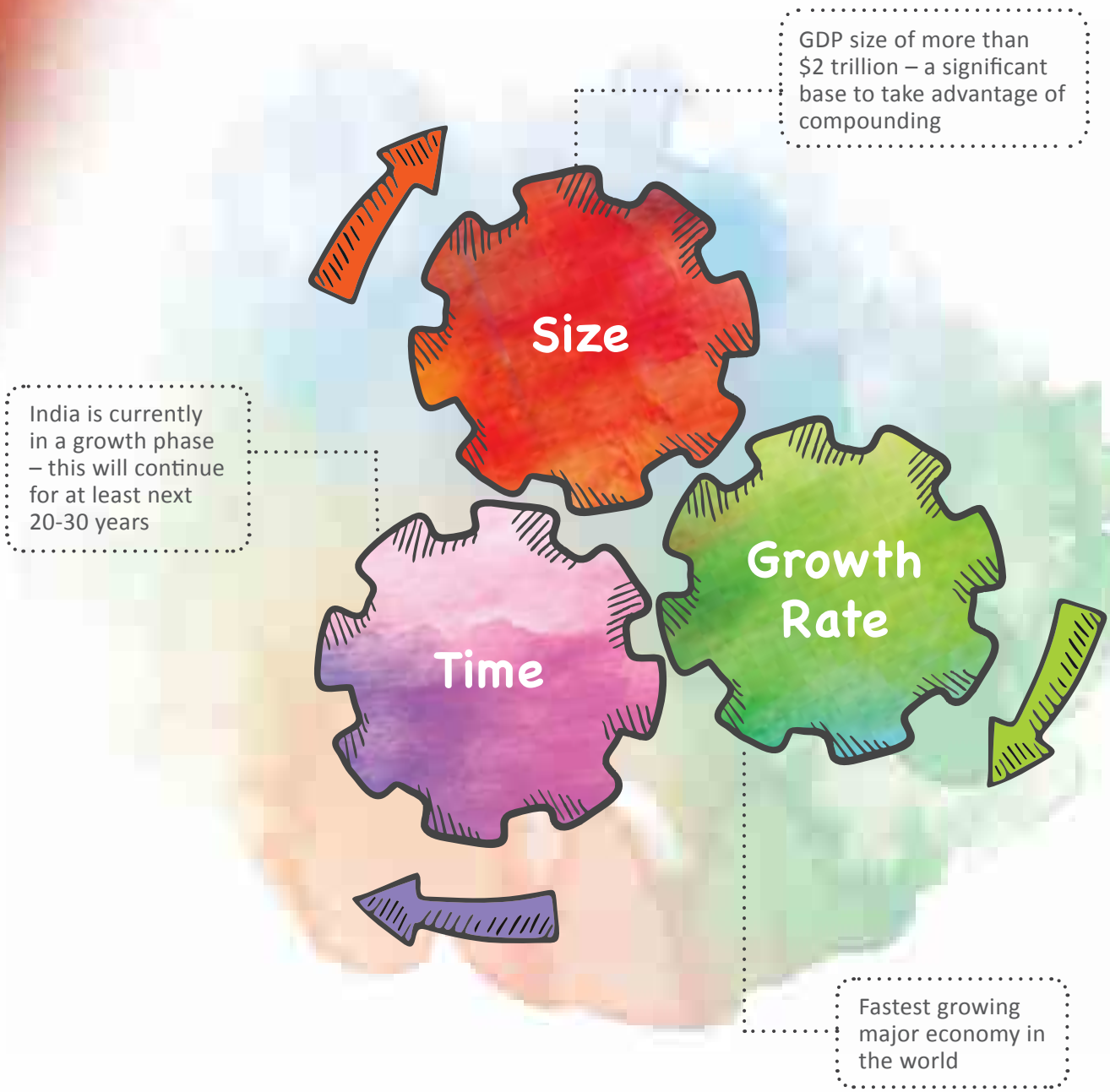
- The first one focuses on the short-term situation that persists and
- the second one at the long-term prospects of the country

In the short-term, it might seem like there are a host of problems plaguing us, limiting our ability to grow. But fact of the matter is, we are still one of the fastest growing economies in the world! We often tell people, just because we don't see it on a daily basis in front of eyes, it doesn't mean we are not growing. We continue to grow and because a lot of it isn't tangible on a daily basis, it wouldn't be amiss to say that **India Grows At Night!**




- India's long-term story continues to be extremely bullish, driven by the effect of compounding
- We are at the cross-roads of a substantial compounding effect with all three factors (Size of Economy, Rate of Growth and Time for which this Rate will continue) in India's favour
- We envisage a $5 trillion economy by 2025 and a potentially $20 trillion economy by 2040, by which time we will be behind only USA and China!

This incredible growth will drive expansion across sectors, including financial services. Currently, there is a huge untapped potential in financial




services in India. The credit and deposit base in rupee terms has been doubling every 4-5 years in India over the last two decades. At the same time, there is significant headroom for growth going forward, seeing that a large part of the market is still under penetrated. Few key trends will drive this growth in financial services –

i. Privatisation of credit
ii. Democratisation of credit
iii. Shift towards financial assets
iv. Increasing affluence
v. Rising insurance penetration
vi. Increasing capital markets participation

We expect to see –

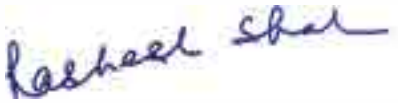
- Credit (as % of GDP) increase from 70% to 100-120%
- Mutual Fund AUM (as % of GDP) increase from 8% to 20-25%
- Insurance Premium (as % of GDP) increase from 3% to 5-7%

This will have a domino effect on most of our businesses since we cover almost the entire spectrum of financial services. Further, our current size in each of our business leaves ample runway to continue to aim for exponential growth going forward, having already established, what I would call 'escape velocity' in most of these.

As we have built Edelweiss over the last 21 years, I have realised that running a business is like running a marathon – it is not about completing one run of 42 km but about completing a 1 km run 42 times! We are only at the halfway mark yet, having completed 21 years recently. The first half marathon has been a wonderful journey of mostly ups and a few downs. We remain as thankful for the ups as we are for the downs, which have taught us some of our best life lessons.

We hope to imbibe these lessons in our journey ahead, while continuing to do the things we have done well till now. We have a long, winding journey ahead of us. There would, of course, be challenges and roadblocks, many of them unanticipated. However, like we have done so far, we will continue to move forward in our aim to create a quality organisation defined by its excellence in risk management and obsession towards customer experience..

Yours Sincerely



Rashesh Shah
Chairman & CEO

# EDELGIVE FOUNDATION

EdelGive Foundation was established in 2008 with the vision to build a strong, efficient and high-impact social sector for a better India. It provides financial grants and raises funds for its NGO partners and supports them with non-financial capacity building.

The Foundation follows a research-based approach while sourcing credible non-profits. Investment decisions are based on thorough due diligence of target beneficiary needs, aspects of sustainability and programme impact analysis.

EdelGive's mission is to leverage the capacity and capital of the for-profit world to equip and enable the social sector to achieve a greater impact on the lives of the marginalised communities in India.

### The Foundation's approach

EdelGive funds programmes of exceptional grassroots organisations that are doing path-breaking work for social development in Education, Livelihood and Women Empowerment across 13 states in India. In 2016-17 alone, EdelGive committed grants to 52 NGOs and influenced commitments of nearly ₹340 million into the philanthropic sector.

EdelGive's work encompasses the following:

**Education**

- Ensuring quality education for the most disadvantaged children
- Building support systems to prevent dropouts
- Facilitating policy for educational equity
- Creating a child-friendly environment
- Quality learning opportunities for the girl child

**Livelihood**

- Enhancing employability and skills
- Providing vocational guidance
- Raising awareness for government entitlements through rights and advocacy
- Promoting sustainable agricultural practices in rural areas to raise income
- Improving the availability of water for livelihood



*Organic agriculture practitioners from KMVS felicitated during Ratanmahal mandli's AGM at Bor village*

**Women Empowerment**

- Women's safety and protection from violence and discrimination
- Promotion of social and economical leadership among women
- Financial literacy & women entrepreneurship
- Socio-legal support

### Growth over the years

EdelGive has grown by adopting a venture capital approach to philanthropy in order to maximise impact. Over the last decade, EdelGive has influenced over ₹940 million into social development, partnered with more than 130 NGOs, impacted more than four lakh lives, and provided pro bono support of 22,000 hours of skilled volunteering.

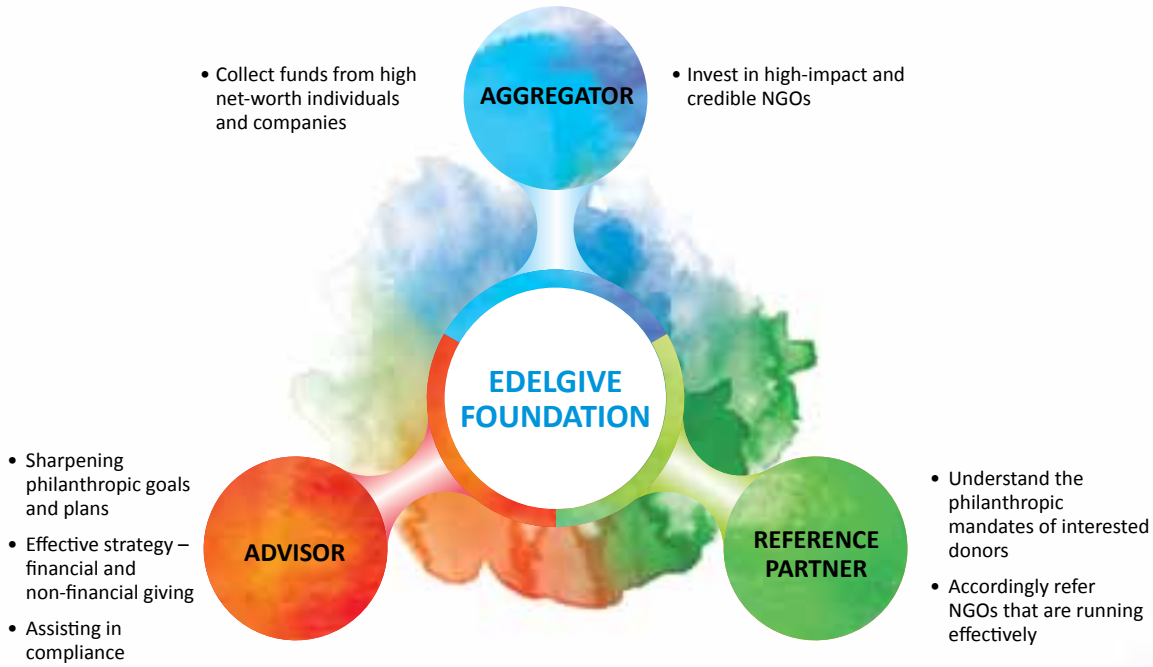
### Partnerships

EdelGive believes in collaborative philanthropy at all levels in order to produce maximum impact. Over the above influenced commitment, an advisory of individual and institutional donors collaborate with EdelGive in three ways –

- Untied financial contribution to EdelGive
- Co-funding programs jointly with EdelGive
- Financial support to NGOs directly through Philanthropic Advisory Platform

***The Foundation is registered u/s* 135 of the Companies Act & u/s 80G and hence eligible to receive foreign funds under FCRA rules.**

*For companies and foundations seeking to donate to eminent NGOs, EdelGive provides a zero profit platform of due diligence, monitoring and capacity building of NGOs. Every rupee is passed on directly to our NGO partners.*



## Highlights

### EdelGive Coalition for transforming Education (ECE)

ECE is a collaboration with the Department of School Education and Sports, Government of Maharashtra under Pragat Shaikshanik Maharashtra (PSM).



*EdelGive Coalition for transforming Education (ECE) – Asst. Teacher Mr. Navgire encouraging student learning through Group activity, ZP Primary School, Ramn*

EdelGive is the anchor funder and brings together the four stakeholders viz. funders, government, NGOs and the community. The partnership involves a consortium of key funders, the government's education machinery through the entire district and two experienced and highly respected implementing partners. This effort is an intrinsic part of EdelGive's belief that solving complex social problems at a systemic level and scale requires collaboration amongst various agencies to bring about a positive change in backward areas.

This coalition aims to identify and disseminate best practices to improve learning outcomes of children (Class 1 to 7), that can be integrated into the government system using the constructivism approach. Work has begun with four Special Focus districts of Maharashtra – Amravati, Gadchiroli, Nandurbar and Parbhani. Through this journey, we envisage an atmosphere of collaborative funding, continuous learning and strategic refinement.

### Genpact Social Impact Fellowship

The Genpact Social Impact Fellowship (GSIF) in partnership with EdelGive Foundation is a highly selective one year fellowship program. Genpact Social Impact Fellows were entrusted with the responsibility of creating an ecosystem within NGOs that promotes continuous improvement, enables large-scale social impact and delivers quality education to underprivileged children. The Fellowship programme draws its strength and benefits from the level of expertise of the Fellows in process excellence and helps in building capacity of the NGOs.

Genpact needed to structure a programme which would help in building the capacity of the NGOs with six sigma expertise. EdelGive Foundation worked for six months with teams from Genpact, KPMG, EY and teams at Edelweiss to enable programme delivery.

EdelGive Foundation served as a facilitator and guide to GSIF and ensured smooth execution to enhance impact. Through a rigorous process, a total of seven Fellows were selected and placed at three NGOs – Teach For India, Udayan Care and Kaivalya Education Foundation. These Fellows work at the NGO offices to help the organisation.

For collaboration, EdelGive hosts the following forums –

**EDGE:** An engagement platform that invites all our partners and attempts to understand the challenges faced by them. It facilitates discussion, deliberation and insight sharing. Such cross-learning gives an EDGE to our partners to be ahead of issues and challenges. It aids in addressing the real-life challenges that we face as stakeholders in the development process.



*EdelGive Foundation with its NGO partners at EDGE 2016*

**At The Same Table:** A platform for donors and philanthropists to come together for an open discussion on issues that concern our society. This no strings attached, open and free speech forum encourages debates on core themes and results in some rich learning.

**Employee Engagement and Capacity Building:**

EdelGive has a structured Engagement Programme through which 70% of Edelweiss employees were engaged in more than 14 cities and 20 branches for our volunteering efforts. Cumulatively, since its inception, Edelweiss employees have contributed 22,000 hours of pro-bono support. In 2016, 13 senior Edelweiss employees contributed strategic inputs dedicating over 100 hours, while 50 other employees clocked 800 hours towards capacity building and direct volunteering projects.



*Employee Engagement tree plantation at Jawhar*

**Its Giving Platform for Employees:** enables fund raising internally through various campaigns, events and the Systematic Donation Plan (SDP). Employees of Edelweiss have been our enablers, contributing generously through time and skill commitments for the benefit of NGOs sourced by EdelGive. In 2016, more than 3000 employees and Edelweiss Ecosystem helped raise ₹21 million for social causes.

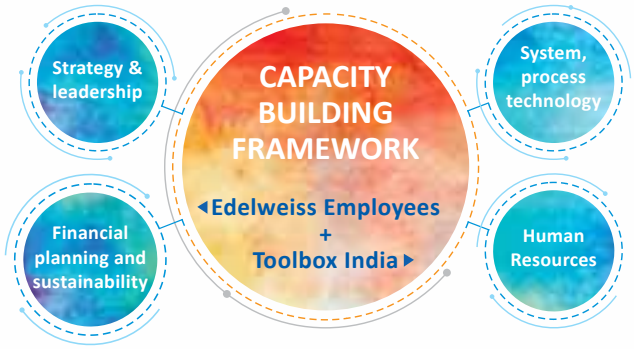
The Foundation also hosts Quarterly EdelGive Leadership League Talks, a platform for Edelweiss employees to engage with iconic leaders in the social sector. This year we had eminent personalities in the sector such as Pranil Naik - Founder LeapForWord, Flavia Agnes - Founder Majlis and Srikanth Viswanathan - CEO, Janaagraha who interacted with the employees.

EdelGive Foundation works in collaboration with ToolBox India, a phenomenal organisation that helps build capacity of NGOs to do better and bigger work. Capacity building solutions are also provided to NGO partners through an extremely well-curated connection facilitated by EdelGive between employees of Edelweiss and the NGOs.

Employees donate their time and skills to fill in the organisational gaps of the NGOs. They are encouraged to work with the NGO to develop efficient long-term solutions.

EdelGive focuses on four essential needs that it believes are critical to all organisations –

- Strategy and leadership
- Financial planning and sustainability
- Systems, process technology
- Human Resources




**2016-17 was a big year for EdelGive**

EdelGive recognised for its efforts towards optimally channelising CSR Budgets
CNBC TV18 Financial Inclusion Awards 2016

Winner of the 'FICCI CSR Awards 2015-16' under the Category of Women Empowerment

'10 Top corporate for Employee Engagement' by iVolunteer awards

# BOARD OF DIRECTORS

**Mr. Rashesh Shah - *Chairman, Managing Director & CEO***

Mr. Rashesh Shah, Co-founder of the Company, has over 26 years of diverse experience in the financial markets sector. He has been instrumental in building Edelweiss into one of India's leading diversified financial services conglomerates. He was recently appointed as Senior Vice President of FICCI, and also serves as Chairman of Maharashtra State Council of FICCI and is a member of the Directors Forum of the FICCI Center for Corporate Governance. Previously he was on the Executive Committee of the NSE as well as on the Securities and Exchange Board of India (SEBI) committee to review Insider Trading Regulations. He is an MBA from IIM, Ahmedabad, and a Diploma in International Trade from the Indian Institute of Foreign Trade, New Delhi.

**Mr. Venkatchalam Ramaswamy - *Executive Director***

Mr. Venkatchalam Ramaswamy, Co-founder of the Company, has over 25 years of experience in the financial markets. He currently is widely recognised as one of India's finest deal makers. He co-heads two of the Group's most strategic businesses – Distress Assets & Resolution Business and Global Asset Management, while continuing to play a mentorship role with the Edelweiss Investment Banking business. Under his guidance, the Edelweiss Global Asset Management team has been able to build one of the fastest growing Multi category Alternative Asset Management businesses in India. He is an MBA from the University of Pittsburgh, USA and also a Bachelor's Degree in Electronics Engineering.

**Mr. Himanshu Kaji - *Executive Director and Group COO***

Mr. Himanshu Kaji has over 30 years of experience in the financial services sector, bringing in vital expertise and is involved in strategy development and implementation. At Edelweiss, he is responsible for the overall functioning of Global Risk, Finance & Accounts, Resources, Digital Initiatives, Business Solutions, Governance, Compliance, Operations, Technology & Information Security, Legal, Administration, and Corporate Controls functions of the Group. He is also a member of the Secondary Market Advisory Committee of SEBI and the Trading Member Advisory Committee of NSE. In the past, Mr. Himanshu Kaji has served on the Board of BSE and played a key role in the overhaul of the Exchange contributing largely to the demutualisation and corporatisation of BSE. He is a qualified Chartered Accountant with a postgraduate Diploma in Securities Law.

**Mr. Rujan Panjwani - *Executive Director***

Mr. Rujan Panjwani has almost three decades of experience in the financial services industry across all asset classes. Over the last 17 years at Edelweiss, he has played a key role in setting up several businesses and functions for the Group including Asset Management, Credit, Group Treasury and the Balance Sheet unit. He is currently a member of the Assets & Liabilities Committee, which primarily manages the Group's balance sheet, and the Global Risk Committee, the highest decision-making body at Edelweiss on risk-related issues. He is also responsible for strategic initiatives and leadership development. He holds a Bachelor's degree in Electrical Engineering from Manipal Institute of Technology.

**Ms. Vidya Shah - *Non Executive Director***

Ms. Vidya Shah, CEO of EdelGive Foundation, spent the first 11 years of her career in investment banking with companies like ICICI, Peregrine and NM Rothschild in Mumbai, where she advised corporations in capital raising and M&A transactions. She joined Edelweiss in 2000 and was the Chief Financial Officer of the Company. She has also overseen important functions such as Human Resources and Administration. At present, Ms. Vidya Shah is responsible for the philanthropic activities of the Edelweiss Group. She is also on the Boards of various non-profit organisations. She is an MBA from IIM, Ahmedabad.

**Mr. P. N. Venkatachalam - *Independent Director***
Mr. P. N. Venkatachalam has wide experience in the banking and finance verticals. He joined State Bank of India in 1967 and retired in 2004 as its Managing Director. Mr. Venkatachalam was a member of the Interim Pension Fund Regulatory Authority of India. He holds a Master's Degree in Economics and is a Certified Associate from the Indian Institute of Bankers.

**Mr. Berjis Desai - *Independent Director***
Mr. Berjis Desai retired as Managing Partner of J. Sagar Associates, one of India's leading law firms. He is now an independent legal counsel engaged in Private Client Practice viz. Taxation and Estate Planning, Family Arrangement and Resolutions, Will etc. Mr. Berjis Desai serves on the Boards of various companies. He holds a Master's Degree in Law from the University of Cambridge, UK.

**Mr. Sanjiv Misra - *Independent Director***
Mr. Sanjiv Misra is the Chairman of the Asia Pacific Advisory Board of Apollo Management. He is also President of Phoenix Advisers Pte Ltd., a consulting and principal investing firm. He spent his career at Goldman Sachs and Citigroup. Mr. Sanjiv Misra is an MBA from IIM Ahmedabad and Master of Management from the J. L. Kellogg Graduate School of Management.

**Mr. Sunil Mitra - *Independent Director***
Mr. Sunil Mitra has held diverse positions with the Government of India, such as Disinvestment Secretary, Revenue Secretary & Finance Secretary. In his stint with the Ministry of Finance, Government of India, he was engaged in designing significant tax reforms. As a part of the West Bengal Government, he was responsible for designing and implementing widespread policy reforms in the state-owned public-sector enterprises. He graduated from the 1975 batch of the Indian Administrative Service.

**Mr. Navtej S. Nandra - *Independent Director***
Mr. Navtej S. Nandra is a distinguished Visiting Fellow at the National University of Singapore. He also serves on the Boards of the Centre for Governance, Institutions and Organisations, and the Centre for Asset Management Research & Investments. Mr. Navtej S. Nandra has been CEO of Morgan Stanley Investment Management Ltd., and also served on the Boards of Morgan Stanley Huaxin Fund Management Company, Morgan Stanley International Ltd., and Morgan Stanley & Co. International plc. His career includes senior roles at DTZ Holdings, Merrill Lynch Global Wealth Management, Merrill Lynch Global Investment Banking, the Cambridge Group Inc., and Booz Allen and Hamilton Inc. He is an MBA from IIM Ahmedabad.

**Mr. Kunnasagaran Chinniah - *Independent Director***
Mr. Kunnasagaran Chinniah retired in 2013 as the Managing Director, Global Head of Portfolio, Strategy & Risk Group with GIC Special Investments (GIC SI), the Private Equity arm of the Government of Singapore Investment Corporation (GIC). He joined GIC in 1989 and had held various positions with the Special Investments Department in their North American, European and Asian regions. Mr. Kunnasagaran Chinniah is presently a Director of Changi Airport International, Keppel Infrastructure Trust and several other companies. He is a Chartered Financial Analyst and his other academic qualifications include an MBA from the University of California, Berkeley.

**Mr. Biswamohan Mahapatra - *Independent Director***
Mr. Biswamohan Mahapatra retired as an Executive Director of Reserve Bank of India (RBI) in August 2014. At RBI, he handled areas/functions of banking regulation, policy and supervision. Post retirement, he was an Advisor to RBI on new bank licensing process. He has also represented RBI at various national and international forums and has chaired RBI committees. He has been involved in the formulation of Basel II and Basel III norms, and serves on the Boards of various companies. Mr. Biswamohan Mahapatra was also the Member – Secretary to the Committee set up to introduce financial holding company in India. He completed his Master of Science in Management (MSM) from Arthur D. Little Management Education Institute, Cambridge and MBA from the University of Delhi.

# COMPANY INFORMATION

### Board of Directors

Rashesh Shah

Venkatchalam Ramaswamy

Himanshu Kaji

Rujan Panjwani

Vidya Shah

P. N. Venkatachalam

Berjis Desai

Sanjiv Misra

Sunil Mitra

Navtej S. Nandra

Kunnasagaran Chinniah

Biswamohan Mahapatra

### Chief Financial Officer

S. Ranganathan

### Company Secretary

B. Renganathan

### Statutory Auditors

B S R & Associates LLP

### Registered Office

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

### Registrar & Share Transfer Agent

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

### Edelweiss Presence

277 own offices across
127 cities covering
~1.1 million clients

### Bankers

- Abu Dhabi Commercial Bank
- Allahabad Bank
- Andhra Bank
- Axis Bank
- Bank of Baroda
- Bank of India
- Bank of Maharashtra
- Barclays Bank
- Bandhan Bank
- Canara Bank
- Catholic Syrian Bank
- Central Bank of India
- CITI Bank N.A.
- Corporation Bank
- DBS Bank
- DCB Bank
- Dena Bank
- Federal Bank
- HDFC Bank
- ICICI Bank
- IDBI Bank
- Indian Bank
- IndusInd Bank
- Karnataka Bank
- Karur Vysya Bank
- Kotak Mahindra Bank
- Lakshmi Vilas Bank
- Maybank Indonesia
- National Housing Bank
- Oriental Bank of Commerce
- Punjab & Sind Bank
- Punjab National Bank
- RBL Bank
- SIDBI
- South Indian Bank
- Standard Chartered Bank
- State Bank of Bikaner & Jaipur
- State Bank of Hyderabad
- State Bank of India
- State Bank of Mauritius
- State Bank of Patiala
- State Bank of Travancore
- Syndicate Bank
- Tamilnad Mercantile Bank
- UCO Bank
- Union Bank of India
- United Bank of India
- Vijaya Bank
- Yes Bank

### Debenture Trustees

AXIS Trustee Services Limited
2nd Floor 'E', Axis House, Bombay Dyeing Mills Compound,
Pandurang Budhkar Marg, Mumbai, Maharashtra - 400 025.
Tel: +91 22 2425 5206 Fax: +91 22 2425 4200
Email: debenturetrustee@axistrustee.com,
bondtrustee@axistrustee.com
Website: www.axistrustee.com

IDBI Trusteeship Services Limited
Asian Building, Ground Floor, 17. R. Kamani Marg,
Ballard Estate, Mumbai, Maharashtra - 400 001.
Phone: +91 22 4080 7000 Fax: +91 22 6631 1776
Email: itsl@idbitrustee.com
Website: www.idbitrustee.com

SBICAP Trustee Company Limited
Apeejay House, 6th Floor, 3, Dinshaw Wachha Road,
Churchgate, Mumbai, Maharashtra - 400 020.
Tel: +91 22 4302 5555 Fax: +91 22 4302 5500
Email: corporate@sbicaptrustee.com
Website: www.sbicaptrustee.com

## MAJOR CITIES:

### Domestic

- Agra
- Ahmedabad
- Ajmer
- Aligarh
- Allahabad
- Ambala
- Amritsar
- Anand
- Aurangabad
- Bengaluru
- Bhavnagar
- Bhillai
- Bhopal
- Bhubaneshwar
- Bilaspur
- Chandigarh
- Chennai
- Coimbatore
- Cuttack
- Dehradun
- Dhanbad
- Erode
- Ghaziabad
- Gorakhpur
- Gurgaon
- Guwahati
- Hyderabad
- Indore
- Jabalpur
- Jaipur
- Jalandhar
- Jammu
- Jamnagar
- Jamshedpur
- Jodhpur
- Junagadh
- Kanpur
- Karnal
- Kochi
- Kolhapur
- Kolkata
- Kottayam
- Kurnool
- Lucknow
- Ludhiana
- Madurai
- Mangalore
- Meerut
- Mehsana
- Mumbai
- Muzaffarpur
- Mysore
- Nagpur
- Nashik
- Navi Mumbai
- New Delhi
- Noida
- Panipat
- Panjim
- Patiala
- Patna
- Pondicherry
- Pune
- Raipur
- Rajkot
- Ranchi
- Rourkela
- Saharanpur
- Salem
- Secunderabad
- Shimla
- Siliguri
- Silvassa
- Surat
- Thane
- Thanjavur
- Tirunelveli
- Tirupathi
- Tirupur
- Trichy
- Trivandrum
- Udaipur
- Vadodara
- Vapi
- Varanasi
- Vellore
- Vijayawada
- Vizag
- Warrangal

### International

- Dubai
- Hong Kong
- Mauritius
- New York
- Singapore
- Turkey
- United Kingdom

# BOARD'S REPORT

To the Members of Edelweiss Financial Services Limited,

The Directors hereby present their 22nd Annual Report on the business, operations and state of affairs of the Company together with the audited financial statement for the year ended March 31, 2017:

## FINANCIAL HIGHLIGHTS

### I. Consolidated Financial Performance:

(₹ in million)

| | 2016-17 | 2015-16 |
|---|---|---|
| **Total Income** | 66,335.97 | 53,157.35 |
| Total Expenditure | 56,756.32 | 46,969.18 |
| **Profit before tax** | 9,579.65 | 6,188.17 |
| Provision for tax | 3,947.28 | 2,353.78 |
| **Profit after tax** | 5,632.37 | 3,834.39 |
| Add: Share of Minority Interest | 460.69 | 309.44 |
| **Profit for the year after Minority Interest** | 6,093.06 | 4,143.83 |
| Add: Surplus brought forward from previous year | 11,179.08 | 10,833.72 |
| Add/(Less): Effect of changes in Group's interest | (310.52) | 441.83 |
| **Profit available for appropriation** | 16,961.62 | 15,419.38 |
| Less: Appropriations | | |
| Interim Dividend on Equity Shares | 832.21 | 1,019.26 |
| Dividend on Preference Shares | 82.88 | 84.09 |
| Transfer to Reserves | 2,784.53 | 2,919.92 |
| Dividend Distribution Tax | 227.22 | 217.03 |
| **Surplus carried to the Balance Sheet** | 13,034.78 | 11,179.08 |
| Earnings per equity share (Face Value – ₹1/-) | | |
| Basic (₹) | 7.26 | 5.01 |
| Diluted (₹) | 6.92 | 4.85 |

### II. Standalone Financial Performance of Edelweiss Financial Services Limited:

(₹ in million)

| | 2016-17 | 2015-16 |
|---|---|---|
| **Total Income** | 4,504.65 | 3,383.41 |
| Total Expenditure | 3,068.76 | 1,533.45 |
| **Profit before tax** | 1,435.89 | 1,849.96 |
| Provision for tax | 145.83 | 294.02 |
| **Profit after tax** | 1,290.06 | 1,555.94 |
| Add: Surplus brought forward from previous year | 982.61 | 481.25 |
| **Profit available for appropriation** | 2,272.67 | 2,037.19 |
| Less: Appropriations | | |
| Interim Dividend | 832.21 | 1,019.26 |
| Dividend Distribution Tax | 4.13 | 35.32 |
| **Surplus carried to the Balance Sheet** | 1,436.33 | 982.61 |
| Earnings per equity share (Face Value – ₹1/-) | | |
| Basic (₹) | 1.56 | 1.93 |
| Diluted (₹) | 1.49 | 1.87 |

## DIVIDEND

During the year under review, your Directors declared and paid an interim dividend of ₹1/- per share (on the face value of ₹1 each). The total outlay on account of interim dividend (including Dividend Distribution Tax) was ₹836.34 million. The Board has recommended a final dividend of ₹0.30 per share (on the face value of ₹1 each) for the financial year ended March 31, 2017. This would entail a payout of ₹300.61 million including Dividend Distribution Tax.

The payment of the final dividend is subject to declaration by the members at the ensuing Annual General Meeting (AGM) and shall be paid to those members whose names appear in the Register of Members of the Company as on July 24, 2017. The Register of Members and the share transfer books will remain closed from July 24, 2017 to August 1, 2017 both days inclusive. The AGM of the Company is scheduled to be held on August 2, 2017.

Pursuant to Regulation 43A of the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Board of Directors of the Company have adopted a Dividend Distribution Policy and is available on the website of the Company at the link: https://edelweissfin.com/portal/0/documents/miscellaneous/EFSLDividendDistributionpolicy.pdf.

## SHARE CAPITAL

During the year under review 18,532,459 equity shares of ₹1 each were allotted on exercise of the Options granted under various Employee Stock Option Schemes of the Company. Consequently, as at March 31, 2017, the paid-up share capital of the Company stood at ₹832.57 million divided into 832,569,089 equity shares of ₹1 each.

The disclosures with regard to the Stock Options as required under the SEBI (Share Based Employee Benefits) Regulations, 2014 is available on the website of the Company at the link: https://edelweissfin.com/Home/AboutUs/AnnualReports.aspx

## FINANCE

Your Company continued to borrow funds *inter alia* by issue of Commercial Papers.

The Company enjoys high credit rating from the Rating Agencies. The credit ratings reflect the Company's financial discipline and prudence.

## 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 annexed to this Report and is in accordance with the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

## ABRIDGED FINANCIAL STATEMENTS

In terms of the provisions of Section 136 of the Companies Act, 2013, abridged financial statements as at March 31, 2017 and the Auditors' Report on the abridged Financial Statements form part of the Annual Report. Full version of the Annual Report will be available on the website of the Company at the link: https://edelweissfin.com/Home/AboutUs/AnnualReports.aspx and will also be made available to the members of the Company on request.

## SUBSIDIARIES

New subsidiaries during the year ended March 31, 2017:

- Edelweiss Asset Reconstruction Company Limited. (Associate till September 15, 2016); and
- Edelweiss Securities (IFSC) Limited;

Companies ceasing to be subsidiaries during the year ended March 31, 2017:

- Edelweiss Metals Limited;
- Edel Commodities Trading Limited;
- Edelweiss Commodities Nigeria Limited; and
- Societe Edelweiss Commodities (Chad) SARL.

The salient features of the financial statement of each of the subsidiaries and associates as required under the Companies Act, 2013 is provided in the consolidated financial statement. The financial statements of the subsidiary companies have been placed on the website of the Company - www.edelweissfin.com. Any member interested in obtaining a copy of financial statement of the subsidiaries may write to the Company Secretary, at the Registered Office of the Company.

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

## 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. The disclosure in this regard forming part of this report is provided in the financial statement. All the Related Party Transactions as required under AS-18 are reported in the Notes to the financial statement.

In accordance with the provisions of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Company has formulated the Related Party Transactions Policy (the Policy). The Policy is available on the website of the Company at the link: https://edelweissfin.com/portals/0/documents/miscellaneous/RelatedPartyTransactionsPolicy.pdf.

## DIRECTORS AND KEY MANAGERIAL PERSONNEL

### i. Independent Directors

Mr. P. N. Venkatachalam, Mr. Berjis Desai, Mr. Sanjiv Misra, Mr. Navtej S. Nandra, Mr. Kunnasagaran Chinniah and Mr. Sunil Mitra hold office as Independent Directors till the conclusion of the ensuing AGM. Except Mr. Sunil Mitra the aforesaid Directors have offered themselves for re-appointment for a second term of 5 years from the conclusion of this AGM till the conclusion of the 27th AGM to be held in the year 2022.

In accordance with the provisions of Section 149 of the Companies Act, 2013, the Independent Directors h ave given a declaration that they meet the criteria of independence as provided in the said Section and in terms of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

### ii. Other Directors

a. The Board of Directors at their meeting held on February 9, 2017 had subject to the approval of the members, re-appointed Mr. Rashesh Shah as the Managing Director & CEO and Mr. Venkatchalam Ramaswamy as an Executive Director for a period of 5 years w.e.f. April 1, 2017. The necessary resolutions in this regard are being placed for the approval of the members at the ensuing AGM.

b. Mr. Rujan Panjwani retires by rotation at the ensuing AGM and being eligible, offers himself for re-appointment.

### iii. Change in the Directors & Key Managerial Personnel

There was no change in the Directors and Key Managerial Personnel (KMPs) during the year under review. Some of the KMPs of the Company are also the KMPs of the subsidiaries and draw remuneration from those subsidiaries.

## NUMBER OF BOARD MEETINGS HELD

During the year ended March 31, 2017, the Board met 4 times.

## REMUNERATION POLICY

The Company has formulated a Remuneration Policy pursuant to Section 178 of the Companies Act, 2013 and the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. The Policy is provided in Annexure I to this Report.

## EVALUATION OF THE PERFORMANCE OF THE BOARD

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

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

A meeting of the Independent Directors was held during the year under review. Based on the Policy and the parameters on the performance evaluation laid down in the Guidance Note issued by SEBI, an evaluation was carried out for the financial year ended March 31, 2017.

## INTERNAL FINANCIAL CONTROLS

The Company has in place adequate internal financial control with reference to financial statement.

## AUDIT COMMITTEE

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

Mr. P. N. Venkatachalam - Chairman

Mr. Berjis Desai

Mr. Sanjiv Misra

Mr. Sunil Mitra

## CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility Committee presently consists of:

Mr. Venkatchalam Ramaswamy
*Executive Director*

Mr. Himanshu Kaji
*Executive Director*

Mr. Rujan Panjwani
*Executive Director*

Mr. P. N. Venkatachalam
*Independent Director*

The CSR Policy of the Company is available on the website of the Company at the link: https://edelweissfin.com/portals/0/documents/miscellaneous/CSRPolicy.pdf. Further details in this regard are provided in the Annexure II to this Report.

## AUDITORS

In accordance with the provisions of Section 139 of the Companies Act, 2013 and the Rules framed thereunder (the Act), B S R & Associates LLP, Chartered Accountants (BSR) were appointed as the Auditors of the Company at the 19th AGM held on July 25, 2014 to hold office till the conclusion of this AGM.

Therefore, in accordance with the provisions of Section 139 of the Act, the Board has recommended the appointment of Price Waterhouse Chartered Accountants LLP as the auditors of the Company, for the approval of the members at the ensuing AGM. Price Waterhouse Chartered Accountants LLP have confirmed their eligibility to act as the auditors of the Company.

## SECRETARIAL AUDIT

The Board had appointed BNP & Associates, Practicing Company Secretaries, as the Secretarial Auditor, to conduct the secretarial audit for the financial year ended March 31, 2017. The Report of the Secretarial Auditor is provided in Annexure III to this Report.

## PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

The Company has a Policy on Prevention of Sexual Harassment of Women at Workplace. No case was reported during the year under review.

## 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 wherever possible.

ii. The steps taken by the Company for utilising alternate sources of energy – though the operations of the Company are not energy intensive, the Company shall explore alternative source of energy, as and when the necessity arises.

iii. The capital investment on energy conservation equipments – Nil

### B. Technology absorption

i. The efforts made towards technology absorption – The minimum technology required for the business has been absorbed.

ii. The benefits derived like product improvement, cost reduction, product development or import substitution – Not Applicable.

iii. In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) – Not Applicable.

(a) the details of technology imported;

(b) the year of import;

(c) whether the technology has been fully absorbed;

(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and

iv. The expenditure incurred on Research and Development – Not Applicable.

### C. Foreign exchange earnings and outgo

Foreign exchange earnings and outgo (including dividend) during the year under review were ₹322.02 million (previous year ₹174.60 million) and ₹37.45 million (previous year ₹39.47 million) respectively.

## OTHERS

No disclosure is required in respect of the details relating to the deposits covered under Chapter V of the Companies Act, 2013, as the Company has not accepted any deposit. 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.

## EXTRACT OF THE ANNUAL RETURN

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

## RISK MANAGEMENT

The Risk Management Committee of the Board of Directors of the Company has formulated and implemented a Risk Management Policy.

## WHISTLE BLOWER POLICY/VIGIL MECHANISM

The Company has a Whistle Blower Policy for the employee to report genuine concerns/ grievances. The Policy is available on the website of the Company at the link: http://edelweissfin.com/portals/0/documents/miscellaneous/WhistleBlowerPolicy.pdf. The Policy provides for

the adequate safeguards against the victimisation of the employees who use the vigil mechanism. The vigil mechanism is overseen by the Audit Committee.

## PARTICULARS OF EMPLOYEES

The information required under Section 197 of the Companies Act, 2013 (the Act) and the Rules framed thereunder, forms part of this Annual Report. In terms of the provisions of Section 136 & 197 of the Companies Act, the Report and Accounts are being sent to the members of the Company excluding the aforesaid information.

Any member interested in obtaining a copy of this information under Section 197 of the Act, may write to the Company Secretary, at the Registered Office of the Company.

Disclosures as required under Section 197(12) of the Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended are provided in Annexure V to this Report.

## CORPORATE GOVERNANCE

Pursuant to the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Report on Corporate Governance together with the certificate issued by BNP & Associates, Practicing Company Secretaries, on compliance in this regard forms part of this Annual Report.

A Business Responsibility Report pursuant to the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 is provided in Annexure VI to this Report.

## 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) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2017 and of the profit of the Company for the financial year ended on that date;

iii) proper and sufficient care had been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv) the annual accounts have been prepared on a going concern basis;

v) internal financial controls have been laid down and the same are adequate and were operating effectively; and

vi) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## ACKNOWLEDGEMENTS

The Board of Directors wish to place on record their gratitude for the valuable guidance and continued support extended by the SEBI, RBI, Stock Exchanges, Insurance Regulatory and Development Authority of India, Ministry of Corporate Affairs, Commodity Exchanges, other government authorities, Banks and other stakeholders. Your Directors would also like to take this opportunity to express their appreciation for the dedicated efforts of the employees of the Company.

For and on behalf of the Board of Directors
**Edelweiss Financial Services Limited**

**Rashesh Shah**
**Chairman, Managing Director & CEO**
**DIN No.: 00008322**

May 17, 2017



## FUTURE OUTLOOK

We at Edelweiss, see our future joined with our employees. The Edelweiss Leadership Program is committed to provide an opportunity to all who can contribute at a leadership level.



## SUSTAINABILITY

EdelGive has influenced commitments of ₹700 million to work across education, livelihoods and women empowerment sectors.



## STRATEGIC OBJECTIVES AND STRATEGIES

Whether wholesale or retail businesses, customer centricity is our key differentiator. Customer centricity goes to the heart of how we think, manage our businesses, build our platform, design our products and service our customers.

## INTEGRATED REPORTING

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



## ORGANISATIONAL OVERVIEW OF BUSINESS MODEL

Taking a conscious choice to constantly pursue innovation and invest in new ideas and businesses. The core thought behind each decision is to provide long-term value creation by building sustainable businesses.



## OPERATING RISKS AND OPPORTUNITIES

Low rainfall or slower domestic and global economic growth, or even delay in revival of capex cycle can impede our growth. However, recent government initiatives like the roll out of GST shortly along with the global economy showing signs of recovery augur well for our growth.



## PERFORMANCE

Our strategy of diversified businesses has continued to build sustainability in our performance. The trend of our quarterly profits improving consistently since FY12, (5 straight years) coupled with efficiency and productivity improvement continues.



## GOVERNANCE

Aside from our internal controls and Risk structures, we also have in place a set of various crucial policies such as the Prevention of Insider Trading, Conflicts of Interest Policy, a strong Whistleblower Policy and Business Responsibility Policy.

# MANAGEMENT DISCUSSION & ANALYSIS

## MACRO ECONOMY: REVIEW AND OUTLOOK

FY17 was an eventful year both economically and politically for the world. On the political side, Brexit fears and US Presidential elections were two big events, though the markets soon shrugged off these developments. Global trade flows rebounded and consumer and business confidence is on the way to recovery, globally.

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

On the monetary side, RBI has moved to a neutral stance from accommodative and hence chances of further rate cut remain low. The INR has benefitted from strong FDI flows.

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



The growing relevance and interconnectedness of the NBFC sector also highlights the importance of risk management in the sector.

## INDUSTRY STRUCTURE AND DEVELOPMENTS

### Commercial Credit Markets

Indian banking sector growth slowed during FY17 (non-food credit at ~5%), as capex cycle is yet to pick up and incrementally financing is shifting from banks to financial markets – commercial paper, corporate bond markets, etc., which will keep corporate credit growth subdued. Additionally, asset quality pressure continues unabated. While large part of NPA recognition seems to have been done, the resolution is still under way. Hence, the profitability of PSU banks continued to be under strain and will recover only gradually over the medium term.

### NBFC Industry

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

### Retail Finance

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

### Asset Reconstruction Industry

The Asset Reconstruction Industry continues to offer a viable alternative to banks for speedy resolution of NPAs. ARCs grew their AuM in FY17 despite facing funding/capital constraints. With the recent amendments to SARFAESI Act and guidelines from RBI for sale of NPAs from April 1, 2017, the stage is set for the ARC industry to garner fresh capital for growth as well as be able to target specific assets.

In addition, the path breaking Insolvency & Bankruptcy Code will enable the lenders and ARCs to expedite resolution of assets. This also presents newer opportunities for offering

turnaround advisory services. A recent Ordinance by government giving RBI broad powers to deal with specific non-performing loans cases will also speed up the asset resolution.

### Wealth Management

Rising wealth in India, greater interest in equities and other asset classes and a strong aspiring middle class is creating immense opportunities in wealth management space. As per our estimates, the AuAs of the industry grew around 30% in the year to cross ₹5 trillion, which bodes well for the industry.

### Asset Management

The asset management industry in India consists of a vibrant and rapidly growing mutual funds sector and Alternative Investment Funds (AIFs). Buoyant equity markets infused a tremendous buzz in this industry in FY17 with significant inflows.

During FY17, Mutual Funds' AuM showed a record growth of 42% touching ₹17.55 trillion as on March 31, 2017 compared to ₹12.33 trillion a year ago with huge inflows into equity schemes. Alternative asset funds in the structured credit, distressed assets and real estate space ended FY17 with AuMs of ~$24 billion with inflows of $2 billion during the year.

### Capital Markets

FY17 was a good year for equity markets with Nifty making its all time high with a return of ~19% in FY17 as compared to decline of 9% in FY16. Indian markets have outperformed emerging markets in dollar terms by 230 bps. The momentum is likely to continue with an expectation of improvement in corporate earnings going forward.

As regards debt markets, RBI set the ball rolling on corporate bond reforms with a comprehensive set of guidelines and other measures. These measures once fully implemented will deepen the corporate bond markets and enhance liquidity. The process is already underway as FY17 saw a sharp increase in primary market issuance and corporate bond turnover. We expect this trend to gain further momentum in FY18.

### Life Insurance

The life insurance sector in India suffers from low level of penetration at 2.72% and per capita Insurance density of only ₹2,748 while global insurance penetration stands at 3.5% with density of ₹22,006 (source IRDA report 2016). During FY17, the APE growth among private sector life insurers in India was higher at ~26% compared to ~14% in FY16. At the end of FY17, the private insurers had increased their market share in individual APE to ~54% compared to ~52% in FY16. Given the young demographics in India, rising life expectancy and absence of any meaningful social security cover, insurance presents exciting opportunities for future growth.

## EDELWEISS OVERVIEW

### A FULLY DIVERSIFIED FINANCIAL SERVICES GROUP

Edelweiss was founded in November 1995 with an aspiration to become one of the leading financial services groups in India. With the economic liberalisation of early 90s, Edelweiss saw a huge opportunity in intermediating on capital flows from savings into investments. From initially providing advisory and investment banking services, Edelweiss has grown by consciously and strategically investing in expanding services in existing areas as well as adding a presence in adjacent markets to become a leading diversified financial services conglomerate today.

### EDELWEISS STRATEGY

Edelweiss has come a long way since inception, with knowledge, research and innovation being the key drivers for the Company's growth. The Group constantly pursues innovation and invests into adjacent avenues, in new ideas and new businesses. We believe that we must add significant value by providing cutting edge products and services by focusing on five key vectors in our journey – **people management, cost and risk management, technology, customer experience and innovation**.

Over the years, Edelweiss has also demonstrated its ability to reinvent itself at the turn of each



Rising wealth in India, greater interest in equities and other assets and a strong aspiring middle class is creating immense opportunities in the wealth management space.

economic and business cycle. This element of adaptability and flexibility ensures that businesses spot opportunities, deal with dynamic economic situations and are ready to leverage knowledge, experience and professionalism in dealing with new prospects.

## EDELWEISS FINANCIAL SERVICES LTD (EFSL) FINANCIAL PERFORMANCE HIGHLIGHTS

The growth momentum achieved in FY16 was maintained in FY17 with our quarterly profits improving consistently since FY12, the year of completion of our diversification phase. We have now recorded five straight years of consistent growth coupled with efficiency and productivity improvement. Our net profit for FY17 grew at 47% over FY16, building sustainability in our performance. Our profits continue to be contributed by a diverse set of businesses eliminating cyclical volatility in our performance.

Since inception in 1996, our total revenue has grown at a CAGR of 85% and net profit has increased at a CAGR of 80% upto FY17. Across a more recent time frame, our total revenue and net profit have grown at a five year CAGR of 32% and 37% respectively upto FY17.



Our FY17 net profit grew at 47% over FY16, building sustainability in our performance.

## CONSOLIDATED RESULT – FY17

A summary of consolidated FY17 financial performance of Edelweiss Financial Services Limited (EFSL) is as under:



**Total Revenue ₹66,336 million** (₹53,157 million for FY16), up 25%



**Profit after Tax ₹6,093 million** (₹4,144 million for FY16), up 47%



**Profit after Tax ex-insurance ₹7,194 million** (₹5,188 million for FY16), up 39%



**Return on Equity ex-insurance 20.7%** (18.6% for FY16)



**Return on Assets ex-insurance 2.4%** (1.8% for FY16)



**Diluted EPS ₹6.92** (₹4.85 for FY16) (FV ₹1)



**Book Value per Share ₹52.00** (₹45.14 at the end of FY16) (FV ₹1)

# FINANCIAL HIGHLIGHTS

## INCOME

Our Fund-based revenue was ₹48,057 million for FY17 (₹42,180 million in FY16), up 14%. It predominantly came from interest on loans which accounts for ~62% of total revenue, reflecting the scale up in the credit book. Our net interest income (NIM) for FY17 was ₹12,918 million (₹12,223 million for FY16), up 6%.

The agency fee & commission revenue was ₹12,481 million for FY17 (₹6,966 million in FY16), up 79%, on the back of scaling up of all our Franchise businesses as well as our Asset Reconstruction Company becoming a subsidiary of our Group during FY17, which increased our fee & commission by around ₹3,350 million.

After deducting the finance cost, net revenue for FY17 was ₹38,239 million (₹26,956 million in FY16), up 42%.

Life insurance business recorded a net premium of ₹4,259 million for the year (₹3,002 million for FY16), a growth of 42%.

EFSL entity on a standalone basis earned a revenue of ₹4,505 million in FY17 compared to ₹3,383 million in FY16 and its PAT was ₹1,290 million in FY17 compared to ₹1,556 million in FY16.

**Our diversified revenue streams ensure our constant growth across cycles despite volatile environment.**

## EXPENSES

Total costs for FY17 was ₹56,756 million (₹46,969 million in FY16), up by 21%. Within our total costs, operating expenses grew by 45% in FY17 as we continued to invest in scaling up our younger retail businesses.

Employee expenses grew by 25% in FY17 as we continued hiring to support our growing businesses. As the size of our operations grew and as we became a ₹387 billion asset company, it was also imperative to strengthen the organisation and we have added people at all levels, including over 90 senior professionals. We added about 745 employees during FY17 taking the total head count to 6,972, resulting in growth in employee expenses.

Interest expense growth was contained at only 7% in FY17 despite our borrowings being higher at ₹333.79 billion, compared to ₹277.73 billion a year ago, due to fall in interest rates. Our cost of funding came down to 9.7% in FY17 compared to 9.9% in FY16.

## PROFIT AFTER TAX

Our PAT and Minority for FY17 was ₹6,093 million compared to ₹4,144 million for FY16, a growth of 47%, which was mainly due to a 14% increase in Fund Based Income and 79% increase in Agency fee & commission. Our RoE on consolidated basis for FY17 was 15.5%, up from 12.9% a year ago.

We continue to demonstrate consistent Quarter on Quarter (QoQ) growth in profitability since FY12 despite the macro environment being challenging in some parts of this period. This has been possible as a result of our long-term strategy of synergistic diversification across businesses, asset classes and client segments which builds sustainability in our performance.

### Profitability ex-insurance

Our life insurance business is relatively young and given the long gestation period of life insurance companies, it is still recording losses. Excluding the impact of our proportionate share of losses in life insurance business, our net profit for FY17 has been around ₹7,194 million compared to ₹5,188 million in FY16, a growth of 39%. Our return on equity ex-insurance comes to around 20.7% for FY17, compared to 15.5% on consolidated basis.

### Business-wise Analysis of Profitability

Operations of Edelweiss are organised around three broad business groups – **Credit** Businesses including Retail Credit, Corporate Credit and Distressed Assets Resolution business; **Franchise** businesses including Wealth Management, Asset Management and Capital Markets, and **Insurance**.

The business-wise financial data based on Management's estimates for FY17/as on March 31, 2017 is as under:



We continue to demonstrate consistent QoQ growth in profitability since FY12, despite the macro environment being challenging in some parts of this period.

₹ in million

| | EoP Equity | Profit after Tax | RoE | RoA |
|---|---|---|---|---|
| **Pre-Minority Total** | **52,880** | **5,630** | — | — |
| Credit | 37,780 | 5,070 | 18.3% | 2.1% |
| Franchise | 1,220 | 1,930 | — | — |
| BMU, Corp & Others | 6,550 | 790 | 9.0% | 0.9% |
| Insurance | 7,330 | (2,160) | — | — |
| Less Minority | 9,580 | (460) | — | — |
| **Total Consolidated** | **43,300** | **6,090** | **15.5%** | **1.7%** |
| Total Ex-Insurance | 39,480 | 7,190 | 20.7% | 2.4% |

*Notes: Numbers are Management Estimates RoE is calculated on Average Equity*



Retail credit continues to be our focus and we intend to increase its proportion in the total book to around 50% in the next three years.

While the Credit business continues to be the significant driver of growth in profits, the Franchise businesses have grown strongly during FY17. Leadership of Edelweiss businesses in the Industry was also highlighted by our winning 26 awards during FY17.

### Balance Sheet

The effective Balance Sheet size at the end of FY17 was ₹386.67 billion compared to ₹321.45 billion at the end of FY16, a growth of 20%. The asset side of the balance sheet includes credit book assets of ₹299.07 billion besides liquid assets like FDs and cash balances of ₹31.51 billion and government bonds of ₹20.91 billion for liquidity management.

On the liability side, our total net worth was ₹52.88 billion as on March 31, 2017 compared to ₹43.72 billion as on March 31, 2016. Debt as on March 31, 2017 was ₹333.79 billion (₹277.73 billion as on March 31, 2016). However, as a part of our liquidity management, we hold liquid assets and excluding such liquid assets our Net Gearing Ratio stands at 5.25 times as on March 31, 2017. The Capital Adequacy Ratio on consolidated basis stands at 17.01% at the end of FY17.

## BUSINESS SEGMENT-WISE PERFORMANCE

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

## CREDIT BUSINESS

Credit business of Edelweiss consists of retail credit, corporate credit and Distressed Assets Resolution Business (DARB). The retail credit segment offers **Mortgages** including Home Finance, Retail Construction Finance and Loan against Property, **SME Finance, Agri** and **Loans against Securities**. Corporate credit business offers **Structured Collateralised Credit** to corporates and **Real Estate Finance** to developers. **DARB** offers resolution of distressed assets including turnaround advisory services.

Total credit book of the Group stands at ₹276.08 billion at the end of this year (excluding episodic book) compared to ₹200.14 billion at the end of previous year, a growth of 38%. The book comprises of retail credit ₹89.51 billion (33% of total book), corporate credit ₹138.75 billion (50%) and capital deployed of ₹47.81 billion in DARB (17%). The book has grown at a CAGR of 60% since FY09. Credit business improved its NIM (including fees) in FY17 to 7.2% compared to 6.8% in FY16.

The **asset quality** of the overall credit book continued to remain under control with Gross NPLs at 1.59% and Net NPLs at 0.60% as on March 31, 2017 compared to 1.40% and 0.47% respectively a year ago. The Provision Coverage Ratio (PCR) on NPLs was 62% at the end of FY17. Including the general loan loss provision on standard assets, the PCR was 87% as on March 31, 2017.

We have successfully managed the transition of recognising NPLs to 120+ days past due (DPD) norm for our NBFCs during FY17 from 150+ DPD a year ago and 180+ DPD two years ago without any significant slippages in our asset quality. This was made possible due to our focus on risk management and achieving growth in the book without diluting risk standards. We hope to migrate to 90+ DPD norm in FY18 in a similar way. Our Housing Finance Company (HFC) continued to follow the 90+ DPD norm for NPLs.

### Retail Credit Business

As a part of our long-term strategy of synergistic diversification of asset classes and customer segments, Edelweiss offers **Housing Finance, Retail Construction Finance, Loans against Property** (LAP), **Rural Finance** and **Loans to Small and Medium Enterprises** (SME) as a part of Retail Finance business.

This business operates in 55 cities and over 3,100 villages with a client base of ~387,000.

This business had built a book of ₹53.76 billion at the end of FY17, compared to ₹42.83 billion at the end of FY16, up 26%. The loan to value ratio in its home loans and LAP portfolio remained at a comfortable level of ~45% with an average tenor of ~15 years.

Including **Agri credit** of ₹4.6 billion, loans against securities to retail clients and other retail loans, our total retail credit portfolio stands at ₹89.51 billion at the end of FY17 compared to ₹60.31 billion at the end of FY16, a growth of 48%. Retail credit continues to be our focus and we intend to increase its proportion in the total book to around 50% in the next three years.

### Agri Services & Credit

Agri commodities business is a significantly large and untapped opportunity in India. Edelweiss offers end to end services to meet a new emerging need for the economy by bridging the physical with the financial needs of the commodities market with an objective to enhance flow of credit to this sector.

We are building this business from a value-creation perspective – sourcing of commodities through our infrastructure and pan India network and making credit available to the participants in the value chain in a transparent manner. At the end of FY17, agri credit book was at ₹4.6 billion and is expected to scale up post FY18. At the end of FY17 we had around 435 leased warehouses under our management with a storage capacity of ~1.4 million tonne. We have also entered into tie-ups with 23 banks for collateral management.

### Distressed Assets Resolution Business

Edelweiss's DARB has a strong track record of unlocking value in its portfolio through its ability to upfront identify opportunities for and execute on operational turnaround of the distressed companies in our portfolio.

Edelweiss Asset Reconstruction Company (EARC) scaled up its business with AuM of ₹395 billion (including capital deployed of ₹47.8 billion by our Group) at the end of FY17 compared to ₹271 billion at the end of FY16, a growth of 46%. EARC continues to be the leading ARC in the country. It has already created a track record of resolution of assets of ~₹190 billion by the end of FY17 through a combination of resolution strategies with revival and business turnaround being the foremost strategy. During FY17, we have appointed an empowered advisory board of industry experts which will help us implement best practices in our portfolio companies.

EARC has now become a subsidiary of Edelweiss Group following enhancement of our equity stake in the Company to 74.8%.

During FY17, Edelweiss and Caisse de dépôt et Placement du Québec (CDPQ) of Canada and one of North America's largest pension fund managers, have entered into a long-term partnership with target investment by CDPQ of ₹50 billion over four years. CDPQ also acquired a 20% equity stake in EARC with first tranche of equity infusion in Q3FY17. On a fully diluted basis, Edelweiss holds 60% stake in the EARC.

## FRANCHISE BUSINESSES

Our **Franchise businesses** include **Wealth Management, Asset Management and Capital Markets**.

### Wealth Management

The Wealth Management business provides advisory and investment services to HNI clients and retail broking services with an emphasis on research and analytics. This business offers a differentiated value proposition which is delivered through Specialist Financial Advisors and Digital platform.

Our efforts to scale up this business continue to yield results with the business ending FY17 with AuAs of over ₹603 billion, compared to ₹295 billion at the end of the previous year, a growth of 104%. This business is rapidly gaining market share by offering a multi-asset platform with structured customised solutions and is now among the industry leaders.

**Wealth Management** business together with other retail capital market clients had over 470,000 clients as of March 2017.

### Asset Management

**Asset Management** business comprises of three businesses – **Alternative Asset Management, Mutual Funds** and **Multi Strategy Funds**.

#### Alternative Asset Management

The Alternative Asset Management business focuses on mobilising subscriptions from offshore and domestic institutions and HNIs through



During FY17, Edelweiss and CDPQ, one of North America's largest pension fund managers, have entered into a long-term partnership with target investment by CDPQ of ₹50 billion over four years.



ETLI is one of the fastest growing life insurance companies in India in the last three years.

funds structures to invest in alternative asset classes. Our objective is to offer innovative and differentiated products by combining Edelweiss platform with strong investment capabilities to create a superior investment performance. Our efforts to scale up this business also continue to yield results with the AuM reaching ~₹88 billion equivalent, spread over seven funds at the end of FY17, compared to ~₹22 billion at the end of FY16, a growth of 298%.

**Multi Strategy Funds**

Edelweiss Multi Strategy Funds Management (formerly known as Forefront Capital Management), a high net worth focused Asset Management Company in the Liquid Alternative strategies space, was acquired in FY15. This acquisition further strengthened and diversified our presence in the asset management business. There was a further acquisition of Ambit Alpha Fund during FY17. This business now has AuM of around ₹25.9 billion by the end of FY17, compared to ₹5 billion at the end of FY15, a growth of 335% in two years.

**Mutual Fund (Retail Asset Management)**

During the year, Edelweiss completed the acquisition of schemes of JPMorgan Mutual Fund in India. This has helped broaden our asset management platform.

Post the acquisition, Edelweiss Mutual Fund manages 35 schemes across Equity, Debt and Liquid categories with an average AuM of around ₹68.34 billion during March 2017, compared to ₹16.80 billion in the previous year. Around 53% of its AuM is in equity schemes. As a result of the acquisition, the investor base has substantially increased to 79,825 unique investors, from 28,900 at the end of FY16 and the distributor base has increased to 4,161 from 3,750 at the end of FY16.

### Capital Markets

Our **Capital Markets** businesses **offer Investment Banking, Institutional Equities** and **Fixed Income advisory services**.

Edelweiss continues to be a leader in Investment Banking and Fixed Income Advisory and executed 121 transactions in FY17 including 18 transactions under Investment Banking. Our Equity Capital Markets business has emerged as the leader among arrangers for IPOs with a market share of over ~40% during the three year period ended March 31, 2017 in the category of IPOs of ₹3.50 billion and above (Source: Prime Database).

We also maintained our leadership in Public Issues of Debt as lead arranger in FY17 by raising ₹285 billion across 11 issues with a market share of over 96%. In the short-term commercial paper (CP) segment too, we retained number one position with a market share of over 20%. While we cemented our place as the top public issue and CP arranger, we also broke into the top 10 rankings in the private placement of debt league tables for FY17 (Source: Prime Database).

Institutional Equities business provides equity and equity-derivatives sales and trading services to a large base of FIIs and DIIs. We continued to be among the largest Indian domestic Institutional Broking Houses with a market share of 4 to 4.5% by revenue.

## LIFE INSURANCE

Edelweiss expanded its addressable retail markets by launching Edelweiss Tokio Life Insurance Company (ETLI) in 2011 in partnership with Tokio Marine of Japan. Edelweiss holds 51% equity in this JV with Tokio Marine holding the rest.

ETLI is one of the fastest growing life insurance companies in India in the last three years. Winner of Best Life Insurer Award in 2016, (Source: Outlook Money Awards 2016) and Agency Efficiency Award 2016 (Source: India Insurance Awards 2016), it continues to scale up its business while enhancing quality of business with a focus on the customer. ETLI had also provided life insurance cover of ₹10 million to each of the athletes of the Indian Olympic team at Rio 2016.

Gross premium in FY17 was ₹4,413 million compared to ₹3,101 million in the previous year, a growth of 42%. New business weighted premium grew by 37% to ₹1,695 million in FY17.

It continues to expand its distribution footprint across agency, partnership and direct channels. Its network now spans 66 locations with 91 branches across India. The agency channel force has also scaled up with the number of Personal Financial Advisors crossing 21,000 by the end of

this year, compared to around 15,000 a year ago.

ETLI offers 27 individual products with 8 rider options, designed to meet various needs of customers. It also offers four group products.

ETLI is the first company to receive approval from IRDAI for *'POS - Saral Nivesh'*, which will be sold for the first time in India under the POS (Point of Sale) guidelines, a category still being explored.

ETLI's distribution strategy is based on **"Need Based Sales"** philosophy and the key message in its communication, **"Insurance se badhkar hai aapki zaroorat"**, continues to emphasise the core value of customer centricity.

## BALANCE SHEET MANAGEMENT UNIT (BMU)

### Balance Sheet Management

The BMU manages our group's liquidity in a way similar to that of Treasury of a commercial bank. As a part of this process, we have developed a set of **Balance Sheet Management Rules** to measure, monitor and change key metrics & positions to ensure a healthy Balance Sheet and these are benchmarked to international best practices.

### Asset Liability Management Committee (ALCO)

Edelweiss ALCO manages **allocation of capital** among businesses along with **Asset Liability Management**. It also manages the Group's **interest rate and liquidity risks** besides a host of other crucial functions.

### Overnight Liquidity Cushion

BMU ensures that an adequate liquidity cushion is maintained to take care of immediate requirements, while continuing to honour our commitments as a going concern. During FY17, we enhanced our overnight liquidity cushion to ₹40 billion, compared to ₹29 billion a year ago, which is over 10% of our balance sheet size.

### Maintaining Liabilities Profile in Sync with Lengthening Assets Profile

Besides maintaining a liquid balance sheet, we continue to reduce dependence on market borrowings, diversify our sources of borrowings and increase liabilities in the medium to long-term buckets. During FY17, we contracted over ₹70 billion of medium to long-term NCDs including the ₹5 billion maiden issue of Masala Bonds overseas. We also enhanced our total sanctioned bank lines of credit at the end of FY17 to ₹159 billion compared to ₹105 billion a year ago.

## OPPORTUNITIES

The expected roll out of GST and the performance of the NDA in recent polls will place the agenda of economic reforms on a firm footing. The global economy is also showing signs of recovery. These developments augur well for growth of financial services in India for firms like Edelweiss and offer immense opportunities in FY18 and beyond as under:

- India is already the fastest growing economy globally and various projections for growth by World Bank or IMF etc., indicate that India will continue to outperform other economies. This would open up vast opportunities for us to grow our various diversified businesses.
- Indian savers already are seen to be increasing allocation to financial assets like equities over gold or bank deposits. This trend will provide newer opportunities for financial services like asset management and wealth management which are already two of our rapidly growing businesses.
- Social, Mobility, Analytics and Cloud Computing (SMAC) are the emerging trends in technology. Government initiatives in respect of Digital India and move towards formal and cashless economy will also open up new client segments which firms like ours can tap for future growth.
- Government's push towards affordable housing and "Housing for All by 2022" would provide rewarding opportunities for home loan lenders like us.

## 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 the macro-economy, domestic as well as global, or delay in revival of capex cycle can impede the growth.



Government's push towards affordable housing and **"Housing for All by 2022"** would provide rewarding opportunities for home loan lenders like us.

- While the monsoon is predicted to be normal this year, any unforeseen failure of the monsoon or return of the dreaded El Nino can hinder the recovery in rural economy.

## OUTLOOK & STRATEGY

The resilient Indian economy is back on a growth trajectory. The reforms undertaken in the past few years will have a far-reaching and long-lasting impact. Going ahead we anticipate growth to improve based on rebound in exports and global economy, introduction of GST, stability in rural economy and government's continued push towards infrastructure, rural development and affordable housing. As regards the financial services sector, the key trends driving the growth will be growing affluence, shift from savings to financial assets, privatisation and democratisation of credit.

There is significant headroom for growth and Edelweiss is well-geared to take advantage of this opportunity. Our retail businesses have gained traction and franchise businesses have also built significant size and scale. With the focus on risk management and the foundation we have laid, we are well placed to achieve constant growth in the days to come.

## EDELWEISS BRAND

Edelweiss believes in a clutter breaker approach to carve a distinct brand identity and our continued association with ace shuttler, Saina Nehwal, as brand ambassador as well as principal sponsorship of the Indian contingent for Rio Olympics has helped Edelweiss and ETLI increase awareness and consideration amongst our customers. Both Edelweiss and Saina personify excellence, sustained performance, determination, credibility, humility and have started from humble beginnings and gone on to claim leadership stance in respective fields.



As a result of the focus on risk management, Edelweiss recently won the prestigious Golden Peacock Award for Risk Management in Financial Services Sector for year 2016.

## RISK MANAGEMENT

Edelweiss's presence in multiple businesses, asset classes and geographies exposes it to various risks. Certain risks are inherent to the products or services that we offer and other risks arise due to external environment. Edelweiss has adopted best in class risk monitoring tools to monitor risks in various businesses.

As a result of the focus on risk management, Edelweiss recently won the prestigious **Golden Peacock Award for Risk Management** in Financial Services Sector for year 2016.

The principles and broad framework of risk management at Edelweiss are summarised below:

- ***"We will respect Risk"*** is one of our guiding principles and a cornerstone for our risk management philosophy since Edelweiss was founded.
- Evaluating every strategic and transactional decision on risk philosophy of **"Can we afford it?"** and **"Is it worth it?"** is engrained in the system.
- **"Four-tiered risk governance structure"** comprising Board level Risk Committee, Global Risk Committee, Global Risk Group and Business Risk team with a team of 150 plus experienced risk professionals help us manage diverse risks.
- Proprietary **"Eight Risk Framework"** has evolved over time enabling a holistic assessment of risk.
- We believe in proactive risk management. **"Early Warning Signal"** (EWS) framework helps identify risks at nascent stage basis inputs from various diverse sources. To supports the EWS framework, big data analytics tools are also used.
- A periodical "Risk Survey" helps us measure the risk quotient across all employees.

## INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

### Internal Financial Controls

The Internal Control Framework of Edelweiss aims to strengthen the overall assurance practices, processes, controls, sharing of best practices, conducting periodic assessments, establishing and overseeing control dashboards and above all creating a "CARES" philosophy for the entire organisation as below:

- **C**ontrol culture through Training workshops, Best Practice sharing platform across SBUs, Control Champion certificates to SBU team members.
- **A**ssurance through Oversight of Internal audit function, preparedness of inspections by regulators and deep dive in collaboration with other teams.

- **R**eliable internal controls framework through Control Reviews, RCSA/Internal Financial Control Review and Mock audits.
- **E**ffective and efficient processes through Benchmarking with peers, Automation of process controls, Control Dashboard and its monitoring.
- **S**tandardisation through Standard Operating Procedures, Checklist, Policies and Practices.

### 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.

In addition, the Corporate Control team assesses the efficacy of internal controls through external audit firms to provide an independent, objective and reasonable assurance on the adequacy and effectiveness of the organisation's risk management, control and governance processes.

### Internal Control

Edelweiss has robust internal control system and Risk Control Self Assessments (RCSA) system in place including monitoring compliance with relevant matters covered under Section 134(5)(e) of the Companies Act 2013, Delegation of powers, segregation of duties, third party confirmations, periodic reconciliations, RCSA, physical verification and checks on accuracy; completeness and timely update of records, compliance, risk and periodical financial statements.



Edelweiss's long-term commitment to technology continues to enable it to grow and unlock competitive advantage for our diversified businesses.

## TECHNOLOGY

Technology is opening up unprecedented opportunities for the way business is done. Edelweiss's long-term commitment to technology continues to enable it to grow and unlock competitive advantage for our diversified businesses.

During the year our focus was on leveraging technology to:

**Grow the Business** by way of launching an ERP System for Agri Value Chain Business, Core solution for Distressed Assets Resolution Business and an updated Trading Platform.

**Leverage Robotics & Artificial Intelligence**

- Robotics Process Automation initiatives implemented to bring efficiency in operations and reduce risk in manual processing.
- Cognitive automated email response engine launched using AI for Retail Finance business.
- Automated statement reader implemented for Retail Finance business.

**Secure the business** through a well-defined CyberSecurity roadmap to mitigate new age critical cyber risks.



**Encourage Innovation**

- Gamified Innovation Platform to tap into the power of internal crowd sourcing of ideas.
- Partnered with IBM to launch a competition to identify start-ups in Fintech space and now engaging with select start-ups to identify and implement new edge technologies.

**Enhance Compliance** through a Compliance Monitoring Solution.

**Transform the business** by focusing on technology led solutions for Global Wealth Management and Life Insurance business in partnership with a global technology major.



At Edelweiss, we have always valued our gender diversity and are happy that 20% of our employees are women

## HUMAN RESOURCES

The financial services industry is ever evolving industry with its dynamism and inherent volatility. In such an environment, Edelweiss recognises the significance of change management and therefore attaches an emphasis to build leadership trait in its talent to manage change effectively. Throughout FY17, we continued to deepen our philosophy through a series of well designed measures.

### Leadership Development

The Edelweiss Leadership Program has been created in the backdrop of Edelweiss's rapid expansion and aspiration to grow further. There has been a renewed rigour around the program and, this year, we have bought in a sharper focus on engagement and development of our very high performing talent pool. We have planned and implemented structured development interventions for our Management Committee, Senior Leaders, Business Leaders and Emerging Leaders to help them in their leadership journey at Edelweiss.

### WE (Women Empowered) Platform

Women Empowered (WE) is an Edelweiss initiative which provides our women employees with opportunities to make the best of their individual talent with the objective of creating leaders of tomorrow amongst our women employees.

At the end of FY17, we had a total of 6,972 employees (6,227 as at the end of the previous year) spread across 277 offices in 127 cities in India and overseas. At Edelweiss, we have always valued our gender diversity and are happy that 20% of our employees are women. EFSL entity on a standalone basis had 116 employees at the end of FY17.

## CUSTOMER CENTRICITY

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

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

***Cautionary Statement***

*Statements made in this Annual Report may contain certain forward looking statements, which are tentative, based on various assumptions on the Edelweiss Group's present and future business strategies and the environment in which we operate. 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 internationally, 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. Edelweiss 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 discussion relating to business wise financial performance, financial statement, asset books of Edelweiss and industry data herein is reclassified/regrouped based on Management estimates and may not directly correspond to published data. The numbers have also been rounded off in the interest of easier understanding.*

**Annexure I**

**Remuneration Policy**

**Objective**

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

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

The objective of the Policy is to ensure that:

i. the level and composition of remuneration is reasonable and sufficient to attract & retain talent required to run the Company successfully;
ii. relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
iii. 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 and Non-executive Directors**

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

**Remuneration of the Managing Director & Executive Directors**

- The remuneration of the Managing Director, Executive Directors is recommended by the Nomination & 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 shall be within the limits prescribed under the Act and approved by the shareholders of the Company. The remuneration structure includes fixed salary, perquisites, bonus, other benefits and allowances and contribution to Funds, etc.
- The Executive Directors (other than the promoter Directors) shall be eligible for stock options.

**Remuneration of the 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, lay down the process etc. as it may deem fit.

**Rashesh Shah**
**Chairman, Managing Director & CEO**
**DIN No. 00008322**

May 17, 2017

# Annexures to Board's Report *(Continued)*

**Annexure II**

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

**[Pursuant to Clause (o) of Sub-section (3) of Section 134 of the Companies Act, 2013 and Rule 8 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.<br>The CSR Policy of the Company is uploaded on the website of the Company at http://edelweissfin.com/portals/0/documents/miscellaneous/CSRPolicy.pdf. | |
| 2. | The Composition of the CSR Committee is as under: | |
| | Mr. Venkatchalam Ramaswamy | - Executive Director |
| | Mr. Himanshu Kaji | - Executive Director |
| | Mr. Rujan Panjwani | - Executive Director |
| | Mr. P. N. Venkatachalam | - Independent Director |
| 3. | Average net profit of the Company for last three financial years: ₹ 1315.6 million | |
| 4. | Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): ₹ 26.31 million | |
| 5. | Details of CSR spent during the financial year: | |
| | (a) Total amount spent for the financial year: ₹ 26.84 million | |
| | (b) Amount unspent, if any: ₹ Nil | |

(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 (1) Local area or other (2) Specify the State and district where projects or programs was undertaken | Amount outlay (budget) project or programs wise | Amount spent on the projects or programs Sub – heads: (1) Direct expenditure on projects or programs | (2) Overheads: | Cumulative expenditure up to the reporting period | Amount spent : Direct or through implementing agency |
| **1** | **Torpa Rural Development Society for Women** | **Livelihood** | **Khunti, Jharkhad** | **3.61** | **3.61** | **-** | **3.61** | **Implementing Agency - *EdelGive Foundation** (*EdelGive Foundation is the strategic philanthropic arm of the Edelweiss Group and is registered under Section 25 of the Companies Act, 1956.) |
| **2** | **Dilasa Janvikas Pratishthan** | **Livelihood** | **Osmanabad, Maharashtra** | **2.62** | **2.38** | **0.24** | **2.62** | |
| **3** | **Yuva Rural Association** | **Livelihood** | **Washim, Nagpur, Maharashtra** | **3.98** | **3.88** | **0.10** | **3.98** | |
| **4** | **Majlis** | **Women Empowerment** | **Mumbai, Maharashtra** | **2.93** | **2.93** | **-** | **2.93** | |
| **5** | **Committee of Resource Organisation for Literacy** | **Women Empowerment** | **Osmanabad, Maharashtra** | **4.65** | **4.50** | **0.15** | **4.65** | |
| **6** | **Foundation for Promotion of Sport and Games** | **Women Empowerment** | **Beed, Latur, Nanded, Maharashtra** | **3.30** | **3.30** | **-** | **3.30** | |
| **7** | **Kutch Mahila Vikas Sangathan** | **Women Empowerment** | **Kutch, Gujarat** | **3.85** | **3.73** | **0.12** | **3.85** | |
| **8** | **Nishtha** | **Women Empowerment** | **24 North Parganas, West Bengal** | **1.86** | **1.86** | **-** | **1.86** | |
| **9** | **Indian Cancer Society** | **Health** | **Mumbai** | **0.04** | **0.04** | **-** | **0.04** | Direct |
| | **TOTAL** | | | **26.84** | | | **26.84** | |

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:- Not Applicable

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.

**Himanshu Kaji**
**Executive Director**
**DIN No. 00009438**
**May 17, 2017**

**Venkatchalam Ramaswamy**
**(Chairman of the CSR Committee)**
**DIN No. 00008509**

# Annexures to Board's Report *(Continued)*

**Annexure III**

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2017

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

To,
The Members
**Edelweiss Financial Services Limited**
Edelweiss House, Off. C.S.T Road,
Kalina, Mumbai – 400 098.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to corporate practices by **Edelweiss Financial Services Limited** (hereinafter called 'the Company') for the audit period covering the financial year ended on 31st March 2017 ('the audit period'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company'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 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

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

i. The Companies Act, 2013 ('the Act') and the Rules made 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 Overseas Direct Investments and External Commercial Borrowings.

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

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

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

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

   (d) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

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

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

vi. The Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992.

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by the Institute of Company Secretaries of India related to meetings and minutes.

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

During the period under review, provisions of the following Act / Regulations were not applicable to the Company:

a. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

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

c. The Securities and Exchange Board of India (Buyback of Securities) Regulation, 1998;

**We further report that -**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors.

Adequate notice is given to all Directors to schedule the Board Meetings in compliance with the provisions of Section 173(3) of the Companies Act, 2013, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Decisions at the meetings of the Board of Directors of the Company were carried through on the basis of majority. There were no dissenting views by any member of the Board of Directors during the period under review.

**We further report that –**

There are adequate 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, the Company has obtained approval of Members at 21st Annual General Meeting held on 9th August 2016 by way of Special Resolution to authorize the Board of Directors to issue, offer and allot Non-Convertible Debentures aggregating to ₹ 2,500 crores (Rupees Two Thousand Five Hundred Crores Only) to eligible investors on a private placement basis.

**For BNP & Associates**
**Company Secretaries**
**Firm Registration No. P2014MH037400**

**B. Narasimhan**
**Partner**
**FCS No. 1303**
**COP No. 10440**

Place: Mumbai
Date: May 17, 2017

# Annexures to Board's Report *(Continued)*

**Annexure I to the Secretarial Audit Report for the financial year ended 31st March 2017**

To,

**The Members,**

**Edelweiss Financial Services Limited**

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

1. The compliance of provisions of all laws, rules, regulations, standards applicable to Edelweiss Financial Services Limited (the 'Company') is the responsibility of the management of the Company. Our examination was limited to the verification of records and procedures on test check basis for the purpose of issue of the Secretarial Audit Report.
2. Maintenance of secretarial and other records of applicable laws is the responsibility of the management of the Company. Our responsibility is to issue Secretarial Audit Report, based on the audit of the relevant records maintained and furnished to us by the Company, along with explanations where so required.
3. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial and other legal records, legal compliance mechanism and corporate conduct. The verification was done on test check basis to ensure that correct facts as reflected in secretarial and other records produced to us. We believe that the processes and practices we followed, provides a reasonable basis for our opinion for the purpose of issue of the Secretarial Audit Report.
4. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
5. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and major events during the audit period.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For BNP & Associates**
**Company Secretaries**
**Firm Registration No. P2014MH037400**

**B. Narasimhan**
**Partner**
**FCS No. 1303**
**COP No. 10440**

Place: Mumbai
Date: May 17, 2017

**Annexure IV**

## Form No. MGT-9
## EXTRACT OF ANNUAL RETURN

As on the financial year ended on March 31, 2017
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

| | | |
|---|---|---|
| **I.** | **REGISTRATION AND OTHER DETAILS:** | |
| | i) CIN | L99999MH1995PLC094641 |
| | ii) Registration Date | 21/11/1995 |
| | iii) Name of the Company | Edelweiss Financial Services Limited |
| | iv) Category / Sub-Category of the Company | Public Company/limited by Shares |
| | v) Address of the Registered Office and contact details | Edelweiss House, Off. C.S.T. Road,<br>Kalina Mumbai- 400098<br>Email- efsl.shareholders@edelweissfin.com<br>Tel No.: +91 22 4009 4400<br>Fax No.: +91 22 4086 3610 |
| | vi) Whether listed company | Yes |
| | vii) Name, Address and Contact details of Registrar & Share Transfer Agent, if any | Link Intime India Private limited<br>C 101, 247 Park, L.B.S Marg,<br>Vikhroli (West),<br>Mumbai - 400083<br>Tel: +91 22 4918 6270<br>Fax: +91 22 4918 6060 |
| **II.** | **PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**<br>All the business activities contributing 10% or more of the total turnover of the Company | As per Attachment - A |
| **III.** | **PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES** | As per Attachment - B |
| **IV.** | **SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)** | |
| | i) Category-wise Share Holding | As per Attachment - C |
| | ii) Shareholding of Promoters | As per Attachment - D |
| | iii) Change in Promoters' Shareholding | As per Attachment - E |
| | iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs) | As per Attachment - F |
| | v) Shareholding of Directors and Key Managerial Personnel | As per Attachment - G |
| **V.** | **INDEBTEDNESS** | |
| | Indebtedness of the Company including interest outstanding/accrued but not due for payment | As per Attachment - H |
| **VI.** | **Remuneration of Directors and Key Managerial Personnel** | |
| | A. Remuneration to Managing Director, Whole-time Directors and/or Manager | As per Attachment - I |
| | B. Remuneration to other Directors | As per Attachment - J |
| | C. Remuneration to Key Managerial Personnel other than Managing Director/Manager/Whole Time Director | As per Attachment - K |
| **VII.** | **PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES** | As per Attachment - L |

# Annexures to Board's Report *(Continued)*

**Attachment – A**

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10 % or more of the total turnover of the company are given below:-

| Sl. No. | Name and Description of main products / services | NIC Code of the Product/ service | % to total turnover of the Company |
|---|---|---|---|
| 1. | Advisory Fees and other Services | 649 | 77.58 |
| 2. | Dividend Income as Holding Company | 642 | 22.42 |

**Attachment – B**

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

| Sl. No | Name and Address of the Company | CIN/GLN | Holding / Subsidiary / Associate | % of shares held* | Applicable Section |
|---|---|---|---|---|---|
| 1. | ECL Finance Limited<br>Address: Edelweiss House, Off. C.S.T. Road, Kalina, Mumbai – 400 098 | U65990MH2005PLC154854 | Subsidiary | 92.2 | 2(87)(ii) |
| 2. | Edelweiss Finance & Investments Limited<br>Address: Edelweiss House, Off. C.S.T. Road, Kalina, Mumbai - 400098 | U67120MH1994PLC286057 | Subsidiary | 100 | 2(87)(ii) |
| 3. | Edelweiss Finvest Private Limited (formerly known as Arum Investments Private Limited)<br>Address: Edelweiss House, Off. C.S.T. Road, Kalina, Mumbai- 400 098 | U65993MH2006PTC164007 | Subsidiary | 100 | 2(87)(ii) |
| 4. | Edelweiss Housing Finance Limited<br>Address: Edelweiss House,Off. C.S.T. Road, Kalina, Mumbai- 400 098 | U65922MH2008PLC182906 | Subsidiary | 100 | 2(87)(ii) |
| 5. | Edelweiss Retail Finance Limited<br>Address: Edelweiss House, Off. C.S.T. Road, Kalina, Mumbai – 400 098 | U67120MH1997PLC285490 | Subsidiary | 100 | 2(87)(ii) |
| 6. | Edel Finance Company Limited<br>Address: Edelweiss House, Off. C.S.T. Road, Kalina, Mumbai – 400 098 | U65920MH1989PLC053909 | Subsidiary | 100 | 2(87)(ii) |
| 7. | Edelweiss Holdings Limited<br>Address: Edelweiss House, Off. C.S.T. Road, Kalina, Mumbai – 400 098 | U65923MH2015PLC270791 | Subsidiary | 100 | 2(87)(ii) |
| 8. | Edelweiss Asset Reconstruction Company Limited<br>Address: Edelweiss House,Off. C.S.T. Road, Kalina, Mumbai- 400 098 | U67100MH2007PLC174759 | Subsidiary | 74.8 | 2(87)(ii) |
| 9. | Edelweiss Commodities Services Limited<br>Address: 2nd Floor, MB Towers, Plot No.5,Road No.2, Banjara Hills, Hyderabad- 500 034. | U45201AP2006PLC078157 | Subsidiary | 100 | 2(87)(ii) |

| Sl. No | Name and Address of the Company | CIN/GLN | Holding / Subsidiary / Associate | % of shares held* | Applicable Section |
|---|---|---|---|---|---|
| 10. | Edelweiss Agri Value Chain Limited<br>Address: Edelweiss House, Off. C.S.T. Road, Kalina, Mumbai – 400 098 | U63090MH2014PLC256473 | Subsidiary | 100 | 2(87)(ii) |
| 11. | Edelweiss Comtrade Limited<br>Address: Unit No.801-804, Eighth Floor, Abhishree Avenue, Nehru Nagar, Ambawadi Ahmedabad – 380 015 | U66990GJ1995PLC025267 | Subsidiary | 100 | 2(87)(ii) |
| 12. | EC Commodity Limited<br>Address: 2nd Floor,MB Towers,Plot No.5, Road No.2, Banjara Hills,Hyderabad- 500 034 | U51109AP2008PLC065146 | Subsidiary | 100 | 2(87)(ii) |
| 13. | Edel Commodities Limited<br>Address: 2nd Floor, MB Towers, Plot No.5, Road No. 2, Banjara Hills, Hyderabad – 500 034 | U51900AP2008PLC065549 | Subsidiary | 100 | 2(87)(ii) |
| 14. | EFSL Comtrade Limited<br>Address: 2nd Floor, MB Towers, Plot No.5, Road No. 2, Banjara Hills, Hyderabad – 500 034 | U67190TG2011PLC077784 | Subsidiary | 100 | 2(87)(ii) |
| 15. | EFSL Trading Limited (formerly known as EFSL Commodities Limited)<br>Address: 2nd Floor, MB Towers, Plot No.5, Road No. 2, Banjara Hills, Hyderabad – 500 034 | U51900TG2011PLC077654 | Subsidiary | 100 | 2(87)(ii) |
| 16 | Edelweiss Securities Limited<br>Address : 2nd Floor, MB Towers, Plot No.5, Road No. 2, Banjara Hills, Hyderabad – 500 034 | U67110AP1993PLC052266 | Subsidiary | 100 | 2(87)(ii) |
| 17. | Edelweiss Broking Limited<br>Address: Unit No.801-804,Eighth Floor, Abhishree Avenue, Nehru Nagar, Ambawadi Ahmedabad -380 015 | U65100GJ2008PLC077462 | Subsidiary | 100 | 2(87)(ii) |
| 18. | Edelcap Securities Limited<br>Address: 2nd Floor,MB Towers,Plot No.5, Road No.2, Banjara Hills,Hyderabad- 500 034 | U67120AP2008PLC057145 | Subsidiary | 100 | 2(87)(ii) |
| 19. | ECap Equities Limited<br>Address: 2nd Floor,M.B.Towers,Plot No.5, Road No.2, Banjara Hills,Hyderabad- 500 034 | U67190TG2008PLC057122 | Subsidiary | 100 | 2(87)(ii) |
| 20. | Edelweiss Custodial Services Limited<br>Address: Edelweiss House, Off. C.S.T. Road, Kalina, Mumbai – 400 098 | U51109MH2008PLC187594 | Subsidiary | 100 | 2(87)(ii) |
| 21. | Edelweiss Capital Markets Limited<br>Address: 2nd Floor, MB Towers, Plot No.5, Road No. 2, Banjara Hills, Hyderabad – 500 034 | U65999TG2010PLC113135 | Subsidiary | 100 | 2(87)(ii) |
| 22 | Edelweiss Securities (IFSC) Limited<br>Address: Unit No. 39/12, Gift Aspire -1, Business Centre, Ground Floor, Block 12, Road 1D,Zone -1, Gift SEZ Gandhinagar - 382 355 | U65999GJ2016PLC094838 | Subsidiary | 100 | 2(87)(ii) |

# Annexures to Board's Report *(Continued)*

| Sl. No | Name and Address of the Company | CIN/GLN | Holding / Subsidiary / Associate | % of shares held* | Applicable Section |
|---|---|---|---|---|---|
| 23 | Edelweiss Asset Management Limited<br>Address: Edelweiss House,Off. C.S.T. Road, Kalina, Mumbai- 400 098 | U65991MH2007PLC173409 | Subsidiary | 100 | 2(87)(ii) |
| 24. | Edelweiss Trusteeship Company Limited<br>Address: Edelweiss House,Off. C.S.T. Road, Kalina, Mumbai- 400 098 | U67100MH2007PLC173779 | Subsidiary | 100 | 2(87)(ii) |
| 25. | Edelweiss Global Wealth Management Limited<br>Address: 2nd Floor,MB Towers,Plot No.5, Road No.2, Banjara Hills,Hyderabad- 500 034 | U67100TG2007PLC112499 | Subsidiary | 100 | 2(87)(ii) |
| 26. | Edelweiss Alternative Asset Advisors Limited<br>Address: Edelweiss House,Off. C.S.T. Road, Kalina, Mumbai- 400 098 | U67190MH2008PLC182205 | Subsidiary | 95 | 2(87)(ii) |
| 27. | Edelweiss Investment Adviser Ltd.<br>Address: Edelweiss House,Off. C.S.T. Road, Kalina, Mumbai- 400 098 | U74140MH2008PLC182920 | Subsidiary | 100 | 2(87)(ii) |
| 28. | Edelweiss Multi Strategy Funds Management Private Limited (formerly known as Forefront Capital Management Private Limited)<br>Address: Edelweiss House, Off. C.S.T. Road, Kalina, Mumbai – 400 098 | U67120MH2009PTC194273 | Subsidiary | 100 | 2(87)(ii) |
| 29. | Edelweiss Tokio Life Insurance Company Limited<br>Address: Edelweiss House, Off. C.S.T. Road, Kalina, Mumbai – 400 098. | U66010MH2009PLC197336 | Subsidiary | 51 | 2(87)(ii) |
| 30. | Edelweiss General Insurance Company Limited<br>Address: Edelweiss House, Off. C.S.T. Road, Kalina, Mumbai – 400 098 | U66000MH2016PLC273758 | Subsidiary | 100 | 2(87)(ii) |
| 31. | Edelweiss Insurance Brokers Limited<br>Address: Edelweiss House, Off. C.S.T. Road, Kalina, Mumbai – 400 098 | U72200MH2000PLC124096 | Subsidiary | 100 | 2(87)(ii) |
| 32. | Edelweiss Business Services Limited<br>Address: Edelweiss House, Off. C.S.T. Road, Kalina, Mumbai – 400 098 | U65990MH2005PLC154276 | Subsidiary | 100 | 2(87)(ii) |
| 33. | EdelGive Foundation<br>Address: Edelweiss House,Off. C.S.T. Road, Kalina, Mumbai- 400 098 | U65999MH2008NPL182809 | Subsidiary | 100 | 2(87)(ii) |
| 34. | Eternity Business Centre Limited<br>Address: Edelweiss House, Off. C.S.T. Road, Kalina, Mumbai – 400 098 | U74999MH2014PLC259027 | Subsidiary | 100 | 2(87)(ii) |
| 35. | Olive Business Centre Limited<br>Address: Edelweiss House, Off. C.S.T. Road, Kalina, Mumbai – 400 098 | U74999MH2014PLC259032 | Subsidiary | 100 | 2(87)(ii) |
| 36. | Burlington Business Solutions Limited<br>Address: Edelweiss House,Off. C.S.T. Road, Kalina, Mumbai- 400 098 | U74999MH2014PLC259023 | Subsidiary | 100 | 2(87)(ii) |

| Sl. No | Name and Address of the Company | CIN/GLN | Holding / Subsidiary / Associate | % of shares held* | Applicable Section |
|---|---|---|---|---|---|
| 37. | Auris Corporate Centre Limited<br>Address: Edelweiss House,Off. C.S.T. Road, Kalina, Mumbai- 400 098 | U74999MH2014PLC259034 | Subsidiary | 100 | 2(87)(ii) |
| 38. | Serenity Business Park Limited<br>Address: Edelweiss House,Off. C.S.T. Road, Kalina, Mumbai- 400 098 | U74120MH2014PLC259073 | Subsidiary | 100 | 2(87)(ii) |
| 39. | Edelweiss Trustee Services Limited<br>Address: Edelweiss House,Off. C.S.T. Road, Kalina, Mumbai- 400 098 | U65999MH2005PLC155191 | Subsidiary | 100 | 2(87)(ii) |
| 40. | Edel Land Limited<br>Address: Edelweiss House, Off. C.S.T. Road, Kalina, Mumbai – 400 098 | U74900MH2008PLC287466 | Subsidiary | 100 | 2(87)(ii) |
| 41. | Edel Investments Limited<br>Address: 2nd Floor, MB Towers, Plot No.5, Road No. 2, Banjara Hills, Hyderabad – 500 034 | U65923TG2009PLC112586 | Subsidiary | 100 | 2(87)(ii) |
| 42. | Edelweiss Capital (Singapore) Pte.Limited<br>Address: 133, Cecil Street # 13/03, Keck Seng Tower, Singapore (069535) | N.A. | Subsidiary | 100 | 2(87)(ii) |
| 43. | Edelweiss Investment Advisors Private Limited<br>Address: 133, Cecil Street # 13/03, Keck Seng Tower, Singapore (069535) | N.A. | Subsidiary | 100 | 2(87)(ii) |
| 44. | Edelweiss International (Singapore) Pte. Limited<br>Address: 133, Cecil Street # 13/03, Keck Seng Tower, Singapore (069535) | N.A. | Subsidiary | 100 | 2(87)(ii) |
| 45. | Edelweiss Alternative Asset Advisors Pte.Limited<br>Address: 133, Cecil Street # 13/03, Keck Seng Tower, Singapore (069535) | N.A. | Subsidiary | 100 | 2(87)(ii) |
| 46. | Edelweiss Commodities Pte. Ltd.<br>Address: 133, Cecil Street # 13/03, Keck Seng Tower, Singapore (069535) | N.A. | Subsidiary | 100 | 2(87)(ii) |
| 47. | EC Global Limited<br>Address: c/o Citco (Mauritius) Limited, 4th Floor,Tower A,1CyberCity Ebene,Mauritius | N.A. | Subsidiary | 100 | 2(87)(ii) |
| 48. | EC International Limited<br>Address: c/o Citco (Mauritius) Limited, 4th Floor,Tower A,1CyberCity Ebene,Mauritius | N.A. | Subsidiary | 100 | 2(87)(ii) |
| 49 | EFSL International Limited<br>Address: c/o Citco (Mauritius) Limited, 4th Floor, Tower A, 1 Cyber City Ebene, Mauritius | N.A. | Subsidiary | 100 | 2(87)(ii) |
| 50. | EAAA LLC<br>Address: c/o Citco (Mauritius) Limited, 4th Floor,Tower A,1CyberCity Ebene, Mauritius. | N.A. | Subsidiary | 100 | 2(87)(ii) |

# Annexures to Board's Report *(Continued)*

| Sl. No | Name and Address of the Company | CIN/GLN | Holding / Subsidiary / Associate | % of shares held* | Applicable Section |
|---|---|---|---|---|---|
| 51. | EW Special Opportunities Advisors LLC<br>Address: c/o Citco (Mauritius) Limited, 4th Floor,Tower A,1CyberCity Ebene,Mauritius | N.A. | Subsidiary | 67 | 2(87)(ii) |
| 52. | EW India Special Assets Advisors LLC<br>Address: c/o Citco (Mauritius) Limited, 4th Floor,Tower A,1CyberCity Ebene,Mauritius | N.A. | Subsidiary | 90 | 2(87)(ii) |
| 53. | EW SBI Crossover Advisors LLC<br>Address: c/o Citco (Mauritius) Limited, 4th Floor,Tower A,1CyberCity Ebene,Mauritius | N.A. | Subsidiary | 100 | 2(87)(ii) |
| 54. | Edelweiss India Capital Management<br>Address: c/o CIM Fund Services Ltd, 33, Edith Cavell Street, Port Louis, Mauritius | N.A. | Subsidiary | 100 | 2(87)(ii) |
| 55. | Edelweiss Securities (Hong Kong) Private Limited<br>Address: Unit 1001, 10/F, Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong | N.A. | Subsidiary | 100 | 2(87)(ii) |
| 56. | Aster Commodities DMCC<br>Address: 46-J,Almas Tower,Jumeirah Lake Towers, Dubai, U.A.E,P. 0. Box No.113741 | N.A. | Subsidiary | 100 | 2(87)(ii) |
| 57. | Edelweiss Financial Services (UK) Limited<br>Address: 30 St Mary's Annexe, 20th Floor London EC3A 8BF, United Kingdom | N.A. | Subsidiary | 100 | 2(87)(ii) |
| 58. | Edelweiss Financial Services Inc.<br>Address: 205 E 42nd Street, 20th Floor, New York, NY-10017<br>United States of America | N.A. | Subsidiary | 100 | 2(87)(ii) |
| 59. | Edelweiss Tarim Urunleri Anonim Sirketi<br>Address: Piri Reis MAH. 1112 SK.2/22 YENİŞEHİR/MERSİN, Turkey - 33110 | N.A. | Subsidiary | 100 | 2(87)(ii) |
| 60. | Allium Finance Private Limited<br>Address: Edelweiss House, Off. C.S.T. Road, Kalina, Mumbai – 400 098 | U67120MH2008PTC180229 | Associate | 46.13 | 2(6) |
| 61. | Edelweiss Fund Advisors Private Limited<br>Address: Edelweiss House, Off. C.S.T. Road, Kalina, Mumbai – 400 098 | U70200MH2005PTC155545 | Associate | 40 | 2(6) |
| 62. | Magnolia Commodities Services Private Limited<br>Address: 2nd Floor, MB Towers, Plot No.5,Road No. 2, Banjara Hills, Hyderabad – 500 034 | U65900TG2009PTC113078 | Associate | 50 | 2(6) |
| 63. | Dahlia Commodities Services Private Limited<br>Address: 2nd Floor, MB Towers, Plot No.5, Road No. 2, Banjara Hills, Hyderabad – 500 034 | U65900TG2009PTC113083 | Associate | 50 | 2(6) |
| 64. | Aeon Credit Service India Private Limited<br>Address: Unit 702,7th Floor,C&B Square Building, Andheri Kurla Road, Chakala, Andheri (East), Mumbai-400 OS9 | U6S929 MH 2011FTC214S16 | Associate | 25 | 2(6) |

*Representing aggregate % of shares held by the Company and / or its subsidiaries

## Attachment – C

### i) Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year as on April 1, 2016 | | | | No. of Shares held at the end of the year as on March 31, 2017 | | | | % Change during the year |
|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| **A. Promoters** | | | | | | | | | |
| **(1) Indian** | | | | | | | | | |
| a) Individual/HUF | 250,359,490 | - | 250,359,490 | 30.76 | 250,359,490 | - | 250,359,490 | 30.07 | (0.69) |
| b) Central Govt | - | - | - | - | - | - | - | - | - |
| c) State Govt (s) | - | - | - | - | - | - | - | - | - |
| d) Bodies Corporate | - | - | - | - | - | - | - | - | - |
| e) Banks / FI | - | - | - | - | - | - | - | - | - |
| f) Any Other | - | - | - | | - | - | - | | |
| **Sub-total (A) (1):-** | 250,359,490 | | 250,359,490 | 30.76 | 250,359,490 | | 250,359,490 | 30.07 | (0.69) |
| **(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)** | 250,359,490 | | 250,359,490 | 30.76 | 250,359,490 | | 250,359,490 | 30.07 | (0.69) |
| **B. Public Shareholding** | | | | | | | | | |
| **1. Institutions** | | | | | | | | | |
| a) Mutual Funds | 10,544,574 | - | 10,544,574 | 1.30 | 16,725,407 | - | 16,725,407 | 2.01 | 0.71 |
| b) Banks / FI | 358,492 | - | 358,492 | 0.04 | 696,348 | - | 696,348 | 0.08 | 0.04 |
| c) Central Govt | - | - | - | | - | - | - | - | - |
| d) State Govt(s) | - | - | - | | - | - | - | - | - |
| e) Venture Capital Funds | - | - | - | | - | - | - | - | - |
| f) Insurance Companies | - | - | - | | - | - | - | - | - |
| g) FIIs / FPI | 235,971,538 | - | 235,971,538 | 28.99 | 238,391,762 | - | 238,391,762 | 28.63 | (0.36) |
| h) Foreign Venture Capital Funds | - | - | - | | - | - | - | - | - |
| i) Others (specify) | - | - | - | | - | - | - | - | - |
| **Sub-total (B)(1):-** | **246,874,604** | - | **246,874,604** | **30.33** | **255,813,517** | **-** | **255,813,517** | **30.73** | **0.40** |

# Annexures to Board's Report *(Continued)*

| Category of Shareholders | No. of Shares held at the beginning of the year as on April 1, 2016 | | | | No. of Shares held at the end of the year as on March 31, 2017 | | | | % Change during the year |
|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| **2. Non-Institutions** | | | | | | | | | |
| a) Bodies Corporate | | | | | | | | | |
| i) Indian | 58,157,037 | - | 58,157,037 | 7.14 | 63,368,418 | - | 63,368,418 | 7.61 | 0.47 |
| ii) Overseas | 16,058,530 | 156,000 | 16,214,530 | 1.99 | 15,184,005 | 156,000 | 15,340,005 | 1.84 | (0.15) |
| b) Individuals | | | | | | | | | |
| i) Individual shareholders holding nominal share capital upto ₹ 1 lakh | 41,183,052 | 73,170 | 41,256,222 | 5.07 | 43,561,537 | 139,120 | 43,700,657 | 5.25 | 0.18 |
| ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh | 128,634,923 | - | 128,634,923 | 15.80 | 138,563,822 | - | 138,563,822 | 16.64 | 0.84 |
| c) Others: | | | | | | | | | |
| Clearing Member | 678,223 | - | 678,223 | 0.08 | 2,052,379 | - | 2,052,379 | 0.25 | 0.17 |
| Non Resident Indians | 16,706,758 | 555,000 | 17,261,758 | 2.12 | 7,000,727 | 555,000 | 7,555,727 | 0.91 | (1.21) |
| Non Resident Indians (Non Repatriable) | 1,083,722 | - | 1,083,722 | 0.13 | 1,585,064 | - | 1,585,064 | 0.19 | 0.06 |
| Independent Directors | 8,081,680 | - | 8,081,680 | 0.99 | 8,256,680 | - | 8,256,680 | 0.99 | 0.00 |
| Trusts | 45,434,441 | - | 45,434,441 | 5.58 | 45,926,821 | - | 45,926,821 | 5.52 | (0.06) |
| Foreign Nationals | - | - | - | - | 209 | - | 209 | 0.00 | 0.00 |
| Foreign Portfolio Investor | - | - | - | - | 46,300 | - | 46,300 | 0.01 | 0.01 |
| **Sub-total (B)(2):-** | **316,018,366** | **784,170** | **316,802,536** | **38.91** | **325,545,962** | **850,120** | **326,396,082** | **39.20** | **0.29** |
| **Total Public Shareholding (B)=(B)(1)+(B)(2)** | **562,892,970** | **784,170** | **563,677,140** | **69.24** | **581,359,479** | **850,120** | **582,209,599** | **69.93** | **0.69** |
| C. Shares held by Custodian for GDRs & ADRs | - | - | - | | - | - | - | - | - |
| **Grand Total (A+B+C)** | **813,252,460** | **784,170** | **814,036,630** | **100.00** | **831,718,969** | **850,120** | **832,569,089** | **100.00** | - |

## Attachment – D

**(ii) Shareholding of Promoters**

| Sl. No. | Shareholder's Name | Shareholding at the beginning of the year as on April 1, 2016 | | | Shareholding at the end of the Year as on March 31, 2017 | | | % change in share holding during 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 | |
| 1. | Mr. Rashesh Shah | 145,301,730 | 17.85 | 11.06 | 145,301,730 | 17.45 | 8.41 | (0.40) |
| 2. | Mr. Venkatchalam Ramaswamy | 5,802,6560 | 7.13 | 4.42 | 58,026,560 | 6.97 | 4.32 | (0.16) |
| 3. | Ms. Vidya Shah | 35,031,200 | 4.30 | 1.31 | 35,031,200 | 4.21 | 1.28 | (0.10) |
| 4. | Ms. Aparna T. C. | 12,000,000 | 1.47 | - | 12,000,000 | 1.44 | - | (0.03) |
| | **Total** | **250,359,490** | **30.76** | **16.79** | **250,359,490** | **30.07** | **14.01** | **(0.69)** |

*The variation in the % is due to change in the paid-up share capital of the Company.

## Attachment – E

**(iii) Change in Promoters' Shareholding**

| Sl. No. | Particulars | Shareholding at the beginning of the year as on April 1, 2016 | | 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 (Total)** | **250,359,490** | **30.76** | **250,359,490** | **30.07** |
| 1 | Mr. Rashesh Shah | 145,301,730 | 17.85 | 145,301,730 | 17.45 |
| 2 | Mr. Venkatchalam Ramaswamy | 58,026,560 | 7.13 | 58,026,560 | 6.97 |
| 3 | Ms. Vidya Shah | 35,031,200 | 4.30 | 35,031,200 | 4.21 |
| 4 | Ms. Aparna T. C. | 12,000,000 | 1.47 | 12,000,000 | 1.44 |
| | Date wise Increase /Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer /bonus/ sweat equity etc): | - | - | - | - |
| | **At the End of the year (Total)** | **250,359,490** | **30.76** | **250,359,490** | **30.07** |

*There is no change in the Promoters' shareholding. The variation in the % of holding is due to change in the paid-up share capital of the Company.

# Annexures to Board's Report *(Continued)*

**Attachment - F**

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

| Sl. No. | Name | Shareholding at the beginning of the year as on April 01, 2016 | | Increase/Decrease in shareholding during the year | | | Date of change$ | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|---|---|---|---|
| | | No. of shares | % of the total shares of the Company | No. of Shares Increase | No. of Shares Decrease | Reason | | No. of shares | % of total shares of the Company |
| 1 | Edelweiss Employee Welfare Trust* | 37,595,270 | 4.62 | - | - | - | - | 37,595,270 | 4.52 |
| 2 | BIH SA | 14,043,180 | 1.73 | 5,700,000 | - | Transfer | 21.10.2016 | 19,743,180 | 2.38 |
| | | | | 7,600,000 | - | Transfer | 03.03.2017 | 27,343,180 | 3.29 |
| 3 | SAIF India IV FII Holdings Limited | 25,633,505 | 3.15 | - | 5,000,000 | Transfer | 17.03.2017 | 20,633,505 | 2.48 |
| 4 | PRIVAT Bank IHAG Zurich AG | 31,952,620 | 3.93 | - | 250,000 | Transfer | 29.07.2016 | 31,702,620 | 3.84 |
| | | | | - | 250,000 | Transfer | 26.08.2016 | 31,452,620 | 3.80 |
| | | | | - | 5,700,000 | Transfer | 14.10.2016 | 25,752,620 | 3.11 |
| | | | | - | 7,600,000 | Transfer | 03.03.2017 | 18,152,620 | 2.18 |
| | | | | - | 250,000 | Transfer | 31.03.2017 | 17,902,620 | 2.15 |
| 5 | Deepak Mittal | 8,418,800 | 1.03 | 500,000 | - | Allotment of Shares on exercise of the Stock Options | 15.06.2016 | 8,918,800 | 1.08 |
| | | | | 37,500 | | Allotment of Shares on exercise of the Stock Options | 17.08.2016 | 8,956,300 | 1.08 |
| | | | | 4,505,000 | | Transfer | 31.03.2017 | 13,461,300 | 1.62 |
| 6 | Government Pension Fund Global | - | - | 2,545,254 | - | Transfer | 26.08.2016 | 2,545,254 | 0.31 |
| | | | | 1,548,200 | - | Transfer | 02.09.2016 | 4,093,454 | 0.49 |
| | | | | 601,171 | - | Transfer | 23.09.2016 | 4,694,625 | 0.57 |
| | | | | 431,563 | - | Transfer | 23.12.2016 | 5,126,188 | 0.62 |
| | | | | 164,054 | - | Transfer | 30.12.2016 | 5,290,242 | 0.64 |
| | | | | 5,891,400 | - | Transfer | 17.03.2017 | 11,181,642 | 1.34 |
| | | | | 1,621,794 | - | Transfer | 31.03.2017 | 12,803,436 | 1.54 |
| 7 | Amansa Holdings Private Limited* | 11,900,000 | 1.46 | - | - | - | - | 11,900,000 | 1.43 |

| Sl. No. | Name | Shareholding at the beginning of the year as on April 01, 2016 | | Increase/Decrease in shareholding during the year | | | Date of change$ | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|---|---|---|---|
| | | No. of shares | % of the total shares of the Company | No. of Shares Increase | No. of Shares Decrease | Reason | | No. of shares | % of total shares of the Company |
| 8 | Fidelity Investment Trust Fidelity Series Emerging Markets Fund | 17,973,059 | 2.21 | 72,266 | - | Transfer | 22.04.2016 | 18,045,325 | 2.22 |
| | | | | 3,28,401 | - | Transfer | 29.04.2016 | 18,373,726 | 2.26 |
| | | | | 574,554 | - | Transfer | 06.05.2016 | 18,948,280 | 2.33 |
| | | | | 485,817 | - | Transfer | 13.05.2016 | 19,434,097 | 2.39 |
| | | | | 213,762 | - | Transfer | 20.05.2016 | 19,647,859 | 2.41 |
| | | | | 63 | - | Transfer | 27.05.2016 | 19,647,922 | 2.41 |
| | | | | - | 331,015 | Transfer | 09.09.2016 | 19,316,907 | 2.34 |
| | | | | - | 690,557 | Transfer | 16.09.2016 | 18,626,350 | 2.25 |
| | | | | - | 1,262,650 | Transfer | 23.09.2016 | 17,363,700 | 2.10 |
| | | | | - | 148,091 | Transfer | 28.10.2016 | 17,215,609 | 2.08 |
| | | | | - | 790,774 | Transfer | 03.02.2017 | 16,424,835 | 1.97 |
| | | | | - | 431,000 | Transfer | 10.02.2017 | 15,993,835 | 1.92 |
| | | | | - | 1,010,451 | Transfer | 17.02.2017 | 14,983,384 | 1.80 |
| | | | | - | 373,933 | Transfer | 24.02.2017 | 14,609,451 | 1.76 |
| | | | | - | 137,293 | Transfer | 03.03.2017 | 14,472,158 | 1.74 |
| | | | | - | 452,876 | Transfer | 10.03.2017 | 14,019,282 | 1.68 |
| | | | | - | 1,889,602 | Transfer | 17.03.2017 | 12,129,680 | 1.46 |
| | | | | - | 841,295 | Transfer | 31.03.2017 | 11,288,385 | 1.36 |
| 9 | Priya C Khubchandani | 10,713,142 | 1.32 | - | 20,000 | Transfer | 12.08.2016 | 10,693,142 | 1.30 |
| | | | | - | 30,000 | Transfer | 19.08.2016 | 10,663,142 | 1.29 |
| | | | | - | 35,832 | Transfer | 02.09.2016 | 10,627,310 | 1.28 |
| | | | | - | 20,000 | Transfer | 23.09.2016 | 10,607,310 | 1.28 |
| | | | | - | 100,000 | Transfer | 31.03.2017 | 10,507,310 | 1.26 |

# Annexures to Board's Report *(Continued)*

| Sl. No. | Name | Shareholding at the beginning of the year as on April 01, 2016 | | Increase/Decrease in shareholding during the year | | | Date of change$ | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|---|---|---|---|
| | | No. of shares | % of the total shares of the Company | No. of Shares Increase | No. of Shares Decrease | Reason | | No. of shares | % of total shares of the Company |
| 10 | Morgan Stanley Mauritius Company Limited | 96,677 | 0.01% | - | 96,677 | Transfer | 29.04.2016 | - | - |
| | | | | 25,70,000 | - | Transfer | 05.08.2016 | 2,570,000 | 0.31 |
| | | | | 19,30,000 | - | Transfer | 12.08.2016 | 4,500,000 | 0.55 |
| | | | | 27040 | - | Transfer | 26.08.2016 | 4,527,040 | 0.55 |
| | | | | 2,08,505 | - | Transfer | 09.09.2016 | 4,735,545 | 0.57 |
| | | | | 7,24,193 | - | Transfer | 16.09.2016 | 5,459,738 | 0.66 |
| | | | | 12,54,120 | - | Transfer | 23.09.2016 | 6,713,858 | 0.81 |
| | | | | 1,46,025 | - | Transfer | 07.10.2016 | 6,859,883 | 0.83 |
| | | | | 3,42,692 | - | Transfer | 14.10.2016 | 7,202,575 | 0.87 |
| | | | | 65404 | - | Transfer | 21.10.2016 | 7,267,979 | 0.88 |
| | | | | 9,40,000 | - | Transfer | 11.11.2016 | 8,207,979 | 0.99 |
| | | | | - | 205,643 | Transfer | 09.12.2016 | 8,002,336 | 0.96 |
| | | | | - | 406,961 | Transfer | 16.12.2016 | 7,595,375 | 0.91 |
| | | | | - | 23,498 | Transfer | 23.12.2016 | 7,571,877 | 0.91 |
| | | | | - | 125,358 | Transfer | 30.12.2016 | 7,446,519 | 0.90 |
| | | | | - | 238,728 | Transfer | 03.02.2017 | 7,207,791 | 0.87 |
| | | | | - | 335,666 | Transfer | 10.02.2017 | 6,872,125 | 0.83 |
| | | | | - | 595,145 | Transfer | 17.02.2017 | 6,276,980 | 0.75 |
| | | | | 1,44,314 | - | Transfer | 24.02.2017 | 6,421,294 | 0.77 |
| | | | | 3,03,860 | - | Transfer | 03.03.2017 | 6,725,154 | 0.81 |
| | | | | 1,28,302 | - | Transfer | 10.03.2017 | 6,853,456 | 0.82 |
| | | | | 32,29,198 | - | Transfer | 17.03.2017 | 10,082,654 | 1.21 |
| | | | | 1,52,076 | - | Transfer | 24.03.2017 | 10,234,730 | 1.23 |
| | | | | 2,15,871 | - | Transfer | 31.03.2017 | 10,450,601 | 1.26 |

*The variation in the % is due to change in the paid-up share capital of the Company.

**Note$ :** The date of change is considerd on which the beneficiary position is downloaded.

**Attachment - G**

**(v) Shareholding of Directors and Key Managerial Personnel:**

| Sl. No. | Name | Shareholding at the beginning of the year as on April 1, 2016 | | Date | Increase/ Decrease in shareholding | Reason | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|---|---|---|
| | | No. of shares | % of total shares of the Company | | | | No. of shares | % of total shares of the Company |
| **(A)** | **Directors** | | | | | | | |
| 1) | Mr. Rashesh Shah* | 145,301,730 | 17.85 | - | - | - | 145,301,730 | 17.45 |
| 2) | Mr. Venkatchalam Ramaswamy* | 58,026,560 | 7.13 | - | - | - | 58,026,560 | 6.97 |
| 3) | Mr. Himanshu Kaji | 937,500 | 0.12 | 15.06.2016 | 587,500 | Allotment of Shares on exercise of the Stock Options | 1,525,000 | 0.19 |
| | | | | 17.08.2016 | 62,500 | Allotment of Shares on exercise of the Stock Options | 1,587,500 | 0.19 |
| | | | | 15.11.2016 | 400,000 | Allotment of Shares on exercise of the Stock Options | 1,987,500 | 0.24 |
| 4) | Mr. Rujan Panjwani* | 12,316,380 | 1.51 | - | - | - | 12,316,380 | 1.48 |
| 5) | Ms. Vidya Shah* | 35,031,200 | 4.30 | - | - | - | 35,031,200 | 4.21 |
| 6) | Mr. P. N. Venkatachalam | 120,000 | 0.01 | 16.05.2016 | 37,500 | Allotment of Shares on exercise of the Stock Options | 157,500 | 0.02 |
| | | | | 17.08.2016 | 50,000 | Allotment of Shares on exercise of the Stock Options | 207,500 | 0.02 |
| 7) | Mr. Berjis Desai | 12,500 | - | 16.05.2016 | 37,500 | Allotment of Shares on exercise of the Stock Options | 50000 | 0.01 |
| | | - | - | 17.08.2016 | 12,500 | Allotment of Shares on exercise of the Stock Options | 62,500 | 0.01 |

*The variation in the % is due to change in the paid-up share capital of the Company.

# Annexures to Board's Report *(Continued)*

| Sl. No. | Name | Shareholding at the beginning of the year as on April 1, 2016 | | Date | Increase/ Decrease in shareholding | Reason | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|---|---|---|
| | | No. of shares | % of total shares of the Company | | | | No. of shares | % of total shares of the Company |
| 8) | Mr. Sanjiv Misra | 12,500 | - | 16.05.2016 | 25,000 | Allotment of Shares on exercise of the Stock Options | 37,500 | - |
| 9) | Mr. Sunil Mitra | - | - | - | - | - | - | - |
| 10) | Mr. Kunnasagaran Chinniah | - | - | - | - | - | - | - |
| 11) | Mr. Navtej S. Nandra | 7,936,680 | 0.97 | 17.08.2016 | 12,500 | Allotment of Shares on exercise of the Stock Options | 7,949,180 | 0.95 |
| 12) | Mr. Biswamohan Mahapatra | - | - | - | - | - | - | - |
| **(B)** | **Key Managerial Personnel** | | | | | | | |
| 1) | Mr. S. Ranganathan | 225,000 | 0.03 | 18.07.2016 | 150,000 | Allotment of Shares on exercise of the Stock Options | 375,000 | 0.05 |
| | | | | 14.09.2016 | 75,000 | Allotment of Shares on exercise of the Stock Options | 450,000 | 0.05 |
| | | | | 14.12.2016 | 100,000 | Allotment of Shares on exercise of the Stock Options | 550,000 | 0.07 |
| 2) | Mr. B. Renganathan | 6,937 | - | - | - | - | 6,937 | - |

## Attachment – H

**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** | | | | |
| i) Principal Amount | 2,762.75 | 5,646.75 | – | 8,409.50 |
| ii) Interest due but not paid | - | 19.16 | – | 19.16 |
| iii) Interest accrued but not due | 464.04 | - | – | 464.04 |
| **Total (i+ii+iii)** | **3,226.79** | **5,665.91** | – | **8,892.70** |
| **Change in Indebtedness during the financial year** | | | | |
| • Addition | 198.31 | 545,489.07 | – | 545,687.38 |
| • Reduction | (2,089.38) | (543,965.11) | – | (546,054.49) |
| **Net Change** | **(1,891.07)** | **1,523.96** | – | **(367.11)** |
| **Indebtedness at the end of the financial year** | | | | |
| i) Principal Amount | 1,062.00 | 7,150.33 | – | 8,212.33 |
| ii) Interest due but not paid | - | 39.54 | – | 39.54 |
| iii) Interest accrued but not due | 273.72 | - | – | 273.72 |
| **Total (i+ii+iii)** | **1,335.72** | **7,189.87** | – | **8,525.59** |

## Attachment – I

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

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

(₹ in million)

| Particulars of Remuneration | | Mr. Rashesh Shah | Mr. Venkatchalam Ramaswamy | Mr. Himanshu Kaji | Mr. Rujan Panjwani | Total |
|---|---|---|---|---|---|---|
| 1. | Gross salary | | | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act,1961 | **21.12** | **1.20** | **18.45** | **1.29** | **42.06** |
| | (b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961 | **0.04** | - | **0.03** | **0.04** | **0.11** |
| | (c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961 | - | - | - | - | - |
| 2. | Stock Option (perquisite value) | - | - | **43.29** | - | **43.29** |
| 3. | Sweat Equity | - | - | - | - | - |
| 4. | Commission<br>- as % of profit<br>- others | - | - | - | - | - |
| 5. | Others: Bonus * | **40.00** | **1.50** | **40.00** | **0.00** | **81.50** |
| | **Total (A)** | **61.16** | **2.70** | **101.77** | **1.33** | **166.96** |
| | Ceiling as per the Act | The total managerial remuneration is within the ceilings prescribed. | | | | |

* Relates to financial year 2015-16

**Attachment J**

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

**B. Remuneration to other Directors:**

**(₹ in million)**

| Particulars of Remuneration | 1. Mr. P N Venkatachalam | 2. Mr. Berjis Desai | 3. Mr. Sunil Mitra | 4. Mr. Sanjiv Misra | 5. Mr. Navtej S. Nandra | 6. Mr. Kunnasagaran Chinniah | 7. Mr. Biswamohan Mahapatra | 8. Ms. Vidya Shah | Total |
|---|---|---|---|---|---|---|---|---|---|
| | Independent Directors | | | | | | | Non-executive, Non-Independent | |
| **1. Independent Directors** | | | | | | | | | |
| • Fee for attending Board/Committee of Meetings | 0.42 | 0.28 | 0.18 | 0.20 | 0.22 | 0.26 | 0.14 | -- | 1.70 |
| • Commission * | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | -- | 9.10 |
| • Others | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| **Total (1)** | **1.72** | **1.58** | **1.48** | **1.50** | **1.52** | **1.56** | **1.44** | **--** | **10.80** |
| | | | | | | | | | |
| **2. Other Non-executive Director** | **--** | **--** | **--** | **--** | **--** | **--** | **--** | **--** | **--** |
| • Fee for attending board/committee of meetings | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| • Commission * | -- | -- | -- | -- | -- | -- | -- | 1.00 | 1.00 |
| • Others | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| **Total (2)** | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| **Total B = (1+2)** | **1.72** | **1.58** | **1.48** | **1.50** | **1.52** | **1.56** | **1.44** | **1.00** | **11.80** |
| **Total Managerial Remuneration (A+B)** | | | | | | | | | **178.76** |
| **Overall Ceilling as per the Act** | The total managerial remuneration is within the ceilings prescribed. | | | | | | | | |

* Relates to financial year 2015-16

**Attachment – K**

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MANAGING DIRECTOR/MANAGER/WHOLE TIME DIRECTOR:**

(₹ in million)

| | Particulars of Remuneration | Chief Financial Officer | Company Secretary | Total |
|---|---|---|---|---|
| 1. | Gross salary | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 10.26 | 9.60 | 19.86 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | 0.04 | 0.03 | 0.07 |
| | (c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961 | - | - | - |
| 2. | Stock Option (perquisite value) | 18.99 | - | 18.99 |
| 3. | Sweat Equity | - | - | - |
| 4. | Commission | | | |
| | - as % of profit | - | - | - |
| | - others, specify | | | |
| 5. | Others: Bonus * | 22.50 | 3.90 | 26.40 |
| | **Total** | 51.79 | 13.53 | 65.32 |

* Relates to financial year 2015-16

**Attachment – L**

**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 | | | | | |

**Rashesh Shah**
**Chairman, Managing Director & CEO**
**DIN No. 00008322**

May 17, 2017

# Annexures to Board's Report *(Continued)*

**Annexure V**

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

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

| Sr. No. | Disclosure Requirement | Disclosure Details | | | |
|---|---|---|---|---|---|
| 1 | Ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year | | **Directors** | **Title** | **Ratio** |
| | | 1 | Mr. Rashesh Shah | Chairman, Managing Director & CEO | 47.02 |
| | | 2 | Mr. Venkatchalam Ramaswamy | Executive Director | 2.08 |
| | | 3 | Mr. Himanshu Kaji | Executive Director | 44.96 |
| | | 4 | Mr. Rujan Panjwani | Executive Director | 0.99 |
| | For the financial year 2015-16, Mr. P. N. Venkatachalam, Mr. Berjis Desai, Mr. Sanjiv Misra, Mr. Sunil Mitra, Mr. Navtej S. Nandra, Mr. Kunnasagaran Chinniah and Mr. Biswamohan Mahapatra were paid commission of ₹ 1.3 million each, representing the ratio of 1X each and Ms. Vidya Shah was paid ₹ 1 million. | | | | |
| 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** |
| | | 1 | Mr. Rashesh Shah | Chairman,Managing Director & CEO | 50 |
| | | 2 | Mr. Venkatchalam Ramaswamy | Executive Director | 125 |
| | | 3 | Mr. Himanshu Kaji | Executive Director | 411 |
| | | 4 | Mr. Rujan Panjwani | Executive Director | (91) |
| | | 5 | Mr. S Ranganathan | Chief Financial Officer | 35 |
| | | 6 | Mr. B Renganathan | Company Secretary | 20 |
| 3 | Percentage increase in the median remuneration of employees in the financial year | 14 %. (The employees who joined the Company during the financial year 2016-17 are not considered for this purpose) | | | |
| 4 | Number of permanent employees on the rolls of Company at the end of the year | 148 permanent employees were on the rolls of the Company as on March 31, 2017 | | | |
| 5 | Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration | The average increase for employees other than the managerial personnel who were in the employment during the financial year 2015-16 and 2016-17 - the average increase is 30.24%. The average increase for managerial personnel is 65.61%. | | | |
| 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. | | | |

**Rashesh Shah**
**Chairman, Managing Director & CEO**
**DIN No. 00008322**

May 17, 2017

**Annexure VI**

## Business Responsibility Report for the year 2016-17

**Section - A**

**General Information about the Company**

| Sr. No. | Particulars | Reply |
|---|---|---|
| 1 | Corporate Identity Number (CIN) of the Company | L99999MH1995PLC094641 |
| 2 | Name of the Company | Edelweiss Financial Services Limited |
| 3 | Registered Office address of the Company | Edelweiss House, Off. C.S.T Road, Kalina Mumbai MH 400 098 |
| 4 | Website | www.edelweissfin.com |
| 5 | E-mail ID | efsl.shareholders@edelweissfin.com |
| 6 | Financial Year reported | 2016-17 |
| 7 | Sector (s) that the Company is engaged in (Industrial activity code-wise) | Code:<br>649 – Investment Banking and Advisory Services<br>642 – Holding Company Activities |
| 8 | List three key products / services that the Company manufactures/ provides ( as in Balance Sheet) | Investment Banking & Advisory Services |
| 9 | Total number of locations where business activity is undertaken by the Company | |
| | (a) Number of International Locations (Provide details of major 5) | 7 (including Singapore, Mauritius, USA, UK, UAE) through subsidiaries of the Company. |
| | (b) Number of National Locations | 125 through subsidiaries of the Company. |
| 10. | Market served by the Company- Local/ State / National/ International | Edelweiss serves the Indian markets and the international markets through its subsidiaries. |

# Annexures to Board's Report *(Continued)*

Section - B

Financial details of the Company

(₹ in Million)

| Sr. No. | Particulars | Reply |
|---|---|---|
| 1 | Paid-up Capital (as on March 31, 2017) | ₹ 832.57 |
| 2 | Total Turnover / Income | ₹ 4,504.65 |
| 3 | Total Profit After Taxes | ₹ 1,290.06 |
| 4 | Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) | ₹ 26.84 |
| 5 | List of activities in which expenditure in 4 above has been incurred:- | The above expenditure is predominantly incurred / spent on livelihood of under privileged & Woman Empowerment. |

Section – C

Other Details

| Sr. No. | Particulars | Reply |
|---|---|---|
| 1 | Does the Company have any Subsidiary Company / Companies? | Yes |
| 2 | Do the Subsidiary Company / Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s) | Yes.<br>The Company is engaged in the Financial Services.<br>The Company along with its subsidiaries carries out the Business Responsibilities and CSR activities. |
| 3 | Do any other entity/ entities (e.g. suppliers, distributors etc.) that the Company does Business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/ entities? [Less than 30%, 30-60%, More than 60%] | We encourage our associates & partners to engage / participate in BR initiatives. |

Section - D

Business Responsibility Information

**(1) Details of Director/Directors responsible for Business Responsibility**

| Sr. No. | Particulars | Reply |
|---|---|---|
| (a) | Details of the Director/Director responsible for implementation of the Business Responsibility Policy / policies | DIN Number: 00009438<br>Name: Mr. Himanshu Kaji<br>Designation: Executive Director |
| (b) | Details of the Business Responsibility head | DIN Number: 00274831<br>Name: Ms. Vidya Shah<br>Designation: Director<br>Telephone No.:+ 91 22- 40094400<br>e-mail ID: efsl.shareholders@edelweissfin.com |

In fulfilling its obligation of Business Responsibility (BR) and the Corporate Social Responsibility (CSR), the Company is guided by Edelweiss Guiding Principles which are provided in this Annual Report.

**(a) Details of compliance (Reply in Y/N)**

| Sr. No. | Questions | P-1 | P-2 | P-3 | P-4 | P-5 | P-6 | P-7 | P-8 | P-9 |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Do you have a policy/ policies for | Y | N $ | Y | Y | Y | N $ | Y | Y | Y |
| 2 | Has the policy being formulated in consultation with the relevant stakeholders? | Y | N $ | Y | Y | Y | N $ | Y | Y | Y |
| 3 | Does the policy conform to any national / international standards? If yes, specify? (50words) | Y | N $ | Y | Y | Y | N $ | Y | Y | Y |
| 4 | Has the policy being approved by the Board? If yes, has it been signed by MD / owner/ CEO/ appropriate Board Director ? | Business Responsibility Policy encompassing all these principles have been approved. | | | | | | | | |
| 5 | Does the company have a specified committee of the Board / Director / Official to oversee the implementation of the policy? | Appropriate steps shall be taken to oversee the implementation of the policy. | | | | | | | | |
| 6 | Indicate the link for the policy to be Viewed online? | The Policy is made available on the website of the Company www.edelweissfin.com | | | | | | | | |
| 7 | Has the policy been formally Communicated to all relevant internal and external stakeholders? | Yes | | | | | | | | |
| 8 | Does the company have in-house structure to implement the policy/ policies | The Company is in the process of setting up a monitoring process. | | | | | | | | |

# Annexures to Board's Report *(Continued)*

| Sr. No. | Questions | P-1 | P-2 | P-3 | P-4 | P-5 | P-6 | P-7 | P-8 | P-9 |
|---|---|---|---|---|---|---|---|---|---|---|
| 9 | Does the Company have a Grievance redressal mechanism related to the policy / policies to address stakeholders' grievances related to the policy / policies? | Yes | | | | | | | | |
| 10 | Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency? | The Company may take appropriate steps in this regard. | | | | | | | | |

$: Considering the nature of business of the Company, Principle - 2 & Principle - 6 may not be strictly applicable.

**(b) If answer to the question at serial number 1 against any principle, is " No' Please explain why: (Tick up to 2 options) : Not Applicable**

| Sr. No. | Questions | P-1 | P-2* | P-3 | P-4 | P-5 | P-6* | P-7 | P-8 | P-9 |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | The company has not understood the Principles | Not Applicable | | | | | | | | |
| 2 | The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles | | | | | | | | | |
| 3 | The company does not have financial or manpower resources available for the task | | | | | | | | | |
| 4 | It is planned to be done within next 6 months | | | | | | | | | |
| 5 | It is planned to be done within next 1 Year | | | | | | | | | |
| 6 | Any other reason (please specify) | | | | | | | | | |

*: Considering the nature of business of the Company, Principle - 2 & Principle - 6 may not be strictly applicable.

**3. Governance related to BR**

| Sr. No. | Particulars | Reply |
|---|---|---|
| 1 | Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company.<br><br>Within 3 months, 3-6 months, Annually, More than 1 year | Necessary steps will be taken at an appropriate time. |
| 2 | Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published? | The same is available on the website of the Company www.edelweissfin.com. |

**SECTION - E**

**Principle-wise Performance**

**Principle 1: Businesses should conduct and govern themselves with ethics, transparency and accountability**

**It is an integral part of the Edelweiss Guiding Principle to conduct the business in a Fair and transparent manner.**

| Sr. No. | Particulars | Reply |
|---|---|---|
| 1 | Does the policy relating to ethics, bribery and corruption cover only the Company? Yes / No.<br>Does it extend to the Group / Joint Ventures/ Suppliers / Contractors / NGOs/Others? | Yes applicable to the Company and the Companies within the Group. |
| 2 | How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so. | During the year under review<br>No. of Complaints / Requests<br>Received : 25<br>Resolved: 25<br>% of the Complaints / Requests Resolved : 100 % |

**Principle 2 : Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle #**

**#: Considering the nature of business of the Company this Principle may not be strictly applicable.**

| Sr. No. | Particulars | Reply |
|---|---|---|
| 1 | List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities. | Not Applicable |
| 2 | For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional): | Not Applicable |
| | (a) Reduction during sourcing / production / distribution achieved since the previous year throughout the value chain? | Not Applicable |
| | (b) Reduction during usage by consumers (energy, water) has been achieved since the previous year? | |
| 3 | Does the company have procedures in place for sustainable sourcing (including transportation)?<br>If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so. | |
| 4 | Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?<br>(a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors? | Not Applicable |
| 5 | Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so. | Not Applicable |

# Annexures to Board's Report *(Continued)*

**Principle 3 : Businesses should promote the wellbeing of all employees**

| Sr. No. | Particulars | | Reply | |
|---|---|---|---|---|
| 1 | Please indicate the Total number of employees **(including Group Subsidiaries)** | | 6972 | |
| 2 | Please indicate the Total number of employees hired on temporary/ contractual/casual basis. | | 290 | |
| 3 | Please indicate the Number of permanent women employees. | | 1382 | |
| 4 | Please indicate the Number of permanent employees with disabilities | | Not Applicable | |
| 5 | Do you have an employee association that is recognized by management. | | No | |
| 6 | What percentage of your permanent employees is members of this recognized employee association? | | Not Applicable | |
| 7 | Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year. | | The Company doess not employ / hire child labour, forced labour or , involuntary labour. | |
| | **No.** | **Category** | **No of complaints filed during the financial year** | **No of complaints pending as on end of the financial year** |
| | 1 | Child labour/forced labour /involuntary labour | Not Applicable | Not Applicable |
| | 2 | Sexual harassment | Not Applicable | Not Applicable |
| | 3 | Discriminatory employment | Not Applicable | Not Applicable |
| Casual/Temporary/Contractual Employees | | | | |
| 8 | What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year? | | Every employee of the Company undergoes necessary training. | |
| | (a) | Permanent Employees | | |
| | (b) | Permanent Women Employees | | |
| | (c) | Casual/Temporary/Contractual Employees | | |
| | (d) | Employees with Disabilities | | |

**Principle 4 : Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.**

As an Edelweiss Guiding Principle the Company focuses on Growth for its stakeholders - clients, employees and shareholders.

| Sr. No. | Particulars | Reply |
|---|---|---|
| 1 | Has the company mapped its internal and external stakeholders? | The Company through it CSR arm Edelgive Foundation contributes to the society by providing support to the under priveleged etc. |
| 2 | Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders. | |
| 3 | Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so. | |

**Principle 5 : Businesses should respect and promote human rights**

| Sr. No. | Particulars | Reply |
|---|---|---|
| 1 | Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures / Suppliers / Contractors / NGOs /Others? | Extends to the Company and the Group |
| 2 | How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management? | Not Applicable |

**Principle 6 : Businesses should respect, protect, and make efforts to restore the environment**

| Sr. No. | Particulars | Reply |
|---|---|---|
| 1 | Does the policy related to Principle 6 cover only the company or extends to the Group / Joint Ventures / Suppliers / Contractors / NGOs /others. | Not Applicable<br>(Considering the nature of business of the Company, Principle - 6 may not be strictly applicable). |
| 2 | Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc. | |
| 3 | Does the company identify and assess potential environmental risks? Y/N | |
| 4 | Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed? | |
| 5 | Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc. | |
| 6 | Are the Emissions/Waste generated by the company within the permissible limits given by CPCB / SPCB for the financial year being reported? | |
| 7 | Number of show cause/ legal notices received from Central Pollution Control Board (CPCB) / State Pollution Control Board (SPCB) which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.) | |

**Principle 7 Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner**

| Sr. No. | Particulars | Reply |
|---|---|---|
| 1 | Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with. | Yes- FICCI, CII |
| 2 | Have you advocated / lobbied through above associations for the advancement or improvement of public good? Yes/No;<br>if yes specify the broad areas ( drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others) | Edelweiss group presents its views on various regulatory changes in the light of the changing business environment. |

**Principle 8 : Businesses should support inclusive growth and equitable development**

| Sr. No. | Particulars | Reply |
|---|---|---|
| 1 | Does the company have specified programmes / initiatives / projects in pursuit of the policy related to Principle 8?<br>If yes details thereof. | The CSR activities / programmes supports inclusive growth and equitable development.<br>The Company being in the business of providing financial services, conducts various investor awareness programmes from time to time.<br>Woman Empowerment program plays pivotal role in inclusive growth and equitable development. |
| 2 | Are the programmes / projects undertaken through in-house team / own foundation / external NGO / government structures/any other organization? | The programmes / projects are undertaken through EdelGive Foundation - The CSR arm of the Group. |
| 3 | Have you done any impact assessment of your initiative? | Yes, the Company continuously monitors and assess the impact of its CSR initiatives. |
| 4 | What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken. | Please refer CSR Report attached to the Boards' Report. |
| 5 | Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so. | Yes.<br>(Please refer CSR Report) |

**Principle 9 : Businesses should engage with and provide value to their customers and consumers in a responsible manner**

| Sr. No. | Particulars | Reply |
|---|---|---|
| 1 | What percentage of customer complaints/consumer cases are pending as on the end of financial year. | Nil |
| 2 | Does the company display product information on the product label, over and above what is mandated as per local laws? Yes / No / N.A ./ Remarks (additional information) | Not Applicable |
| 3 | Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so. | No |
| 4 | Did your company carry out any consumer survey/ consumer satisfaction trends? | Consumer survey are taken at regular intervals. |

**Rashesh Shah**
**Chairman, Managing Director & CEO**
**DIN No. 00008322**

May 17, 2017

# Corporate Governance Report

## COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance is about promoting corporate fairness, transparency, accountability and integrity of the management to facilitate effective entrepreneurial and prudent management practices for long-term sustainable growth of the Company. It also aims to align as nearly as possible the interests of individuals, corporates and society and enhancing the stakeholders' value. Best results are achieved when the companies begin to treat the Corporate Governance system not as a mere structure but as a way of corporate life. Edelweiss Guiding Principles also reflect the fundamental philosophy of Good Corporate Governance practices which has always been an integral part of your Company's philosophy.

## BOARD OF DIRECTORS

### Composition, Meeting and Attendance

The composition of the Board of Directors of the Company comprises of Executive and Non-Executive Directors. This is in conformity with the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and the Companies Act, 2013 ("Act").

The annual calendar of Board Meetings is agreed upon at the beginning of the year. The agenda which is circulated in advance is backed by comprehensive background information to enable the Board to take appropriate decisions. The names and categories of the Directors on the Board, their attendance at the Board Meetings held during the financial year 2016-17 and at the last Annual General Meeting (AGM), as also the number of directorships and committee positions held by them in other public limited companies as on March 31, 2017 are as under:

| Name and DIN of the Directors | Category | No. of Board Meetings | | Attendance at the last AGM held on August 9, 2016 | No. of directorships in other Public Limited Companies[$] | Committee Position* | |
|---|---|---|---|---|---|---|---|
| | | Held | Attended | | | Member | Chairman |
| Mr. Rashesh Shah [Chairman, Managing Director & CEO] (DIN No. 00008322) | Executive (Promoter) | 4 | 4 | Yes | 3 | - | - |
| Mr. Venkatchalam Ramaswamy (DIN No. 00008509) | Executive (Promoter) | 4 | 4 | Yes | 4 | - | - |
| Ms. Vidya Shah (DIN No. 00274831) | Non-Executive, Non-Independent (Promoter) | 4 | 4 | Yes | 2 | 2 | - |
| Mr. Himanshu Kaji (DIN No. 00009438) | Executive | 4 | 4 | Yes | 4 | 2 | - |
| Mr. Rujan Panjwani (DIN No. 00237366) | Executive | 4 | 4 | Yes | 3 | 1 | - |
| Mr. P. N. Venkatachalam (DIN No. 00499442) | Independent | 4 | 4 | Yes | 9 | 3 | 4 |
| Mr. Berjis Desai (DIN No. 00153675) | Independent | 4 | 3 | Yes | 9 | 4 | 2 |
| Mr. Sanjiv Misra (DIN No. 03511635) | Independent | 4 | 3 | Yes | - | - | - |
| Mr. Sunil Mitra (DIN No. 00113473) | Independent | 4 | 4 | Yes | 8 | 3 | 1 |
| Mr. Navtej S. Nandra (DIN No. 02282617) | Independent | 4 | 4 | Yes | 1 | 1 | - |
| Mr. Kunnasagaran Chinniah (DIN No. 01590108) | Independent | 4 | 4 | Yes | 3 | 2 | - |
| Mr. Biswamohan Mahapatra (DIN No. 06990345) | Independent | 4 | 4 | Yes | 2 | 1 | 1 |

$ Only Directorships of public limited companies incorporated in India have been considered.
* Only Audit Committee and Stakeholders' Relationship Committee, in other public limited companies, have been considered for the Committee position.

# Corporate Governance Report *(Continued)*

None of the Directors on the Board is a member of more than 10 Committees and Chairman/Chairperson of more than 5 Committees, across all the public limited companies in which he / she is a Director.

The Board met 4 times during the financial year 2016-17 on : May 13, 2016; August 9, 2016; November 9, 2016; and February 9, 2017.

Mr. Rashesh Shah and Ms. Vidya Shah are related to each other. None of the other Directors are related to each other.

**COMMITTEES OF THE BOARD:**

**A) Audit Committee**

**Composition as at March 31, 2017:-**

| | | |
|---|---|---|
| Mr. P. N. Venkatachalam | - | Chairman |
| Mr. Berjis Desai | - | Member |
| Mr. Sanjiv Misra | - | Member |
| Mr. Sunil Mitra | - | Member |

All the members of the Committee are Independent Directors and have financial management expertise. The constitution and terms of reference of the Committee are in compliance with the requirements of Section 177 of the Act and the Listing Regulations.

**Brief Description of the Terms of Reference of the Committee**

The terms of the Audit Committee inter alia includes:

1) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

2) Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;

3) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval.

4) Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;

5) Evaluation of internal financial controls and risk management systems;

6) Reviewing, with the management, performance of statutory auditors and internal auditors, adequacy of the internal control systems;

7) Discussion with internal auditors of any significant findings and follow up there on;

8) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

9) To review the functioning of the Whistle Blower/Vigil mechanism; and

10) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

**Meetings held**

During the financial year 2016-17, 4 meetings of the Committee were held on May 13, 2016; August 9, 2016; November 8, 2016 and February 9, 2017.

**Attendance:**

| Name of the Member | No. of meetings | |
|---|---|---|
| | Held | Attended |
| Mr. P. N. Venkatachalam | 4 | 4 |
| Mr. Berjis Desai | 4 | 3 |
| Mr. Sanjiv Misra | 4 | 3 |
| Mr. Sunil Mitra | 4 | 4 |

The Auditors, Internal Auditors, Chief Financial Officer, Group Deputy CFO and Chief Corporate Controller are invited to attend the meetings of the Committee. The Company Secretary acts as the Secretary to the Committee.

Mr. P. N Venkatachalam, the Chairman of the Committee, was present at the last Annual General Meeting (AGM) held on August 9, 2016.

**B) Nomination and Remuneration Committee**

**Composition as at March 31, 2017:**

| | |
|---|---|
| Mr. Berjis Desai | - Chairman |
| Mr. Sanjiv Misra | - Member |
| Mr. Kunnasagaran Chinniah | - Member |
| Mr. Navtej S. Nandra | - Member |

**Meetings held:**

During the financial year 2016-17, two meetings of the Committee were held on May 13, 2016 and February 9, 2017.

**Attendance:**

| Name of the Member | No. of meetings | |
|---|---|---|
| | Held | Attended |
| Mr. Berjis Desai | 2 | 2 |
| Mr. Sanjiv Misra | 2 | 1 |
| Mr. Kunnasagaran Chinniah | 2 | 2 |
| Mr. Navtej S. Nandra | 2 | 2 |

**Brief Description of the Terms of Reference**

The terms of reference inter alia includes:

i) Identifying the persons who can become Directors;

ii) Formulating the criteria for determining the qualifications, positive attributes etc. and independence of a Director; and

iii) Recommending to the Board a policy relating to the remuneration for the Directors & Key Managerial Personnel.

The Company has formulated a Remuneration Policy which is annexed to the Board's Report.

# Corporate Governance Report *(Continued)*

**Board Evaluation**

A Board Evaluation Policy (the Policy) has been framed for evaluating the performance of the Board, Chairman, Managing Director/Executive Directors, Independent Directors and the Non-executive Directors. Based on the same, the performance evaluation was carried out for the financial year ended March 31, 2017.

The Policy inter alia provides the criteria for performance evaluation such as Board effectiveness, quality of discussion and 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 in its functions, etc.

**Familiarization Programme**

The Independent Directors are familiarized with their roles, rights, responsibilities etc. in the nature of the financial services sector and the business model of the Company. The details are uploaded on the website of the Company at http://edelweissfin.com/portals/0/documents/miscellaneous/familiarisationProgrammeforIndependentDirectors.pdf

**Remuneration to the Directors**

**Non-Executive Directors**

The Company pays sitting fee of ₹ 20,000/- per meeting to the Independent Directors for attending the meetings of the Board and the Committees thereof. The members of the Company have authorised the payment of commission of upto 1% of the net profits of the Company to the Non-executive Directors of the Company. The commission is distributed amongst the Non-executive Directors inter alia based on their attendance, contribution etc. at the Board and various Committee Meetings.

The details of sitting fees and the commission paid to the Non-Executive Directors are as under:

(₹ in million)

| Name of the Director | Sitting fees[$] | Commission* |
|---|---|---|
| Mr. P. N. Venkatachalam | 0.42 | 1.30 |
| Mr. Berjis Desai | 0.28 | 1.30 |
| Mr. Sunil Mitra | 0.18 | 1.30 |
| Mr. Sanjiv Misra | 0.20 | 1.30 |
| Mr. Navtej S. Nandra | 0.22 | 1.30 |
| Mr. Kunnasagaran Chinniah | 0.26 | 1.30 |
| Mr. Biswamohan Mahapatra | 0.14 | 1.30 |
| Ms. Vidya Shah | - | 1.00 |

[$] Relates to the financial year 2016-17

* Relates to the financial year 2015-16

During the year, the Company paid fees of ₹ 0.72 milion to J. Sagar Associates, in which Mr. Berjis Desai was a partner.

**Executive Directors**

The details of the remuneration paid to the Managing Director and the Executive Directors during the financial year ended March 31, 2017 are as under:

(₹ in million)

| Particulars | Mr. Rashesh Shah - Chairman, MD & CEO | Mr. Venkatchalam Ramaswamy - Executive Director | Mr. Himanshu Kaji - Executive Director | Mr. Rujan Panjwani - Executive Director |
|---|---|---|---|---|
| Salary | 21.12 | 1.20 | 18.45 | 1.29 |
| Perquisites | 0.04 | - | 0.03 | 0.04 |
| Bonus* | 40.00 | 1.50 | 40.00 | - |
| Total | 61.16 | 2.70 | 58.48 | 1.33 |
| Service Contracts | April 1, 2017 to March 31, 2022 | April 1, 2017 to March 31, 2022 | November 1, 2014 to October 31, 2019 | June 24, 2016 to June 23, 2021 |
| No. of Stock options granted | - | - | 225,000 | 100,000 |
| Notice Period | N.A. | N.A. | N.A. | N.A. |
| Severance Fee | N.A. | N.A. | N.A. | N.A. |

* Relates to the financial year 2015-16

The shareholding of the Directors in the Company as on March 31, 2017 is as under:

| Sr. No. | Name of the Directors | No. of Equity Shares* | % of the paid up capital |
|---|---|---|---|
| 1. | Mr. Rashesh Shah | 14,53,01,730 | 17.45 |
| 2. | Mr. Venkatchalam Ramaswamy | 5,80,26,560 | 6.97 |
| 3. | Mr. Himanshu Kaji | 19,87,500 | 0.24 |
| 4. | Mr. Rujan Panjwani | 12316380 | 1.48 |
| 5. | Ms. Vidya Shah | 350,31,200 | 4.21 |
| 6. | Mr. P. N. Venkatachalam | 2,07,500 | 0.02 |
| 7. | Mr. Berjis Desai | 62,500 | 0.01 |
| 8. | Mr. Navtej S. Nandra | 79,49,180 | 0.95 |
| 9. | Mr. Sanjiv Misra | 37,500 | - |
| 10. | Mr. Sunil Mitra | - | - |
| 11. | Mr. Kunnasagaran Chinniah | - | - |
| 12. | Mr. Biswamohan Mahapatra | - | - |

* Shares held singly or as a first shareholder are only considered.

# Corporate Governance Report *(Continued)*

**C) Stakeholders' Relationship Committee**

**Composition as at March 31, 2017:**

| | |
|---|---|
| Mr. Berjis Desai | - Chairman |
| Mr. Kunnasagaran Chinniah | - Member |
| Mr. Venkatchalam Ramaswamy | - Member |

**Meetings held:**

During the financial year 2016-17, two meetings of the Committee were held on: May 13, 2016 and November 9, 2016.

**Attendance:**

| Name of the Member | No. of meetings | |
|---|---|---|
| | Held | Attended |
| Mr. Berjis Desai - Chairman | 2 | 1 |
| Mr. Kunnasagaran Chinniah - Member | 2 | 2 |
| Mr. Venkatchalam Ramaswamy - Member | 2 | 2 |

Mr. B. Renganathan is the Company Secretary & Compliance Officer of the Company.

Based on the report received from Link Intime India Private Limited, the Registrar & Share Transfer Agent, the Company received 25 requests/complaints during the year ended March 31, 2017 which were satisfactorily resolved/replied to. As on March 31, 2017 there were no pending requests/complaints.

**RISK MANAGEMENT**

The Risk Management Committee of the Board of Directors of the Company has framed and implemented a Risk Management Policy, which also covers foreign exchange activities.

**GENERAL BODY MEETINGS**

The date, time and venue of the last three Annual General Meetings are given below:

| Financial Year | Date | Time | Venue | No. of special resolutions passed |
|---|---|---|---|---|
| 2015-2016 | August 9, 2016 | 3.00 p.m. | Edelweiss House, Off C.S.T. Road, Kalina, Mumbai- 400 098. | 10 |
| 2014-2015 | July 21, 2015 | 3.00 p.m. | Edelweiss House, Off C.S.T. Road, Kalina, Mumbai- 400 098. | 14 |
| 2013-2014 | July 25, 2014 | 3.00 p.m. | Edelweiss House, Off C.S.T. Road, Kalina, Mumbai- 400 098. | 2 |

**POSTAL BALLOT**

The Company was not required to pass any resolution through postal ballot during the year 2016-2017. Resolution, if any, to be passed through Postal Ballot during the current financial year will be taken up as and when necessary.

## MEANS OF COMMUNICATION

i. The quarterly/annual financial results are regularly submitted to the Stock Exchanges in accordance with the Listing Regulations and published in an English daily and a Marathi daily. The quarterly/annual results, press releases and the presentation made to the Institutional Investors/Analysts are also uploaded on the website of the Company www.edelweissfin.com.

**ii. General Shareholder Information**

| | | |
|---|---|---|
| i. | AGM : Date, time and venue | Wednesday, August 2, 2017 at 3:00 p.m. at the Registered Office of the Company at Edelweiss House, Off C.S.T. Road, Kalina, Mumbai – 400 098. |
| ii. | Financial Year: | April 1, 2016 to March 31, 2017 |
| iii. | Book Closure dates: | July 24, 2017 to August 1, 2017 |
| iv. | Dividend payment date: | August 4, 2017 to August 11, 2017 |

**iii. Listing of Equity Shares on Stock Exchanges:**

The Equity Shares of the Company are listed on:

| | Name of the Stock Exchange | Address of the Stocak Exchange | Stock Codes (Equity Share): Trading Symbol |
|---|---|---|---|
| i) | BSE Limited (BSE) | P J Towers, Dalal Street, Fort, Mumbai - 400 001. | BSE - 532922 |
| ii) | National Stock Exchange of India Limited (NSE) | Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051. | NSE - EDELWEISS |

The Company has paid the listing fees, to the Stock Exchanges for the financial year 2017-2018.

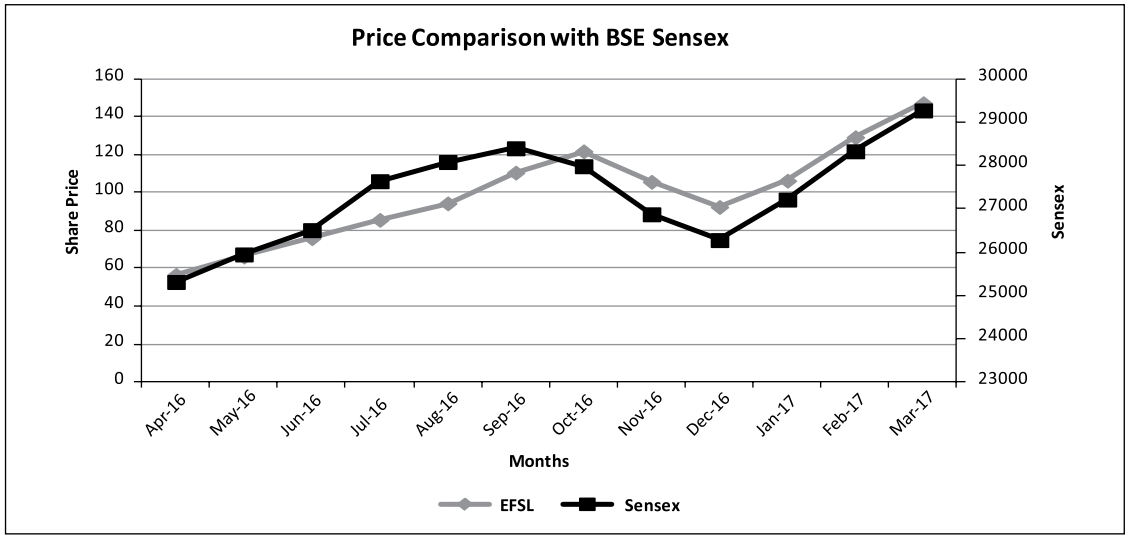
**ISIN with NSDL and CDSL (Equity): INE532F01054**

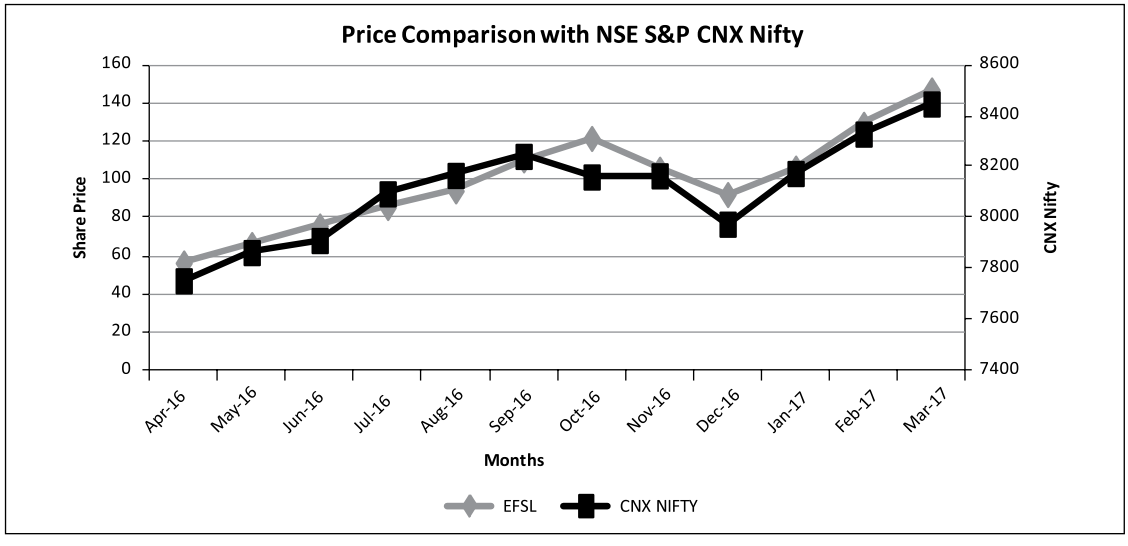
iv. **Market Price Data:** Stock Market price data for the financial year 2016-2017. High/ Low of daily closing market price of the Company's shares traded at BSE and NSE during each month in the financial year ended March 31, 2017 are as under:

| | BSE | | | NSE | | |
|---|---|---|---|---|---|---|
| | High (₹) | Low (₹) | No. of shares traded | High (₹) | Low (₹) | No. of shares traded |
| Apr-16 | 59.40 | 53.40 | 637,653 | 59.40 | 53.80 | 3,620,320 |
| May-16 | 76.40 | 56.90 | 6,110,140 | 76.40 | 56.10 | 23,678,432 |
| Jun-16 | 83.00 | 68.95 | 4,833,755 | 83.00 | 68.90 | 26,928,344 |
| Jul-16 | 96.20 | 75.00 | 8,581,277 | 96.20 | 75.00 | 38,659,184 |
| Aug-16 | 96.20 | 92.70 | 11,304,209 | 119.00 | 92.40 | 56,237,379 |
| Sep-16 | 125.50 | 96.15 | 6,838,527 | 125.50 | 95.55 | 36,884,090 |
| Oct-16 | 129.10 | 114.80 | 10,673,093 | 128.80 | 114.70 | 24,639,279 |
| Nov-16 | 124.40 | 87.50 | 4,479,295 | 124.00 | 87.35 | 23,508,494 |
| Dec-16 | 103.20 | 82.10 | 5,999,427 | 102.80 | 82.00 | 34,409,224 |
| Jan-17 | 117.40 | 95.75 | 3,097,782 | 117.25 | 95.25 | 21,078,235 |
| Feb-17 | 148.35 | 109.85 | 8,578,162 | 148.40 | 109.95 | 37,488,102 |
| Mar-17 | 164.75 | 127.25 | 138,134,774 | 165.00 | 129.25 | 72,374,420 |

# Corporate Governance Report *(Continued)*

**v. Performance of share price in comparison with the broad – based indices viz., NSE Nifty & BSE Sensex:**




**Price: Average of High & Low**

**vi. Registrar & Share Transfer Agent:** Link Intime India Private Limited, C 101, 247 Park, L.B.S Marg, Vikhroli (West), Mumbai - 400 083 is the Registrar & Share Transfer Agent of the Company.

**vii. Share Transfer System:** The Company's shares are compulsorily traded in demat mode on the BSE and NSE. The transfer of Physical shares, if any, are processed and returned to the shareholders within a period of 15 days by the Registrar & Share Transfer Agent.

**viii. Distribution of shareholding as on March 31, 2017:**

| No. of Equity Shares | No. of Shareholders | % of Share holders | Total no. of shares held | % of Shares held |
|---|---|---|---|---|
| 1 - 500 | 1,03,090 | 91.31 | 1,07,53,688 | 1.29 |
| 501 - 1000 | 4,029 | 3.57 | 33,26,508 | 0.40 |
| 1001 - 2000 | 2,190 | 1.94 | 33,53,768 | 0.40 |
| 2001 - 3000 | 934 | 0.83 | 23,92,709 | 0.29 |
| 3001 - 4000 | 413 | 0.36 | 14,89,240 | 0.18 |
| 4001 - 5000 | 428 | 0.38 | 20,54,663 | 0.25 |
| 5001 - 10000 | 673 | 0.60 | 50,55,193 | 0.61 |
| 10001 and above | 1,146 | 1.01 | 80,41,43,320 | 96.58 |
| **Total** | **1,12,903** | **100.00** | **83,25,69,089** | **100.00** |

**SHAREHOLDING PATTERN AS ON MARCH 31, 2017**

| Sr. No. | Category | No. of Shares | % of Holding |
|---|---|---|---|
| 1. | Promoters and Promoters Group | 30,73,85,690 | 36.92 |
| 2. | Mutual Funds / FIs / Banks / Insurance Companies | 1,74,21,755 | 2.09 |
| 3. | FII's/QFI's/ FPI's | 23,84,38,062 | 28.64 |
| 4. | NRIs / Foreign Nationals / Foreign Bodies Corporate | 2,34,81,005 | 2.82 |
| 5. | Public and Others | 20,09,45,797 | 24.14 |
| 6. | General Welfare Trusts | 4,48,96,780 | 5.39 |
| | **Total** | **83,25,690,89** | **100.00** |

**ix. Dematerialisation of shares:** As on March 31, 2017, 83,17,18,969 Equity Shares representing 99.90% of the issued share capital of the Company were held in dematerialised form and 8,50,120 Equity Shares representing 0.10% of the issued share capital were held in physical form. At the end of each quarter, reconciliation of share capital audit is conducted by a Practising Company Secretary to reconcile the total issued capital, listed capital and capital held by the Depositories in dematerialised form.

**x. Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity:**

The Company has not issued GDRs/ADRs/Warrants or any other instrument convertible into equity.

**xi. Details of shares lying in the suspense account [pursuant to the SEBI (Listing Obligations and Disclosure Requrirements) 2015]:**

| Sr. No. | Particulars | Details | |
|---|---|---|---|
| | | No. of Shareholders | No. of shares |
| 1 | Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year | 106 | 8,490 |
| 2 | Number of shareholders who approached the Company for transfer of shares from the suspense account during the year | 9 | 720 |
| 3 | Number of shareholders to whom shares were transferred from the suspense account during the year | 9 | 720 |
| 4 | Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year | 97 | 7,770 |

The voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.

**xii. Plant locations – Not Applicable**

# Corporate Governance Report *(Continued)*

## OTHER DISCLOSURES

i. The Company did not have any material significant related party transactions having a potential conflict with the interest of the Company at large. Transactions with the related parties are disclosed in the audited financial statements.

ii. The financial statements (both standalone and consolidated) have been prepared in accordance with the accounting standards, the Indian Generally Accepted Accounting Principles.

iii. There were no instances of non-compliance by the Company on any matter related to the capital markets, resulting in disciplinary action against the Company by the Stock Exchanges or Securities and Exchange Board of India (SEBI) or any other statutory authority, during the last three years, except:

   a. SEBI has passed an adjudication order in the matter of Initial Public Offer ("IPO") of Electrosteel Steels Limited imposing a penalty of ₹ 10 million which the Merchant Bankers to the IPO are liable to pay jointly and severally. The Company along with other Merchant Bankers to the IPO have filed an appeal before Securities Appellate Tribunal (SAT) against the aforesaid adjudication order.

   b. SEBI has passed an adjudication order dated November 28, 2014 in the matter of Initial Public Offer ("IPO") of Credit Analysis and Research Limited ('CARE") imposing a penalty of ₹ 10 million which the Merchant Bankers to the IPO are liable to pay jointly and severally. The Company along with other Merchant Bankers to the IPO have filed an appeal before Securities Appellate Tribunal (SAT) against the aforesaid adjudication order. The SAT by a majority order dated September 30, 2016, has set aside the adjudication order passed by SEBI as well as the penalty imposed on the Merchant Bankers.

iv The Company has a Whistle Blower Policy for employees to report concerns about unethical behavior, actual or suspected fraud or violation of our code of conduct and confirms that no personnel have been denied access to the Audit Committee.

v. The Policy for determining Material Subsidiaries and the Policy on Related Party Transactions are available at: https://edelweissfin.com/Home/InvestorRelations/CorporateGovernance.aspx

vi. The Company has complied with the corporate governance requirements as prescribed in Regulation 17 to 27, 46(2) (b) to (i), and Schedule V of Chapter IV of the Listing Regulations.

**vii. CEO / CFO Certification**

The CEO and the CFO have certified to the Board, the requirements of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, with regard to financial statements.

**viii. Compliance Certificate**

Pursuant to SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, a certificate from BNP & Associates, Company Secretaries, certifying the compliance by the Company with the provisions of the Corporate Governance of the Listing Regulations forms part of this Report.

**Address for correspondence:** For any assistance, request or instruction regarding transfer or transmission of shares and debentures, dematerialisation of shares, change of address, non receipt of annual report, dividend warrant and any other query relating to the shares and debentures of the Company, the investors may please write to the following address:

| | |
|---|---|
| Link Intime India Private Limited<br>Unit: Edelweiss Financial Services Limited<br>C 101, 247 Park, L.B.S Marg,<br>Vikhroli (West), Mumbai - 400 083.<br>Tel: +91 22 4918 6270<br>Fax: +91 22 4918 6060<br>e-mail: rnt.helpdesk@linkintime.co.in<br>Website: www.linkintime.co.in | The Company Secretary<br>Edelweiss Financial Services Limited<br>Edelweiss House, Off C.S.T. Road,<br>Kalina, Mumbai – 400 098.<br>Tel: +91 022 – 4009 4400<br>Fax: +91 022 – 4086 3759<br>E-mail: efsl.shareholders@edelweissfin.com |

**Declaration by the Managing Director & CEO under SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 regarding adherence to the Edelweiss Code of Conduct**

In accordance with SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, I hereby confirm that for the financial year ended March 31, 2017, the Directors and Senior Management Personnel of the Company have affirmed compliance with the Edelweiss Code of Conduct.

For **Edelweiss Financial Services Limited**

**Rashesh Shah**
**Chairman, Managing Director & CEO**
DIN No. 00008322
May 17, 2017

## CERTIFICATE OF COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To the Members of
Edelweiss Financial Services Limited,

We have examined the compliance of conditions of corporate governance by Edelweiss Financial Services Limited ('the Company'), for the year ended 31 March, 2017, as prescribed in regulations 17 to 27, 46 (2) (b) to (i) and para C, D and E of Schedule V of Chapter IV of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (LODR) for the financial year ended March 31, 2017. We state that the compliance of conditions of Corporate Governance is the responsibility of the management, and our examination was limited to the procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion, and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned LODR.

We further state that such compliance is neither an assurance as to the further viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

This certificate is issued solely for the purposes of complying with the aforesaid Regulations and may not be suitable for any other purpose.

For **BNP Associates**
**Company Secretaries**
**Firm Registration No. P2014MH037400**

**B. Narasimhan**
**Partner**
**FCS No. 1303**
**CP No. 10440**

**Place : Mumbai**
**Date : May 17, 2017**

# Edelweiss Financial Services Limited

# Consolidated Financial Statements for the year ended 31 March 2017




This page is intentionally left blank

# Independent Auditors' Report

**To the Members of**
**Edelweiss Financial Services Limited**

**Report on the consolidated financial statements**

We have audited the accompanying Consolidated Financial Statements of Edelweiss Financial Services Limited (the "Holding Company") and its subsidiaries, partnership firms and alternative investment funds (the Holding Company and its subsidiaries, partnership firms and alternative investment funds together referred to as the "Group") and its associates, comprising of the Consolidated Balance Sheet as at 31 March 2017, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as the "Consolidated Financial Statements").

**Management's responsibility for the consolidated financial statements**

The Holding Company's Board of Directors are responsible for the preparation of these Consolidated Financial Statements in terms of requirements of the Companies Act, 2013 (the "Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group and its associates in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies, partners of the partnership firm and trustees of alternative investment funds included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Holding Company, as aforesaid.

**Auditor's responsibility**

Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated Financial Statements are free from materialmisstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the Consolidated Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the Consolidated Financial Statements.

# Independent Auditors' Report *(Continued)*

We believe that the audit evidence obtained by us and audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Financial Statements.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associates as at 31 March 2017, and their consolidated profit and their consolidated cash flows for the year ended on that date.

**Other matters**

We did not audit the financial statements of 49 subsidiaries and 2 partnership firms whose financial statements reflects total assets of Rs. 151,919 million as at 31 March 2017, total revenues of Rs. 22,457 million and net cash outflow of Rs. 1,277 million for the year ended on that date as considered in the Consolidated Financial Statements. The Consolidated Financial Statements also include the Group's share of net profit of Rs. 86 millions for the year ended 31 March 2017, as considered in the Consolidated Financial Statements, in respect of 2 associates, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by management, and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, partnership firms and associates, and our report in terms of sub section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, partnership firms and associates, is based solely on the reports of the other auditors.

The Consolidated Financial Statements also include the financial statement of an alternative investment fund whose financial statement reflects total assets of Rs. 131 million as at 31 March 2017, nil revenues and net cash inflow of Rs. 6 million for the period ended on that date as considered in the Consolidated Financial Statements and the Group's share of net profit of Rs. 62 million for the year ended 31 March 2017, in respect of 3 associates, whose financial statements / financial information have not been audited by us. These financial statements / financial information are unaudited and have been furnished to us by management and our opinion on the Consolidated Financial Statements, in so far as it relates to these amounts and disclosures included in respect of this associates, and our report in terms of sub-section (3) of Section 143 of the Act in so far as it relates to the aforesaid associates, is based solely on such unaudited financial statements/ financial information. In our opinion and according to the information and explanation given to us by management, these financial statements / financial information are not material to the Group.

The auditors of Edelweiss Tokio Life Insurance Company Limited ('ETLICL'), a subsidiary of the Holding Company, have reported that the actuarial valuation of liabilities for life policies in force and for policies in respect of which premium has been discontinued but liability exists as at 31 March 2017 is the responsibility of ETLICL's appointed Actuary ('the Appointed Actuary'). The actuarial valuation of these liabilities for the life policies in force and for policies in respect of which premium has been discontinued but liability exists as at 31 March 2017 has been duly certified by the Appointed Actuary and in his opinion, the assumption for such valuation are in accordance with the guidelines and norms issued by the Insurance Regulatory and Development Authority ('IRDA') and the Institute of Actuaries of India in concurrence with IRDA. The statutory auditors of ETLICL have relied upon Appointed Actuary's certificate in this regard for forming an opinion on the valuation of liabilities for life policies in force and for policies in respect of which premium has been discontinued but liability exists as at 31 March 2017.

Our opinion on the Consolidated Financial Statements, and our report on other legal and regulatory requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the report of the other auditors.

**Report on other legal and regulatory requirements**

As required by section 143 (3) of the Act, we report, to the extent applicable, 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 of the aforesaid Consolidated Financial Statements;

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements;

(d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

(e) On the basis of written representations received from the directors of the Holding Company as on 31 March 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and associate companies incorporated in India, none of the directors of the Group companies and its associate companies incorporated in India is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164(2) of the Act;

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and its associates incorporated in India and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; and

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

i. The Consolidated Financial Statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associates – Refer note 2.40 to the Consolidated Financial Statements;

ii. The Group and its associates has made provision as required under the applicable law or accounting standards, for material foreseeable losses, on long-term contracts including derivative contracts - Refer note 2.61 to the Consolidated Financial Statements; and

iii. There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Group and its associate incorporated in India.

iv. The Group has provided requisite disclosure in its consolidated financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016. Based on audit procedures performed by us on the companies audited by us and on the basis of the audit report of other companies, not audited by us, and relied by us, we report that the disclosure (Refer note 2.46 to the consolidated financial statements) is in accordance with books of account maintained by the Group and as produced to us and the other auditors by the management of the respective companies, other than for three companies namely ECL Finance Limited, Edelweiss Housing Finance Limited and Edelweiss Retail Finance Limited, where we are unable to obtain sufficient and appropriate audit evidence to report on whether the disclosures are in accordance with the books of account maintained by these three companies and as produced to us by Management.

For **B S R & Associates LLP**
*Chartered Accountants*
Firm Registration No: 116231W/W-100024

**Ashwin Suvarna**
*Partner*
Membership No: 109503

Mumbai
17 May 2017

# Annexure A to the Independent Auditors' Report - 31 March 2017

**Annexure - A to the Independent Auditor's Report of even date on the consolidated financial statements of Edelweiss Financial Services Limited**

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2017, we have audited the internal financial controls over financial reporting of Edelweiss Financial Services Limited (hereinafter referred to as the "Holding Company") and its subsidiary companies and its associates which are companies incorporated in India, as of that date.

**Management's responsibility for internal financial controls**

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

**Auditor's responsibility**

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

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their report referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

**Meaning of internal financial controls over financial reporting**

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

**Inherent limitations of internal financial controls over financial reporting**

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

**Opinion**

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

**Other matters**

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to 28 subsidiary companies and an associate company, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

For **B S R & Associates LLP**
*Chartered Accountants*
Firm Registration No: 116231W/W-100024

**Ashwin Suvarna**
*Partner*
Membership No: 109503

Mumbai
17 May 2017

# Consolidated balance sheet as at 31 March 2017

| (Currency : Indian rupees in millions) | Note | As at 31 March 2017 | As at 31 March 2016 |
|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | |
| **Shareholders' funds** | | | |
| (a) Share capital | 2.1 | **832.57** | 814.04 |
| (b) Reserves and surplus | 2.2 | **42,421.02** | 35,914.00 |
| | | **43,253.59** | 36,728.04 |
| **Share application money pending allotment** | 2.38 | **40.94** | 20.58 |
| **Minority interest** | 2.3 | **9,584.56** | 6,968.70 |
| **Non-current liabilities** | | | |
| (a) Long-term borrowings | 2.4 | **169,874.07** | 101,036.43 |
| (b) Other long term liabilities | 2.5 | **3,061.42** | 2,217.80 |
| (c) Long-term provisions | 2.6 | **10,417.48** | 5,312.27 |
| | | **183,352.97** | 108,566.50 |
| **Current liabilities** | | | |
| (a) Short-term borrowings | 2.7 | **118,394.14** | 138,612.20 |
| (b) Trade payables | 2.8 | | |
| (i) total outstanding dues of micro enterprises and small enterprises | | **1.50** | 0.56 |
| (ii) total outstanding dues of creditors other than micro enterprises and small enterprises | | **20,852.14** | 16,506.71 |
| (c) Other current liabilities | 2.9 | **68,167.09** | 58,325.36 |
| (d) Short-term provisions | 2.10 | **4,587.03** | 4,117.09 |
| | | **212,001.90** | 217,561.92 |
| **TOTAL** | | **448,233.96** | 369,845.74 |
| **ASSETS** | | | |
| **Non-current assets** | | | |
| (a) Fixed assets | | | |
| (i) Property, Plant and Equipment | 2.11 | **5,258.41** | 6,288.74 |
| (ii) Intangible assets | 2.11 | **1,109.53** | 352.89 |
| (iii) Capital work-in-progress | | **951.21** | 229.26 |
| (iv) Intangible assets under development | | **58.35** | 73.56 |
| (b) Non-current investments | 2.12 | **60,413.90** | 20,009.11 |
| (c) Deferred tax assets (net) | 2.13 | **2,109.09** | 1,795.93 |
| (d) Long-term loans and advances | 2.14 | **106,127.61** | 77,200.62 |
| (e) Other non-current assets | 2.15 | **8,365.64** | 13,137.78 |
| | | **184,393.74** | 119,087.89 |
| **Current assets** | | | |
| (a) Current investments | 2.16 | **8,362.93** | 6,955.19 |
| (b) Stock-in-trade | 2.17 | **106,524.04** | 115,119.12 |
| (c) Trade receivables | 2.18 | **10,982.38** | 5,185.99 |
| (d) Cash and bank balances | 2.19 | **26,181.91** | 19,340.05 |
| (e) Short-term loans and advances | 2.20 | **94,867.79** | 90,601.92 |
| (f) Other current assets | 2.21 | **16,921.17** | 13,555.58 |
| | | **263,840.22** | 250,757.85 |
| **TOTAL** | | **448,233.96** | 369,845.74 |
| Significant accounting policies and notes to the financial statements | 1 & 2 | | |

As per our report of even date attached.

**For B S R & Associates LLP**
*Chartered Accountants*
Firm's Registration No.: 116231W/W-100024

**Ashwin Suvarna**
*Partner*
Membership No.: 109503

Mumbai
17 May 2017

**For and on behalf of the Board of Directors**

| | | |
|---|---|---|
| **Rashesh Shah** | *Chairman, Managing Director & CEO* | DIN: 00008322 |
| **Himanshu Kaji** | *Executive Director* | DIN: 00009438 |
| **S Ranganathan** | *Chief Financial Officer* | |
| **B Renganathan** | *EVP & Company Secretary* | |

Mumbai
17 May 2017

# Consolidated statement of profit and loss for the year ended 31 March 2017

| (Currency : Indian rupees in millions) | Note | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
|---|---|---|---|
| **Revenue from operations** | | | |
| Fee and commission income | 2.22 | **12,480.82** | 6,966.06 |
| Income from treasury | 2.23 | **6,893.77** | 3,279.88 |
| Interest income | 2.24 | **41,015.44** | 38,423.68 |
| Premium from life insurance business | | **4,258.92** | 3,001.81 |
| Other operating revenue | 2.25 | **1,271.98** | 867.91 |
| **Other income** | 2.26 | **267.49** | 141.47 |
| **Total revenue** | | **66,188.42** | 52,680.81 |
| **Expenses** | | | |
| Employee benefits expense | 2.27 | **11,021.54** | 8,821.27 |
| Finance costs | 2.28 | **28,096.99** | 26,200.89 |
| Depreciation and amortization expenses | 2.11 | **1,064.36** | 902.33 |
| Change in life insurance policy liability | | **4,263.32** | 2,554.86 |
| Other expenses | 2.29 | **12,310.11** | 8,489.83 |
| **Total expenses** | | **56,756.32** | 46,969.18 |
| **Profit before tax** | | **9,432.10** | 5,711.63 |
| Tax expense: | | | |
| Current tax | | **4,565.64** | 3,440.36 |
| Minimum alternate tax (MAT) | | **(143.82)** | (270.08) |
| Deferred tax | | **(474.54)** | (816.50) |
| **Profit for the year** | | **5,484.82** | 3,357.85 |
| Share in profit / (loss) of associate companies (net) | | **147.55** | 476.54 |
| Share of minority interest | | **(460.69)** | (309.44) |
| **Profit for the year after minority interest** | | **6,093.06** | 4,143.83 |
| **Earnings per share (₹) (Face value ₹ 1 each)** | 2.32 | | |
| **- Basic** | | **7.26** | 5.01 |
| **- Diluted** | | **6.92** | 4.85 |
| Significant accounting policies and notes to the financial statements | 1 & 2 | | |

As per our report of even date attached.

**For B S R & Associates LLP**
*Chartered Accountants*
Firm's Registration No.: 116231W/W-100024

**Ashwin Suvarna**
*Partner*
Membership No.: 109503

Mumbai
17 May 2017

**For and on behalf of the Board of Directors**

| | | |
|---|---|---|
| **Rashesh Shah** | *Chairman, Managing Director & CEO* | DIN: 00008322 |
| **Himanshu Kaji** | *Executive Director* | DIN: 00009438 |
| **S Ranganathan** | *Chief Financial Officer* | |
| **B Renganathan** | *EVP & Company Secretary* | |

Mumbai
17 May 2017

# Consolidated cash flow statement for the year ended 31 March 2017

| | (Currency : Indian rupees in millions) | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
|---|---|---|---|
| **A** | **Cash flow from operating activities** | | |
| | Profit before tax | **9,579.65** | 6,188.17 |
| | Adjustments for: | | |
| | Depreciation and amortization expenses | **1,064.36** | 902.33 |
| | Expense on employee stock option plans | **-** | (0.10) |
| | Bad debts and advances written-off | **2,447.90** | 792.40 |
| | Provision for doubtful debts and advances | **296.22** | 206.44 |
| | Provision for non-performing assets | **513.58** | 438.44 |
| | Provision for standard assets | **299.61** | 162.71 |
| | Provision for policyholders' liability | **4,263.32** | 2,554.86 |
| | (Profit) / loss on sale of fixed assets (net) | **3.69** | (2.99) |
| | Profit on sale of investment (net) | **(100.61)** | (3.27) |
| | Provision for diminution in value of non-current investments | **248.00** | 230.43 |
| | Amortised loan processing fees/origination cost | **(4.55)** | (23.07) |
| | Finance costs | **9,464.79** | 10,264.50 |
| | **Operating cash flow before working capital changes** | **28,075.96** | 21,710.85 |
| | Adjustments for: | | |
| | Increase in trade receivables | **(8,540.51)** | (1,837.61) |
| | Decrease / (increase) in stock-in-trade | **8,595.08** | (28,031.69) |
| | Decrease / (increase) in loans and advances and other assets | **2,250.04** | (10,189.42) |
| | Increase in loans from financing activities | **(37,122.90)** | (25,577.38) |
| | Increase in liabilities and provisions | **6,611.58** | 9,985.53 |
| | **Cash used in operations** | **(130.75)** | (33,939.72) |
| | Income taxes paid | **(4,840.71)** | (3,681.05) |
| | **Net cash used in operating activities - A** | **(4,971.46)** | (37,620.77) |
| B | **Cash flow from investing activities** | | |
| | Purchase of fixed assets | **(2,304.40)** | (1,206.23) |
| | Sale of fixed assets | **803.30** | 20.92 |
| | (Purchase) / Sale of investments (Refer note 1) | **(41,858.64)** | 704.24 |
| | **Net cash used in investing activities - B** | **(43,359.74)** | (481.07) |

# Consolidated cash flow statement for the year ended 31 March 2017 (Contd.)

| (Currency : Indian rupees in millions) | | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
|---|---|---|---|
| **C** | **Cash flow from financing activities** | | |
| | Proceeds from issue of shares including premium and share application money | **702.17** | 800.10 |
| | Change in Minority interest | **4,066.70** | 5,417.92 |
| | Proceeds from long / short term borrowings (Refer note 1 below) | **55,728.74** | 42,167.10 |
| | Dividend and dividend distribution tax paid | **(1,124.37)** | (1,455.85) |
| | Finance cost paid | **(8,249.64)** | (8,908.21) |
| | **Net cash generated from financing activities - C** | **51,123.60** | 38,021.06 |
| | **Change in foreign exchange translation reserve - D** | **131.84** | (141.85) |
| | **Net increase/ (decrease) in cash and cash equivalents (A+B+C+D)** | **2,924.24** | (222.63) |
| | Cash and cash equivalents as at the beginning of the year | **7,579.38** | 7,802.01 |
| | Cash and cash equivalents as at the end of the year (Refer Note 2.53) | **10,503.62** | 7,579.38 |
| | **Note:** | | |
| | 1 Net figures have been reported on account of volume of transactions. | | |

As per our report of even date attached.

**For B S R & Associates LLP**
*Chartered Accountants*
Firm's Registration No.: 116231W/W-100024

**Ashwin Suvarna**
*Partner*
Membership No.: 109503

Mumbai
17 May 2017

**For and on behalf of the Board of Directors**

| | | |
|---|---|---|
| **Rashesh Shah** | *Chairman, Managing Director & CEO* | DIN: 00008322 |
| **Himanshu Kaji** | *Executive Director* | DIN: 00009438 |
| **S Ranganathan** | *Chief Financial Officer* | |
| **B Renganathan** | *EVP & Company Secretary* | |

Mumbai
17 May 2017

# Notes to the consolidated financial statements for the year ended 31 March 2017

## 1 Significant accounting policies

### 1.1 Basis of preparation of consolidated financial statements

The accompanying consolidated financial statements are prepared and presented in accordance with Indian Generally Accepted Accounting Principles ("GAAP") under the historical cost convention, on the accrual basis of accounting, unless otherwise stated, and comply with the Accounting Standards as prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Companies Act, 2013 (to the extent notified), the provisions of the Companies Act, 1956 (to the extent applicable) (hereinafter referred to as 'the Act') and the Schedule III to the Act. The financial statements are presented in Indian Rupees in millions.

### 1.2 Principles of consolidation

a) The consolidated financial statements relate to Edelweiss Financial Services Limited ('the Company') and its subsidiaries and associates (together 'the Group'). The consolidated financial statements have been prepared on the following basis:

- In respect of subsidiary enterprises, the financial statements have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after as far as possible eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses in accordance with Accounting Standard 21 - Consolidated Financial Statements.
- In case of Associate Enterprises, the financial statements have been consolidated as per Accounting Standard 23 - Accounting for Investment in Associates.
- Investments in subsidiaries where control is intended to be temporary or where the objective of control over the subsidiary is not to obtain economic benefits there from, have not been consolidated.
- The financial statements of all subsidiaries incorporated outside India which are in the nature of non-integral foreign operations are converted on the following basis : (a) Income and expenses are converted at the average rate of exchange applicable for the year and (b) All assets and liabilities are translated at the closing rate as on the Balance Sheet date. The exchange difference arising out of year end translation is debited or credited as "Foreign Currency Translation Reserve" forming part of "Reserves and Surplus".
- The excess of cost over the Company's share in equity and reserves of the subsidiaries is recognised in the consolidated financial statements as Goodwill. The excess of Company's share in equity and reserves of the subsidiaries over the cost of acquisition is treated as Capital Reserve.
- The share of minority interest in the net profit / loss of subsidiaries for the year is identified and adjusted against the income of the Group to arrive at the net income attributable to the Group.
- The share of minority interest in net assets of subsidiaries is identified and presented in the consolidated financial statements separate from liabilities and the equity of the Group.
- The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.

b) Investments other than in subsidiaries and associates have been accounted as per Accounting Standard 13 – Accounting for Investments.

**1 Significant accounting policies *(Continued)***

**1.2 Principles of consolidation *(Continued)***

c) The subsidiaries and associates considered in the consolidated financial statements:

| Sr. No. | Name of the Entity | Country of Incorporation | Proportion of ownership interest as at 31 March 2017 |
|---|---|---|---|
| | **Subsidiaries** | | |
| 1 | Edelweiss Securities Limited | India | 100.00% |
| 2 | Edelweiss Finance & Investments Limited | India | 100.00% |
| 3 | ECL Finance Limited | India | 92.20% |
| 4 | Edelweiss Global Wealth Management Limited | India | 100.00% |
| 5 | EC Global Limited [2] | Mauritius | 100.00% |
| 6 | Edelweiss Insurance Brokers Limited | India | 100.00% |
| 7 | Edelweiss Trustee Services Limited | India | 100.00% |
| 8 | Edelweiss Business Services Limited [3] (formerly known as Edelweiss Web Services Limited) | India | 100.00% |
| 9 | Edelcap Securities Limited [4] | India | 100.00% |
| 10 | Edelweiss Asset Management Limited | India | 100.00% |
| 11 | ECap Equities Limited | India | 100.00% |
| 12 | Edelweiss Broking Limited | India | 100.00% |
| 13 | Edelweiss Trusteeship Company Limited | India | 100.00% |
| 14 | Edelweiss Alternative Asset Advisors Limited | India | 95.00% |
| 15 | Edelweiss Housing Finance Limited [5] | India | 100.00% |
| 16 | Edelweiss Investment Adviser Limited | India | 100.00% |
| 17 | EC Commodity Limited | India | 100.00% |
| 18 | Edel Commodities Limited [5] | India | 100.00% |
| 19 | Edel Land Limited | India | 100.00% |
| 20 | Edelweiss Custodial Services Limited [1] | India | 100.00% |
| 21 | EC International Limited | Mauritius | 100.00% |
| 22 | Edelweiss Capital (Singapore) Pte. Limited | Singapore | 100.00% |
| 23 | Edelweiss Alternative Asset Advisors Pte. Limited [6] | Singapore | 100.00% |
| 24 | Edelweiss International (Singapore) Pte. Limited [6] | Singapore | 100.00% |
| 25 | Aster Commodities DMCC [7] | United Arab Emirates | 100.00% |
| 26 | EAAA LLC [7] | Mauritius | 100.00% |
| 27 | EW Special Opportunities Advisors LLC [8] | Mauritius | 67.00% |
| 28 | EW India Special Assets Advisors LLC [8] | Mauritius | 90.00% |
| 29 | Edel Investments Limited | India | 100.00% |
| 30 | Edelweiss Tokio Life Insurance Company Limited | India | 51.00% |
| 31 | Edelweiss Investment Advisors Private Limited [6] | Singapore | 100.00% |
| 32 | Edelweiss Commodities Services Limited | India | 100.00% |
| 33 | Edelweiss Comtrade Limited [1] | India | 100.00% |
| 34 | Edel Finance Company Limited [3] | India | 100.00% |
| 35 | Edelweiss Capital Markets Limited [5] | India | 100.00% |
| 36 | EW SBI Crossover Advisors LLC [8] | Mauritius | 100.00% |
| 37 | EFSL Trading Limited [10] (formerly known as EFSL Commodities Limited) | India | 100.00% |
| 38 | Edel Commodities Trading Limited (upto November 17, 2016) | India | - |
| 39 | EFSL Comtrade Limited [5] | India | 100.00% |

# Notes to the consolidated financial statements *(Continued)*

**1 Significant accounting policies *(Continued)***

**1.2 Principles of consolidation *(Continued)***

c) The subsidiaries and associates considered in the consolidated financial statements *(Continued)*:

| Sr. No. | Name of the Entity | Country of Incorporation | Proportion of ownership interest as at 31 March 2017 |
|---|---|---|---|
| 40 | Edelweiss Retail Finance Limited [12] | India | 100.00% |
| 41 | Edelweiss Securities (Hong Kong) Private Limited [1] | Hong Kong | 100.00% |
| 42 | Edelweiss Metals Limited (upto June 30, 2016) | India | - |
| 43 | Edelweiss Financial Services Inc [1] | United States of America | 100.00% |
| 44 | Edelweiss Commodities Pte. Limited [14] | Singapore | 100.00% |
| 45 | Edelweiss Commodities Nigeria Limited (upto November 17, 2016) | Nigeria | - |
| 46 | Edelweiss Agri Value Chain Limited [5] | India | 100.00% |
| 47 | Edelweiss Multi Strategy Funds Management Private Limited (formerly known as Forefront Capital Management Private Limited) | India | 100.00% |
| 48 | Edelweiss India Capital Management [9] | Mauritius | 100.00% |
| 49 | Edelweiss Multi Strategy Fund Advisors LLP [9] (formerly known as Forefront Alternate Investment Advisors LLP) | India | 100.00% |
| 50 | Edelweiss Wealth Advisors LLP [5] (formerly known as Forefront Wealth Advisors LLP) | India | 100.00% |
| 51 | Auris Corporate Centre Limited [4] | India | 100.00% |
| 52 | Olive Business Centre Limited [4] | India | 100.00% |
| 53 | Eternity Business Centre Limited [4] | India | 100.00% |
| 54 | Serenity Business Park Limited [4] | India | 100.00% |
| 55 | Burlington Business Solutions Limited [4] | India | 100.00% |
| 56 | Edelweiss Commodities (CHAD) SARL (upto November 17, 2016) | Chad | - |
| 57 | EFSL International Limited [7] | Mauritius | 100.00% |
| 58 | Edelweiss Financial Services (UK) Limited [1] | United Kingdom | 100.00% |
| 59 | Edelweiss Holdings Limited | India | 100.00% |
| 60 | Edelweiss Tarim Urunleri Anonim Sirketi [14] | Turkey | 100.00% |
| 61 | Edelweiss AIF Fund I - EW Clover Scheme - 1 [12] | India | 100.00% |
| 62 | Edelweiss General Insurance Company Limited | India | 100.00% |
| 63 | Edelweiss Finvest Private Limited [4] (formerly known as Arum Investments Private Limited) | India | 100.00% |
| 64 | Edelweiss Asset Reconstruction Company Limited [11] | India | 74.80% |
| 65 | Edelweiss Private Equity Tech Fund [4] | India | 88.90% |
| 66 | Edelweiss Securities (IFSC) Limited | India | 100.00% |
| | **Associates** | | |
| 67 | Allium Finance Private Limited [5] | India | 46.13% |
| 68 | Edelweiss Fund Advisors Private Limited | India | 40.00% |
| 69 | Dahlia Commodities Services Private Limited [1] | India | 50.00% |
| 70 | Magnolia Commodities Services Private Limited [1] | India | 50.00% |
| 71 | Aeon Credit Services India Private Limited [13] | India | 25.00% |

**1 Significant accounting policies *(Continued)***

**1.2 Principles of consolidation *(Continued)***

c) The subsidiaries and associates considered in the consolidated financial statements *(Continued)*:

[1] held through Edelweiss Securities Limited
[2] held through Edelweiss Finance & Investments Limited
[3] held through Edelweiss Broking Limited
[4] held through ECap Equities Limited
[5] held through Edelweiss Commodities Services Limited
[6] held through Edelweiss Capital (Singapore) Pte. Limited
[7] held through EC International Limited
[8] held through EAAA LLC
[9] held through Edelweiss Multi Strategy Funds Management Private Limited
[10] held through Edel Commodities Limited
[11] held through Edelweiss Custodial Services Limited
[12] held through Edelcap Securities Limited
[13] held through ECL Finance Limited
[14] held through EFSL Comtrade Limited

d) Edelgive Foundation, a 100% subsidiary and a company registered under section 8 of the Companies Act, 2013, with the sole objective of philanthropy, where no economic benefit shall be derived by the Group, has not been consolidated.

e) With effect from 30 June 2016, Edelweiss Metals Limited ceased to be a subsidiary of the Company and has not been consolidated from the said date.

f) With effect from 16 September 2016, Edelweiss Asset Reconstruction Company Limited, formerly an associate, has become a wholly owned subsidiary of the Company and has been accordingly consolidated from the said date. (Refer note 2.59)

g) With effect from 17 November 2016, Edel Commodities Trading Limited, Edelweiss Commodities Nigeria Limited and Edelweiss Commodities (CHAD) SARL ceased to be subsidiaries of the Company and have not been consolidated from the said date.

h) With effect from 21 November 2016, Edelweiss Private Equity Tech Fund became a subsidiary of the Company and has been consolidated from the said date.

i) With effect from 23 December 2016, Edelweiss Securities (IFSC) Limited became a subsidiary of the Company and has been consolidated from the said date.

# Notes to the consolidated financial statements *(Continued)*

## 1 Significant accounting policies *(Continued)*

### 1.3 Use of estimates

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

### 1.4 Current / non-current classification

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

**Assets**

An asset is classified as current when it is expected to be realized in, or is intended for sale or consumption in, the company's normal operating cycle or it is held primarily for the purpose of being traded or it is expected to be realized within 12 months after the reporting date or it is cash or cash equivalent unless it is restricted from being exchanged or expected to be used to settle a liability for at least 12 months after the reporting date. Current assets include the current portion of non-current assets. All other assets are classified as non-current.

**Liabilities**

A liability is classified as current when it is expected to be settled in the company's normal operating cycle or it is held primarily for the purpose of being traded or it is due to be settled within 12 months after the reporting date or the company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification. Current liabilities include current portion of non-current liabilities. All other liabilities are classified as non-current.

### 1.5 Revenue recognition

a) Fee income including investment banking, advisory fees, syndication fees, processing fees (other than on housing loans and loans against property) and other fees is accounted for on an accrual basis in accordance with the terms and contracts entered into between the Group and the counterparty.

b) In case of housing loans and loans against property, processing fees is amortized over a pre-determined tenor arrived on an industry average or original contractual tenor, whichever is shorter. In the event of a loan being foreclosed or written off, the unamortized portion of such processing fees is recognised as income at the time of such foreclosure or write-off. The unamortized balance is disclosed under "Other current liabilities" and "Other long-term liabilities" based on amortisable tenor.

c) Brokerage income on securities and commodities broking business is recognised as per contracted rates at the execution of transactions on behalf of the customers on the trade date and is reflected net of related sub-brokerage expenses, service tax, transaction charges and stock exchange expenses. Brokerage income on insurance broking business is recognised on an accrual basis at the inception of the insurance policy once the policy is issued by the insurance company based on the terms agreed with the insurance companies and is exclusive of service tax.

**1 Significant accounting policies *(Continued)***

**1.5 Revenue recognition *(Continued)***

d) Investment management fees are recognised net of service tax on an accrual basis in accordance with the Investment Management Agreement with Edelweiss Mutual Fund ('the mutual fund') and comply with the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 based on average Assets Under Management ('AUM') confirmed by the mutual fund.

e) Portfolio management fees are recognised on an accrual basis in accordance with portfolio management agreement entered with respective clients.

f) Revenue from fund management services (excluding mutual fund business) is recognised in accordance with the terms and conditions of the investment management agreement between the Group and the Fund for which the Group acts as a fund manager.

g) Revenue from rendering of trustee services is recognised in accordance with the terms and conditions of the Compensation Agreement between the trustee company and the fund. The amount recognised as revenue is exclusive of service tax.

h) Income from treasury comprises of profit/loss on sale of securities and commodities and profit/loss on derivative instruments.

i) Profit/loss on sale of securities and commodities is determined based on the weighted average cost of the securities/commodities sold. Commodities sales are accounted when all obligations connected with the transfer of risks and rewards to the buyer have been fulfilled after the price has been determined and collection of the receivable is reasonably certain.

Sale during the course of import by transfer of documents of title i.e. high seas sale is booked upon transfer of documents of title to the goods in favor of buyer before the goods cross the custom frontiers of India.

ii) Realised profit/loss on closed positions of derivative instruments is recognised on final settlement on squaring-up of the contracts. Outstanding derivative contracts in the nature of forwards/futures/options are measured at fair value as at the balance sheet date. Fair value is determined using quoted market prices in an actively traded market, for the instrument, wherever available, as the best evidence of fair value. In the absence of quoted market prices in an actively traded market, market intermediary quotes, valuation techniques are used to determine the fair value. In most cases the valuation techniques use observable market data as input parameters in order to ensure reliability of the fair value measure.

iii) In respect of currency forward contracts entered with banks, the premium or discount arising at the inception of the contract is amortized over the life of the contract in the statement of profit and loss. The difference in the opening and closing exchange rate as on the Balance Sheet date rates (mark to market) is recognised in the statement of profit and loss. Any profit or loss arising on cancellation or renewal of such contracts is recognised in the statement of profit and loss.

iv) In respect of interest rate derivatives, realised profit/loss on maturity/termination of contract is recognised as 'Profit on interest rate derivatives' in the statement of profit and loss and the realised profit/loss on settlement during contract period is recognised as 'Interest income others' in statement of profit and loss. Positions open as on the Balance Sheet date are marked to market and recognised in the statement of profit and loss.

v) Profit/loss on error trades in broking business is included in "Income from treasury".

# Notes to the consolidated financial statements *(Continued)*

**1 Significant accounting policies *(Continued)***

**1.5 Revenue recognition *(Continued)***

i) Interest income is recognised on accrual basis. Interest income in case of lending business in the non-banking financial companies is recognised on accrual basis except in case of non - performing assets, wherein it is accounted on realisation, as per Reserve Bank of India (RBI) and National Housing Bank (NHB) guidelines. In case of commercial papers, treasury bills, deep discount bonds and certificate of deposits, the difference between the acquisition cost and redemption value is apportioned on time basis and recognised as interest income.

j) Profit/loss earned on sale of investments is recognised on trade date basis. Profit/loss on sale of investments is determined based on the weighted average cost of the investments sold.

k) Warehouse income and Rental income are recognised on accrual basis by reference to the agreements entered.

l) Dividend income is recognised when the right to receive payment is established.

m) As per RBI guidelines the interest spread under par structure of securitization/direct assignment of loan receivables is recognized on realization over the tenure of securitized/direct assigned loan.

Unrealised gain on securitisation comprises of future interest receivable under par structure of securitisation assignment.

Securitisation deferred consideration receivable comprises of Company's share of future interest strip receivables in case of a par structure securitised/assigned deal.

n) Profit/loss from share in partnership firm is accounted for once the amount of the share of profit / loss is ascertained and credited/debited to the company's account in the books of the partnership firm.

o) Income from training centre is recognised on accrual basis.

p) Interests on delayed payments are recognised on accrual basis by reference to the agreements entered.

q) In case of Asset Reconstruction business:

i. Management fee: The Company receives management fee from trusts declared by it for acquisition of financial assets and the same is accounted for on accrual basis as per terms of the relevant trust deeds and offer document issued by the Trust. In accordance with the Guidelines, recognition of management fee is discontinued and such unrealised fee is reversed on earlier of the following situations:

a) If the fee remains unrealised after the expiry of 180 days from the end of planning period, wherever applicable or from the date of recognition, in other cases.

b) If Net Assets Value (NAV) of the Security Receipts falls below 50% of the face value of Security Receipts.

Such unrecognised fee is recognised only on realisation.

ii. Upside Sharing: Share in excess realization over acquisition price is accounted for as per terms of the relevant trust deed/offer document. For acquisitions on or after 1st April, 2014, upside income is recognized only after full redemption of Security Receipts

iii. Other fee income is recognized on accrual basis as per contractual terms.

**1 Significant accounting policies *(Continued)***

**1.5 Revenue recognition *(Continued)***

iv. Income by way of yield on Security Receipt is accounted for as and when the same is realized. For acquisitions on or after 1st April, 2014, yield is recognised only after the full redemption of the entire principal amount of Security Receipts.

v. Interest Income:

a) Interest on bank deposits / permitted investments is accounted for on accrual basis as per the terms of the deposits / instruments

b) Interest on advances in terms of expenses incurred on behalf of the trusts is accounted for in terms of the provisions of the relevant trust deed and offer document and is accrued where reasonable certainty exists with respect to its recovery. Interest on advances is reversed on earlier of the following situations:

1. If the interest on advance remains unrealised after the expiry of 180 days from the end of planning period, wherever applicable or from the date of recognition, in other cases

2. If Net Assets Value (NAV) of the Security Receipts falls below 50% of the face value of Security Receipts.

Such interest income is recognised only on realisation.

c) Interest income from Security Receipts is accounted for as and when the same is realized.

d) Interest on loans provided directly to the Investee Companies for the purpose of asset reconstruction and recovery are recognized on an accrual basis in the accounts based on the terms of the loan documents except in case of non-performing assets , wherein it is accounted on realisation.

r) In case of Life Insurance business:

i. Premium income from traditional policies is recognised when due from policyholders.

For Unit linked business, premium income is recognised as when the associated units are created.

Premium income on lapsed policies is recognised as and when such policies are reinstated.

ii. Reinsurance premium ceded is accounted in accordance with the treaty or in principle arrangement with the reinsurer.

iii. Acquisition costs such as commission are costs that vary with and are primarily relatable to the acquisition of insurance contracts. Such costs are expensed in the year in which they are incurred.

iv) Claim costs consist of the policy benefit amount and claim settlement costs, where applicable. Death, rider and surrender claims are accounted for on receipt of intimation.

Maturity and survival claims are accounted when due.

Surrender/withdrawals under unit linked policies are accounted when the associated units are cancelled/ redeemed.

Reinsurance claims receivable are accounted for in the same period as the related claim.

v) The policyholders' liabilities are determined by the Company's Appointed Actuary in accordance with the accepted actuarial practices, requirements of the Insurance Act, 1938 and Guidance notes issued by the Institute of Actuaries of India.

# Notes to the consolidated financial statements *(Continued)*

## 1 Significant accounting policies *(Continued)*

### 1.6 Loan origination costs

In case of housing loans and loans against property, origination costs directly attributable to disbursed loans are amortized over a pre-determined tenor arrived on an industry average or original contractual tenor, whichever is shorter. Where the loan is foreclosed or written off, the unamortized portion of such loan origination costs is recognised as a charge in the statement of profit and loss at the time of such foreclosure or write-off. The unamortized balance is disclosed as part of "Long-term Loans and advances" and "Short-term Loans and advances" based on amortizable tenor.

### 1.7 Benchmark linked debentures

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

### 1.8 Securitisation

The Company enters into securitization transactions and assets are derecognized upon sale only if the Company surrenders control over the contractual rights that comprise in the financial assets.

ECL Finance Limited and Edelweiss Retail Finance Limited (NBFC's) have adopted the accounting policy for securitization transactions, as notified by RBI in its circular "Revisions to the Guidelines on Securitisation Transactions" issued on 21 August 2012.

In case of Edelweiss Housing Finance Limited, the Company has adopted the accounting policy for securitization transactions based on the Guidance Note on Accounting for Securitisation issued by the Institute of Chartered Accountants of India.

### 1.9 Fixed assets and depreciation / amortization

**Property, Plant and equipment and Capital work in progress**

Property plant and equipment are stated at cost of acquisition or construction, less accumulated depreciation and impairment losses, if any. The cost of fixed assets comprises purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Capital work in progress comprises the cost of fixed assets that are not ready for their intended use at the reporting date.

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

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

**1 Significant accounting policies *(Continued)***

**1.9 Fixed assets and depreciation / amortization *(Continued)***

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

| Nature of assets | Estimated useful life |
|---|---|
| Building (other than Factory Building) | 60 years |
| Factory Building | 20 years |
| Plant and Equipments | 15 years |
| Furniture and fixtures | 10 years |
| Vehicles | 8 years |
| Vessel (Boat) | 13 years |
| Office Equipment | 5 years |
| Computers - Servers and networks | 6 years |
| Computers - End user devices, such as desktops, laptops, etc. | 3 years |
| Solar power plant | 15 years |

Leasehold improvements & premises are amortized on a straight-line basis over the estimated useful lives of the assets or the period of lease whichever is shorter.

**Intangible fixed assets**

Intangible fixed assets are recorded at 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 amortized over a period of 3 years or its estimated useful life whichever is shorter. In case of Life Insurance business, system software is amortized on straight line basis over its estimated useful life which is upto 5 years.

Jewellery Designing costs are amortized on a straight-line basis over 5 years or its estimated useful life whichever is shorter.

MCX membership rights are amortized over a period of 3 years.

**1.10 Impairment of assets**

The Group assesses at each balance sheet date whether there is any indication that an asset may be impaired based on internal/external factors. If any such indication exists, the Group estimates the recoverable amount of the asset. The recoverable amount is the greater of the net selling price and the value in use of those assets. Value in use is arrived at by discounting the estimated future cash flows to their present value based on an appropriate discount factor. If such recoverable amount of the asset or the recoverable amount of cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the statement of profit and loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of the depreciable historical cost.

# Notes to the consolidated financial statements *(Continued)*

**1 Significant accounting policies *(Continued)***

**1.11 Stock-in-trade**

a) The securities acquired with the intention of short-term holding and trading positions are considered as stock-in-trade and disclosed as current assets.

b) The securities, including those arising from error trades, held as stock-in-trade are valued at lower of weighted average cost or market value.

c) In case of units of mutual funds held as stock-in-trade, net asset value is considered as fair value.

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

e) Debt instruments are valued at cost or realizable value whichever is lower. In case of debt instruments for which direct quotes are not available, they are valued at the lowest of the quotes as on valuation date as provided by market intermediaries.

f) Commercial papers, certificate of deposits and treasury bills are valued at carrying cost.

g) Inventory in the form of land is valued at cost or net realisable value, whichever is lower.

h) Purchase and sale of bullion is recorded at the price which is fixed between the buyer and the seller at the future date including the contracts where the price is fixed subsequent to the balance sheet date. In case of unfixed purchase/ sale contracts as at the reporting date, the price is recorded at the forward rate for the residual maturity period of the contract.

**1.12 Investments**

a) **Investments of Life Insurance Business**

Investments are made in accordance with the Insurance Act, 1938, the IRDA (Investment) Regulations, 2016 and various other circulars/notifications/ amendments issued by the IRDA in this context as amended from time to time.

Investments are recorded on trade date at cost, which includes brokerage and related taxes, if any and excludes pre-acquisition interest.

Broken period interest paid/receive is debited /credited to interest receivable account.

Any impairment loss is recognized as an expense in the Revenue/Profit and Loss Account to the extent of the difference between the re-measured fair value of the security/investment and its acquisition cost as reduced by any previous impairment loss recognized as an expense in the Revenue/Profit and Loss Account. Any reversal of impairment loss, earlier recognized in Revenue/ Profit and Loss Account, is recognized in the Revenue/Profit and Loss Account.

Bonus and Rights entitlements are recognised as investments on the 'ex-bonus date'/ 'ex-rights date' respectively.

Investments maturing within 12 months from the balance sheet date and investments made with the specific intention to dispose off within 12 months from the balance sheet date are classified as "short term'' investments. Investments other than short term investments are classified as "long term" investments.

**1 Significant accounting policies *(Continued)***

**1.12 Investments *(Continued)***

a) **Investments of Life Insurance Business *(Continued)***

**Debt securities**

i) **Non linked, non unit reserve investments and shareholders' investments**

Debt securities, including government securities, are considered as "held to maturity". Debt securities are stated at amortized cost. Discount or premium on purchase of debt securities is amortized over the remaining period to maturity on straight line basis and is recognised in the revenue account or the profit and loss account, as applicable.

In case of security with call/put option, the first date of call/put is considered as maturity date.

ii) **Linked business**

All debt securities, including government securities under linked businesses are valued at market value, using CRISIL Bond Valuer/CRISIL Gilt Prices, as applicable. The discount or premium on money market instruments which is the difference between the purchase price and the redemption amount is amortized and recognized in the Revenue Account on a straight line basis over the remaining period to maturity of these securities. Unrealised gains or losses arising on such valuation are recognised in the Revenue Account.

**Equity/ Preference shares**

i) **Non linked, non unit reserve investments and shareholders' investments**

Listed equity shares and preference shares are stated at fair value, being the last quoted closing prices on National Stock Exchange (in case it is not traded on National Stock Exchange then last quoted closing price on the Bombay Stock Exchange is used) as at the balance sheet date. Unrealised gains/ losses arising due to change in fair value are recognised under the head 'Fair Value Change Account' in the balance sheet.

Unlisted equity / preference shares and other than actively traded equity / preference shares are stated at historical cost subject to provision for diminution, if any, in the value of such investment determined separately for each individual investment.

ii) **Linked business**

Listed equity / preference shares are valued and stated at fair value, being the last quoted closing prices on National Stock Exchange (in case it is not traded on National Stock Exchange then last quoted closing price on the Bombay Stock Exchange is used) as at the balance sheet date. Unrealised gains or losses arising on such valuation are recognised in the Revenue Account.

Unlisted equity / preference shares and other than actively traded equity / preference shares are stated at historical cost subject to provision for diminution, if any, in the value of such Investment determined separately for each individual investment.

# Notes to the consolidated financial statements *(Continued)*

**1 Significant accounting policies *(Continued)***

**1.12 Investments *(Continued)***

a) **Investments of Life Insurance Business *(Continued)***

**Derivatives: Interest Rate Futures (IRF)**

i) **Non linked, non unit reserve investments and shareholders' investments**

Interest Rate Futures (IRF) - Derivative contracts, as permitted by IRDA to hedge risks on forecasted transactions are recognized in the financial statement at fair value as on Balance Sheet date in pursuance of IRDAI guidelines on Interest Rate Derivatives. For IRF contracts the realised profit / loss is recognised as 'Profit / loss on sale of Investments' in the Revenue Account for policyholders fund or in the Profit & Loss Account for shareholders' funds. The unrealised gains / losses arising due to change in fair value of outstanding IRF contracts are recognised under the head 'Fair Value Change Account' in the Balance Sheet. Fair Value is determined using quoted closing market prices in an actively traded market.

**Mutual Funds**

i) **Non linked, non unit reserve investments and shareholders' investments**

Mutual Fund units as at balance sheet date are valued at previous day's net asset values. Unrealised gains/ losses arising due to changes in the fair value of mutual fund units are recognized under the head 'Fair Value Change Account' in the Balance Sheet.

ii) **Linked business**

Mutual Fund units are valued at previous day's net asset values and unrealised gains/ losses arising due to changes in the fair value of mutual fund units are recognised in Revenue Account.

**Investment Property**

Investment property is held to earn rental income or for capital appreciation.

Investment property is initially valued at cost including any directly attributable transaction costs. Investment property is revalued atleast once in every three years. The change in carrying amount of investment property is taken to "Revaluation reserve" in the Balance Sheet.

**Transfer of investments**

i) **Transfer from the shareholders' account to the policyholders' account**

Transfers of investments made from shareholders' account to the policyholders' account, as and when made, are made at the book value or market price, whichever is lower.

ii) **Transfer between policyholders' funds**

No transfers of investments are made between different policyholders' funds.

iii) **Purchase / Sale transactions between units linked funds**

The sale/purchase of investments between Unit Linked Funds is done at prevailing market price during market hours. If the prevailing market price is not available, then it is carried out at previous day's closing market price.

**1 Significant accounting policies *(Continued)***

**1.12 Investments *(Continued)***

b) **Investments of Asset Reconstruction Business**

Investments in Security Receipts (SR) are accounted in accordance with the guidelines issued by RBI. As per RBI guidelines, initial rating / grading would be assigned within six months of acquisition of assets post 5th August, 2014, and within one year of acquisition of assets, before said date.

i. Investments in Security Receipts (SR) held by the company are treated as "available for sale" category.

ii. Investment in Security Receipts (SR) is valued at cost till receipt of Initial Rating and at lower of cost or realizable value thereafter. Latest available Net Asset Value (NAV) as declared by the Trusts is considered to be the realizable value. Individual scrip-wise diminution or appreciation is aggregated to arrive at 'net diminution' or 'net appreciation'.

iii. Net appreciation, if any, is not accounted for in statement of profit and loss, whereas net diminution is provided for in the statement of profit and loss.

c) **Investments other than Life Insurance Business and Asset Reconstruction Business**

Investments are classified into non-current investments and current investments. Investments that are readily realisable and intended to be held for not more than a year from the date of acquisition are classified as current investments. All other investments are classified as long-term investments. However, that part of long term investments which is expected to be realized within 12 months after the reporting date is also presented under 'current assets' as "current portion of long term investments" in consonance with the current and non-current classification as per Schedule III.

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

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

**1.13 Foreign currency transactions**

Foreign currency transactions are recorded at the rates of exchange prevailing on the date of the transaction. Exchange differences, if any arising out of transactions settled during the year are recognised in the statement of profit and loss for the year.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rates on that date. The resultant exchange differences, if any, are recognised in the statement of profit and loss and related assets and liabilities are accordingly restated in the balance sheet.

**1.14 Employee benefits**

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

*Provident fund*

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

# Notes to the consolidated financial statements *(Continued)*

**1 Significant accounting policies *(Continued)***

**1.14 Employee benefits *(Continued)***

*Gratuity*

The Group's gratuity scheme is a defined benefit plan. The Group's net obligation in respect of the gratuity benefit 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. Such benefit is discounted to determine its present value, and the fair value of any plan assets, if any, is deducted.

The present value of the obligation under such benefit plan is determined based on actuarial valuation using the Projected Unit Credit Method.

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

Benefits in respect of gratuity are funded with an Insurance company approved by Insurance Regulatory and Development Authority (IRDA).

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

*Compensated absences and leave encashment*

The eligible employees of certain companies of the Group are permitted to carry forward certain number of their annual leave entitlement to subsequent years, subject to a ceiling. The Group recognises the charge to the statement of profit and loss and corresponding liability on account of such non-vesting accumulated leave entitlement based on a valuation by an independent actuary.

Two Subsidiaries of the Group provides for the encashment of leave subject to rules. The liability is provided based on the number of days of unutilised leave at each balance sheet date based on a valuation by an independent actuary.

*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. These assumptions and principles are consistent with the requirements of Accounting Standard 15 (Revised 2005).

**1.15 Tax**

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

*Current tax*

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

**1 Significant accounting policies *(Continued)***

**1.15 Tax *(Continued)***

*Deferred tax*

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

*Minimum Alternative Tax (MAT) Credit*

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

**1.16 Operating leases**

Lease payments for assets taken on operating lease are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

**1.17 Earnings per share**

The Company reports basic and diluted earnings per share in accordance with Accounting Standard 20 – "Earnings Per Share". Basic earnings per share is computed by dividing the net profit after tax attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

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

**1.18 Provisions and contingencies**

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

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

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

# Notes to the consolidated financial statements *(Continued)*

**1 Significant accounting policies *(Continued)***

**1.19 Provisioning on receivables from financing business**

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

Provision for standard assets is made on the basis of prudential norms laid down by RBI and NHB.

**1.20 Mutual Fund expenses**

Expenses incurred on behalf of schemes of the mutual fund are recognised to the statement of profit and loss unless considered recoverable from schemes of the fund in accordance with provisions of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.

**1.21 Expenses incurred by the Asset Reconstruction Company on behalf of the trust**

Expenses incurred at pre-acquisition stage are recognised as expenses for the period in which such costs are incurred. If such expenses are contracted to be recovered from the trusts the same shall be recognised on realisation.

The expenses incurred on behalf of trusts are shown as recoverable from Trust(s)' and grouped under advances recoverable in cash or in kind in the Balance Sheet. These expenses are reimbursed to the Company in terms of the provisions of relevant trust deed and offer document. Expenses are reversed on earlier of the following situations:

a) If the expenses remains unrealised after the expiry of 180 days from the end of planning period, wherever applicable or from the date of recognition, in other cases.

b) If Net Assets Value (NAV) of the Security Receipts falls below 50% of the face value of Security Receipts.

**1.22 Employee stock option plans (ESOPs)**

The Group follows the intrinsic value method to account for compensation cost of its stock based employee compensation plans as per the accounting treatment prescribed by Employee Stock Option Scheme and Employee Share-based Payments issued by Securities and Exchange Board of India (SEBI) and guidance note on Employee Share-based Payments issued by Institute of Chartered Accountants of India (ICAI). The compensation cost is amortized on a straight-line basis.

**1.23 Presentation of financial assets and liabilities**

Financial assets and liabilities are offset and the net amounts are presented in the Balance Sheet where the Company has a legal right to set off the recognised amounts. Such legal rights are by virtue of a binding legal contract or by an irrevocable undertaking executed by the Company. The aforesaid policy is generally applied to offset receivables from and payables to same counterparties; to offset fixed deposits specifically pledged with banks against the borrowings availed from them; and other such similar qualifying arrangements.

| | | As at 31 March 2017 | As at 31 March 2016 |
|---|---|---|---|
| **2.1** | **Share capital** | | |
| | **Authorised :** | | |
| | 1,230,000,000 (Previous year: 1,230,000,000) Equity shares of ₹ 1 each | **1,230.00** | 1,230.00 |
| | 4,000,000 (Previous year: 4,000,000) Preference shares of ₹ 5 each | **20.00** | 20.00 |
| | | **1,250.00** | 1,250.00 |
| | **Issued, Subscribed and Paid up:** | | |
| | 832,569,089 (Previous year: 814,036,630) equity shares of ₹ 1 each | **832.57** | 814.04 |
| | | **832.57** | 814.04 |

| Movement in share capital | 31 March 2017 | | 31 March 2016 | |
|---|---|---|---|---|
| | Number of shares | Amount | Number of shares | Amount |
| Outstanding at the beginning of the year | **814,036,630** | **814.04** | 791,752,619 | 791.75 |
| Shares allotted on exercise of Employee Stock Option (ESOPs) during the year | **18,532,459** | **18.53** | 22,284,011 | 22.29 |
| Outstanding at the end of the year | **832,569,089** | **832.57** | 814,036,630 | 814.04 |

**Note :**

The Company had bought back 2,030,048 equity shares of ₹ 1 each pursuant to the buy back programme in the financial year 2014-15.

**Rights of equity shareholders:**

The Company has only one class of equity shares having a par value of ₹ 1 each. Each holder of equity shares is entitled to one vote per share held.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts.

The distribution will be in proportion to the number of equity shares held by the shareholders.

**Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company**

| | As at 31 March 2017 | | As at 31 March 2016 | |
|---|---|---|---|---|
| | Number of shares | Percentage shareholding | Number of shares | Percentage shareholding |
| Rashesh Shah | **145,301,730** | **17.45%** | 145,301,730 | 17.85% |
| First Carlyle Ventures Mauritius | **-** | **-** | 68,048,557 | 8.36% |
| Venkat Ramaswamy | **58,026,560** | **6.97%** | 58,026,560 | 7.13% |
| Spire Investment Advisors LLP | **-** | **-** | 41,950,000 | 5.15% |

# Notes to the consolidated financial statements *(Continued)*

(Currency: Indian rupees in millions)

| | | As at 31 March 2017 | As at 31 March 2016 |
|---|---|---|---|
| **2.2** | **Reserves and surplus** | | |
| | Capital reserve | | |
| | Opening balance | **5,688.95** | 4,641.76 |
| | Add : Additions during the year | **1,014.54** | 1,047.19 |
| | | **6,703.49** | 5,688.95 |
| | Less : Goodwill adjustment arising on consolidation | **(1,447.61)** | (1,447.61) |
| | | **5,255.88** | 4,241.34 |
| | Capital redemption reserve | **166.74** | 166.74 |
| | Securities premium account | | |
| | Opening balance | **13,127.06** | 12,487.54 |
| | Add: On issue of shares on exercise of Employee Stock Options (ESOPs) during the year | **663.28** | 799.64 |
| | Less : Utilisation during the year | **(330.19)** | (160.12) |
| | | **13,460.15** | 13,127.06 |
| | Stock options outstanding | | |
| | Opening balance | **-** | 0.10 |
| | Less : Expense on Employee Stock Option Plans (ESOPs) | **-** | (0.10) |
| | | **-** | - |
| | Foreign exchange translation reserve | **157.52** | 25.81 |
| | Debenture redemption reserve | | |
| | Opening balance | **2,696.38** | 589.80 |
| | Add : Effect of changes in Group's interest | **286.17** | - |
| | Add : Additions during the year | **1,553.90** | 2,106.58 |
| | | **4,536.45** | 2,696.38 |
| | Statutory reserve u/s 45-IC of The Reserve Bank of India Act, 1934 | | |
| | Opening balance | **3,418.41** | 2,322.15 |
| | Add : Effect of changes in Group's interest | **-** | 359.53 |
| | Add : Additions during the year | **1,094.49** | 736.73 |
| | | **4,512.90** | 3,418.41 |
| | Statutory reserve u/s 29C of The National Housing Bank Act, 1987 | | |
| | Opening balance | **136.03** | 59.42 |
| | Add : Additions during the year | **136.14** | 76.61 |
| | | **272.17** | 136.03 |
| | General reserve | **916.82** | 916.82 |
| | Fair value change account | **107.61** | 6.33 |

| | | As at 31 March 2017 | As at 31 March 2016 |
|---|---|---|---|
| **2.2** | **Reserves and surplus *(Continued)*** | | |
| | Surplus in statement of Profit and loss (Refer note 2.58) | | |
| | Opening balance | **11,179.08** | 10,833.72 |
| | Add: Profit for the year | **6,093.06** | 4,143.83 |
| | Add / (Less): Effect of changes in Group's interest | **(310.52)** | 441.83 |
| | **Amount available for appropriation** | **16,961.62** | 15,419.38 |
| | Appropriations: | | |
| | Interim dividend | **832.21** | 1,019.26 |
| | Dividend distribution tax | **227.22** | 217.03 |
| | Dividend on preference shares | **82.88** | 84.09 |
| | Transfer to debenture redemption reserve | **1,553.90** | 2,106.58 |
| | Transfer to Special Reserve under Section 29C of The National Housing Bank Act, 1987 | **136.14** | 76.61 |
| | Transfer to Special Reserve under Section 45-IC of The Reserve Bank of India Act, 1934 | **1,094.49** | 736.73 |
| | | **13,034.78** | 11,179.08 |
| | | **42,421.02** | 35,914.00 |
| **2.3** | **Minority Interest** (Refer note 2.59) | | |
| | Opening balance | **6,968.70** | 3,708.77 |
| | Add : Movement during the year | **2,615.86** | 3,259.93 |
| | | **9,584.56** | 6,968.70 |
| **2.4** | **Long-term borrowings** | | |
| | **Secured** | | |
| | Term loan | | |
| | from banks (Refer note 2.49) | **54,564.49** | 31,596.69 |
| | (Secured by pari passu first charge on current and future financing and other receivables of the Company) | | |
| | from other parties | **5,879.06** | 2,384.20 |
| | Non-convertible debentures (Refer note 2.50) | **96,402.02** | 57,865.54 |
| | (Secured by way of fixed charge on immovable property and floating charge on trade receivables, stock-in-trade and loans and advances) | | |
| | **Unsecured** | | |
| | Non-convertible subordinated debt (Refer note 2.50) | **11,810.00** | 9,190.00 |
| | Non-convertible debentures (Refer note 2.50) | **1,218.50** | - |
| | | **169,874.07** | 101,036.43 |

# Notes to the consolidated financial statements *(Continued)*

(Currency: Indian rupees in millions)

| | | As at 31 March 2017 | As at 31 March 2016 |
|---|---|---|---|
| **2.5** | **Other long-term liabilities** | | |
| | Unamortized processing fees | **209.26** | 179.45 |
| | Others | | |
| | Deposits from sub-brokers | **61.08** | 53.30 |
| | Rental deposits | **57.95** | 35.02 |
| | Interest accrued but not due on borrowings | **2,644.03** | 1,879.52 |
| | Unrealised gain on loan transfer transactions | **89.10** | 70.51 |
| | | **3,061.42** | 2,217.80 |
| **2.6** | **Long-term provisions** | | |
| | Provision for employee benefits and related costs | | |
| | Gratuity | **90.47** | 57.60 |
| | Compensated absences | **56.47** | 58.84 |
| | Deferred bonus | **286.19** | 284.08 |
| | Others | | |
| | Provision for non-performing assets | **1,073.65** | 104.75 |
| | Provision for standard assets | **449.07** | 249.30 |
| | Provision for policyholders' liability | **8,390.59** | 4,483.81 |
| | Provision for credit loss on securitisation | **53.46** | 21.43 |
| | Provision on restructured advances | **4.66** | 40.11 |
| | Others | **12.92** | 12.35 |
| | | **10,417.48** | 5,312.27 |
| **2.7** | **Short-term borrowings** | | |
| | **Secured** | | |
| | Bank overdraft | **7,296.38** | 17,633.30 |
| | (Secured by pledge of fixed deposits, property, trade receivables and charge on receivables of financing business) | | |
| | Borrowings from Collateralised borrowing and lending obligation and Clearcorp repo order matching system (Secured by pledge of Government Securities) | **17,976.83** | 47,396.31 |
| | | | |
| | Term loans | | |
| | (Secured against investments in debt securities and stock-in-trade and charge on receivables of financing business) | | |
| | from banks | **4,780.03** | 7,109.98 |
| | from other parties | **247.57** | 635.61 |
| | | | |
| | Non-convertible debentures (Refer note 2.50) | **-** | 2,487.50 |
| | (Secured by way of fixed charge on immovable property and floating charge on trade receivables, stock-in-trade and loans and advances) | | |
| | Letter of credit discounted (Secured against fixed deposits) | **58.60** | 2,305.05 |
| | | | |
| | **Unsecured** | | |
| | Inter corporate deposits | **491.40** | 1,288.20 |
| | Buyer's credit | **316.92** | - |
| | | | |
| | Commercial papers | **86,908.90** | 61,061.84 |
| | Less: Unamortized discount | **(1,844.41)** | (1,305.59) |
| | | **85,064.49** | 59,756.25 |
| | | | |
| | Bank overdraft | **1,953.02** | - |
| | Other loans | **208.90** | - |
| | | **118,394.14** | 138,612.20 |

| | | As at 31 March 2017 | As at 31 March 2016 |
|---|---|---|---|
| **2.8** | **Trade payables** | | |
| | Total outstanding dues of micro enterprises and small enterprises (Refer note 2.52) | **1.50** | 0.56 |
| | Total outstanding dues of creditors other than micro enterprises and small enterprises | **20,852.14** | 16,506.71 |
| | (includes sundry creditors, provision for expenses and customer payables) | | |
| | | **20,853.64** | 16,507.27 |
| **2.9** | **Other current liabilities** | | |
| | Current maturities of long-term debt | | |
| | Term loans from banks (Refer Note 2.49) | **16,228.51** | 14,415.06 |
| | Term loans from others | **642.29** | 627.27 |
| | Non-convertible debentures (Refer Note 2.50) | **28,651.17** | 23,039.54 |
| | Vehicle loan from bank | **-** | 0.75 |
| | Interest accrued but not due on borrowings | **7,061.13** | 5,818.10 |
| | Interest accrued and due on borrowings / margin | **35.65** | 63.52 |
| | Income received in advance | **429.49** | 156.10 |
| | Unclaimed dividends | **5.38** | 5.04 |
| | Premium received on exchange traded options | **1,640.92** | 1,360.08 |
| | Other payables | | |
| | Accrued salaries and benefits | **2,895.73** | 2,379.82 |
| | Payable to exchange / clearing house (net) | **907.40** | 344.60 |
| | Withholding taxes, service tax and other taxes payable | **620.56** | 886.16 |
| | Payable to client (net) | **3,018.60** | 2,724.87 |
| | Advances from customers | **469.71** | 3,583.27 |
| | Book overdraft | **2,605.70** | 1,572.88 |
| | Unamortized processing fees | **170.82** | 134.93 |
| | Mark to market on interest rate swap | **56.17** | 412.33 |
| | Unrealised gain on loan transfer transactions | **172.52** | 40.02 |
| | Others | **2,555.34** | 761.02 |
| | | **68,167.09** | 58,325.36 |
| **2.10** | **Short-term provisions** | | |
| | Provision for employee benefits and related costs | | |
| | Gratuity | **14.12** | 10.25 |
| | Compensated absences | **25.19** | 14.83 |
| | Deferred bonus | **695.57** | 534.27 |
| | Others | | |
| | Proposed dividend | **82.88** | 84.67 |
| | Dividend distribution tax | **58.05** | 38.32 |
| | Provision for standard assets | **436.00** | 330.90 |
| | Provision for policyholders' liability | **803.66** | 447.13 |
| | Provision for tax (net of advance tax) | **1,192.43** | 946.18 |
| | Provision for non-performing assets | **1,276.68** | 1,705.75 |
| | Provision for capital expenditure | **2.45** | 4.79 |
| | | **4,587.03** | 4,117.09 |

# Notes to the consolidated financial statements *(Continued)*

(Currency: Indian rupees in millions)

**2.11 Fixed assets**

| Particulars | Gross Block | | | | Depreciation and amortization | | | | Net Block |
|---|---|---|---|---|---|---|---|---|---|
| | As at 1 April 2016 | Additions during the year | Deductions/ adjustments during the year | **As at 31 March 2017** | As at 1 April 2016 | Charge for the year | Deductions/ adjustments during the year | **As at 31 March 2017** | **As at 31 March 2017** |
| **a) Property, Plant and Equipment** | | | | | | | | | |
| Land | 231.74 | 5.05 | - | **236.79** | - | - | - | **-** | **236.79** |
| Leasehold Land | 198.67 | 1.49 | 179.25 | **20.91** | 12.28 | 2.31 | 4.86 | **9.73** | **11.18** |
| Flat and Building @ | 5,538.03 | 13.17 | 290.54 | **5,260.66** | 979.71 | 241.92 | 28.98 | **1,192.65** | **4,068.01** |
| Leasehold Premises | 250.65 | 38.30 | 26.35 | **262.60** | 143.62 | 40.71 | 23.10 | **161.23** | **101.37** |
| Plant and Equipment | 426.39 | 1.38 | 421.86 | **5.91** | 85.25 | 19.68 | 79.08 | **25.85** | **(19.94)** |
| Furniture and Fixtures | 244.03 | 29.18 | 16.14 | **257.07** | 119.82 | 37.73 | 9.35 | **148.20** | **108.87** |
| Vehicles @ | 325.93 | 83.15 | 40.12 | **368.96** | 172.39 | 60.78 | 23.62 | **209.55** | **159.41** |
| Office equipment @ | 577.31 | 45.74 | 44.13 | **578.92** | 365.70 | 89.41 | 25.20 | **429.91** | **149.01** |
| Vessel (Boat) | 6.96 | - | - | **6.96** | 5.61 | 0.28 | - | **5.89** | **1.07** |
| Computers @ | 1,098.50 | 227.66 | 121.11 | **1,205.05** | 725.09 | 240.36 | 140.99 | **824.46** | **380.59** |
| Solar Power Equipment | - | 62.20 | - | **62.20** | - | 0.15 | - | **0.15** | **62.05** |
| **Total (A)** | **8,898.21** | **507.32** | **1,139.50** | **8,266.03** | **2,609.47** | **733.33** | **335.18** | **3,007.62** | **5,258.41** |
| | | | | | | | | | |
| **b) Intangibles** | | | | | | | | | |
| Software @ | 853.06 | 375.34 | 2.86 | **1,225.54** | 563.44 | 221.37 | 0.19 | **784.62** | **440.92** |
| MCX Membership | 3.00 | - | - | **3.00** | 3.00 | - | - | **3.00** | **-** |
| Trademark/ Design & Copyright | 163.36 | 715.00 | - | **878.36** | 100.09 | 109.66 | - | **209.75** | **668.61** |
| **Total (B)** | **1,019.42** | **1,090.34** | **2.86** | **2,106.90** | **666.53** | **331.03** | **0.19** | **997.37** | **1,109.53** |
| | | | | | | | | | |
| **Total (A+B)** | **9,917.63** | **1,597.66** | **1,142.36** | **10,372.93** | **3,276.00** | **1,064.36** | **335.37** | **4,004.99** | **6,367.94** |

**Note :** @ With effect from 16 September 2016 Edelweiss Asset Reconstruction Company Limited, formerly an associate, has become a wholly owned subsidiary of the Company and has been accordingly consolidated from the said date. Accordingly, additions during the year includes ₹ 56.58 million and deductions / adjustments during the year includes ₹ 7.13 million.

**2.11 Fixed assets (Previous year)**

| Particulars | Gross Block | | | | Depreciation and amortization | | | | | Net Block |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at 1 April 2015 | Additions during the year | Deductions/ adjustments during the year | **As at 31 March 2016** | **As at 1 April 2015** | Opening Reserve Adjustment | Charge for the year | Deductions/ adjustments during the year | **As at 31 March 2016** | **As at 31 March 2016** |
| **a) Property, Plant and Equipment** | | | | | | | | | | |
| Land | 231.74 | - | - | **231.74** | - | - | - | - | **-** | **231.74** |
| Leasehold Land | 177.36 | 24.80 | 3.49 | **198.67** | 0.17 | - | 14.10 | 1.99 | **12.28** | **186.39** |
| Flat and Building @ | 4,489.62 | 1,048.41 | - | **5,538.03** | 742.98 | 0.20 | 236.53 | - | **979.71** | **4,558.32** |
| Leasehold Premises | 231.79 | 40.00 | 21.14 | **250.65** | 144.00 | - | 20.87 | 21.25 | **143.62** | **107.03** |
| Plant and Equipment | 419.74 | 13.51 | 6.86 | **426.39** | 10.09 | - | 78.94 | 3.78 | **85.25** | **341.14** |
| Furniture and Fixtures | 172.27 | 78.06 | 6.30 | **244.03** | 95.84 | - | 28.90 | 4.92 | **119.82** | **124.21** |
| Vehicles | 275.56 | 83.70 | 33.33 | **325.93** | 136.64 | - | 58.69 | 22.94 | **172.39** | **153.54** |
| Office equipment @ | 414.68 | 169.28 | 6.65 | **577.31** | 278.36 | 0.02 | 92.90 | 5.58 | **365.70** | **211.61** |
| Vessel (Boat) | 6.96 | - | - | **6.96** | 5.25 | - | 0.36 | - | **5.61** | **1.35** |
| Computers @ | 781.71 | 327.84 | 11.05 | **1,098.50** | 545.59 | 0.04 | 190.23 | 10.77 | **725.09** | **373.41** |
| **Total (A)** | **7,201.43** | **1,785.60** | **88.82** | **8,898.21** | **1,958.92** | **0.26** | **721.52** | **71.23** | **2,609.47** | **6,288.74** |
| | | | | | | | | | | |
| **b) Intangibles** | | | | | | | | | | |
| Software | 670.94 | 182.24 | 0.12 | **853.06** | 415.24 | - | 148.24 | 0.04 | **563.44** | **289.62** |
| MCX Membership | 3.00 | - | - | **3.00** | 2.55 | - | 0.45 | - | **3.00** | **-** |
| Trademark/ Design & Copyright | 163.36 | - | - | **163.36** | 67.97 | - | 32.12 | - | **100.09** | **63.27** |
| **Total (B)** | **837.30** | **182.24** | **0.12** | **1,019.42** | **485.76** | **-** | **180.81** | **0.04** | **666.53** | **352.89** |
| | | | | | | | | | | |
| **Total (A+B)** | **8,038.73** | **1,967.84** | **88.94** | **9,917.63** | **2,444.68** | **0.26** | **902.33** | **71.27** | **3,276.00** | **6,641.63** |

**Note :** @ With effect from 30 March 2016 Edelweiss Finvest Private Limited, formerly an associate, has become a wholly owned subsidiary of the Company and has been accordingly consolidated from the said date. Accordingly, additions during the year includes ₹ 1.43 million, deductions / adjustments during the year includes ₹ 0.19 million and opening reserve adjustment for accumulated depreciation includes ₹ 0.26 million.

# Notes to the consolidated financial statements *(Continued)*

(Currency: Indian rupees in millions)

| | | | | As at 31 March 2017 | As at 31 March 2016 |
|---|---|---|---|---|---|
| **2.12** | **Non-current investments** | | | | |
| | (valued at cost, unless stated otherwise) (Refer note 2.54) | | | | |
| I. | Others (quoted) | | | | |
| | (A) Equity Shares | | (a) | **1,881.41** | 2,331.70 |
| | (B) Debentures and bonds | | | | |
| | i) In associate companies | | | **-** | 300.00 |
| | ii) In others | | | **2,891.30** | 5,242.41 |
| | | | (b) | **2,891.30** | 5,542.41 |
| II. | Others (unquoted) | | | | |
| | (A) Equity shares | | | | |
| | i) In subsidiary companies [Refer note 1.2(d)] | | | **0.10** | 0.10 |
| | ii) In others | | | **1,216.98** | 1,195.33 |
| | | | (c) | **1,217.08** | 1,195.43 |
| | (B) Preference shares | | | | |
| | i) In associate companies | | | **123.88** | 123.88 |
| | ii) In others | | | **534.11** | 2,021.44 |
| | | | (d) | **657.99** | 2,145.32 |
| | (C) Government or trust securities | | (e) | **50,224.43** | 5,716.99 |
| | (D) Debentures and bonds | | | | |
| | i) In associate companies | | | **-** | 1,500.00 |
| | ii) In others | | | **731.78** | 249.76 |
| | | | (f) | **731.78** | 1,749.76 |
| | (E) Warrants | | (g) | **138.47** | 113.82 |
| | (F) Units of venture capital funds / mutual funds | | (h) | **963.37** | 413.84 |
| | (G) Investment in partnership firm - Capital Account | | (i) | **0.02** | 0.02 |
| | (H) Property | | (j) | **2,168.88** | 228.35 |
| | (I) Long-term investments in equity shares of associates | | | | |
| | i) Opening balance of investment | | | **1,016.86** | 1,183.39 |
| | ii) Further investment / disinvestments in associates | | | **-** | 125.00 |
| | iii) Effect of Conversion of Associate into Subsidiary | | | **(962.78)** | (768.07) |
| | iv) Share in profit of associates | | | **147.55** | 476.54 |
| | | | (k) | **201.63** | 1,016.86 |
| | | | Total (a to k) | **61,076.36** | 20,454.50 |
| | Less : Provision for diminution in value of investments | | | **(662.46)** | (445.39) |
| | **Total** | | | **60,413.90** | 20,009.11 |

| | | As at 31 March 2017 | As at 31 March 2016 |
|---|---|---|---|
| **2.13** | **Deferred tax** | | |
| | **Deferred tax assets** | | |
| | Difference between book and tax depreciation | **68.49** | 10.58 |
| | Provision for doubtful debts/advances | **498.29** | 489.43 |
| | Disallowances under section 43B of the Income Tax Act, 1961 | **395.88** | 331.51 |
| | Provision for standard assets / non-performing assets | **940.52** | 794.01 |
| | Amortised loan processing fees | **137.48** | 118.84 |
| | Others | **791.02** | 360.08 |
| | **Total (A)** | **2,831.68** | 2,104.45 |
| | | | |
| | **Deferred tax liabilities** | | |
| | Difference between book and tax depreciation | **177.46** | 130.93 |
| | Amortised loan origination costs | **130.19** | 114.08 |
| | Others | **414.94** | 63.51 |
| | **Total (B)** | **722.59** | 308.52 |
| | | | |
| | **Deferred Tax Assets - Net (A - B)** | **2,109.09** | 1,795.93 |
| | | | |
| **2.14** | **Long-term loans and advances** | | |
| | (Considered good, unless stated otherwise) | | |
| | **Secured** | | |
| | Receivable from financing business | | |
| | Considered good | **92,221.13** | 62,231.35 |
| | Considered non-performing | **1,807.80** | 378.72 |
| | | **94,028.93** | 62,610.07 |
| | **Unsecured** | | |
| | Capital advances | **518.61** | 580.23 |
| | Security deposits placed | **299.91** | 261.91 |
| | | | |
| | Receivable from financing business | | |
| | Considered good | **5,310.09** | 1,965.98 |
| | Considered non-performing | **56.24** | 20.68 |
| | | **5,366.33** | 1,986.66 |
| | Other loans and advances | | |
| | Prepaid expenses | **12.80** | 16.10 |
| | Unamortized loan origination costs | **205.41** | 188.73 |
| | Advance income tax (net of provision for tax) | **3,561.49** | 3,010.93 |
| | MAT credit entitlement | **125.67** | 80.54 |
| | Loans and advances to related parties (Refer note 2.31) | **-** | 6,964.97 |
| | Loans and advances to others | **552.93** | - |
| | Loans given to employees welfare trusts | **1,455.53** | 1,500.48 |
| | | | |
| | | **106,127.61** | 77,200.62 |

# Notes to the consolidated financial statements *(Continued)*

(Currency: Indian rupees in millions)

| | | | As at 31 March 2017 | As at 31 March 2016 |
|---|---|---|---|---|
| **2.15** | **Other non-current assets** | | | |
| | Long-term deposits with banks | | **5,324.94** | 11,178.30 |
| | Accrued interest on fixed deposits | | **1,086.51** | 637.42 |
| | Future interest receivable on loan transfer transactions | | **89.10** | 70.51 |
| | Interest accrued but not due on loans given | | **1,843.85** | 1,236.71 |
| | Other assets | | **21.24** | 14.84 |
| | | | **8,365.64** | 13,137.78 |
| **2.16** | **Current investments** | | | |
| | (at lower of cost and fair value) (Refer note 2.54) | | | |
| | I. | Quoted Investments | | |
| | | (i) Equity shares | **2,406.95** | 1,473.36 |
| | | (ii) Debentures and bonds | **635.00** | 1,020.93 |
| | II. | Unquoted Investments | | |
| | | (i) Government or trust securities / Collateralised borrowing and lending obligation | **2,789.99** | 1,491.86 |
| | | (ii) Debentures and bonds | **1,092.75** | 895.47 |
| | | (iii) Units of mutual funds | **1,402.13** | 2,073.57 |
| | | (iv) Investment in partnership firm | | |
| | | Current Account | **36.11** | - |
| | | | **8,362.93** | 6,955.19 |
| **2.17** | **Stock-in-Trade** | | | |
| | **A.** | **Securities** | | |
| | | I. Quoted | | |
| | | (i) Equity shares | **4,838.49** | 1,513.38 |
| | | (ii) Preference shares | **6.67** | 0.97 |
| | | (iii) Debentures and bonds | **40,433.37** | 72,250.97 |
| | | (iv) Warrants | **54.84** | 9.13 |
| | | II. Unquoted | | |
| | | (i) Equity shares @ | **0.00** | 0.00 |
| | | (ii) Debentures and bonds | **50,851.16** | 13,123.17 |
| | | (iii) Units of mutual funds | **7,652.01** | 6,626.13 |
| | **B.** | **Commodity** | **2,681.27** | 21,585.82 |
| | **C.** | **Consumables** | **6.23** | 9.55 |
| | | | **106,524.04** | 115,119.12 |

@ ₹ 0.00 refers to amount less than ₹ 0.01 million

| | | As at 31 March 2017 | As at 31 March 2016 |
|---|---|---|---|
| **2.18** | **Trade receivables** | | |
| | Outstanding for a period exceeding six months | | |
| | - Secured, considered good | **168.54** | 286.39 |
| | - Unsecured, considered good | **388.56** | 54.27 |
| | - Unsecured, considered doubtful | **938.39** | 648.92 |
| | | **1,495.49** | 989.58 |
| | Less : Provision for doubtful debts | **(938.39)** | (648.92) |
| | | **557.10** | 340.66 |
| | | | |
| | Other debts | | |
| | - Secured, considered good | **3,133.85** | 1,488.94 |
| | - Unsecured, considered good | **7,291.43** | 3,356.39 |
| | - Unsecured, considered doubtful | **43.69** | 47.85 |
| | | **10,468.97** | 4,893.18 |
| | Less : Provision for doubtful debts | **(43.69)** | (47.85) |
| | | **10,425.28** | 4,845.33 |
| | | | |
| | | **10,982.38** | 5,185.99 |
| | | | |
| **2.19** | **Cash and bank balances** | | |
| | | | |
| | **Cash and cash equivalents** | | |
| | Cash in hand | **43.02** | 44.14 |
| | Cheques in hand | **179.22** | 156.01 |
| | Balances with banks | | |
| | - in Current accounts | **9,940.90** | 7,091.88 |
| | - in fixed deposits with original maturity less than 3 months | **340.48** | 287.35 |
| | | **10,503.62** | 7,579.38 |
| | **Other bank balances** | | |
| | Fixed deposits, held as margin money or security against borrowings/ guarantees | **3,180.77** | 2,453.49 |
| | Short term fixed deposits with banks with original maturity more than 3 months but less than 12 months | **12,492.14** | 9,302.14 |
| | In unpaid dividend accounts | **5.38** | 5.04 |
| | | | |
| | | **26,181.91** | 19,340.05 |

# Notes to the consolidated financial statements *(Continued)*

(Currency: Indian rupees in millions)

| | | As at 31 March 2017 | As at 31 March 2016 |
|---|---|---|---|
| **2.20** | **Short-term loans and advances** | | |
| | (Considered good, unless stated otherwise) | | |
| | **Secured** | | |
| | Receivable from financing business | | |
| | Considered good | **39,132.36** | 59,739.28 |
| | Considered non-performing | **1,268.31** | 1,816.22 |
| | | **40,400.67** | 61,555.50 |
| | **Unsecured** | | |
| | Loans and advances to related parties (Refer note 2.31) | **2,416.55** | 9,295.82 |
| | Loans and advances to others | **10,154.75** | 983.95 |
| | | | |
| | Receivable from financing business | | |
| | Considered good [Receivable from related parties : ₹ 44.66 million; Previous year : ₹ 32.00 million] (Refer note 2.31) | **37,397.20** | 14,022.63 |
| | Considered non-performing | **491.93** | 387.30 |
| | | **37,889.13** | 14,409.93 |
| | Other loans and advances | | |
| | Deposits placed with exchange / depositories | **273.96** | 170.01 |
| | Vendor and other advances | **510.72** | 1,505.80 |
| | Deposits - others | **136.89** | 132.04 |
| | Unamortized loan origination costs / prepaid expenses | **395.68** | 282.90 |
| | Loans and advances to employees | **57.95** | 58.59 |
| | Intercorporate deposits placed | **604.60** | 511.71 |
| | Input tax credit | **528.89** | 703.46 |
| | Advance income tax (net of provision for tax) | **519.29** | 494.71 |
| | MAT credit entitlement | **396.77** | 351.90 |
| | Other advances | **581.94** | 145.60 |
| | | | |
| | | **94,867.79** | 90,601.92 |
| | | | |
| **2.21** | **Other current assets** | | |
| | | | |
| | Accrued interest on fixed deposits and inter-corporate deposits | **558.57** | 239.13 |
| | Accrued interest on debt instruments | **4,172.49** | 2,423.46 |
| | Accrued interest on loans given | **3,365.70** | 3,179.48 |
| | Receivable from exchange / clearing house (net) | **3,384.19** | 1,652.19 |
| | Mark to market on derivatives | **94.92** | 553.58 |
| | Margin placed with broker and premium paid on options | **5,085.76** | 5,461.81 |
| | Dividend receivable | **84.49** | 5.91 |
| | Future interest receivable on loan transfer transactions | **175.05** | 40.02 |
| | | | |
| | | **16,921.17** | 13,555.58 |

| | | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
|---|---|---|---|
| **2.22** | **Fee and commission income** | | |
| | Income from broking | **3,011.72** | 2,374.72 |
| | Advisory and other fees | **9,469.10** | 4,591.34 |
| | | **12,480.82** | 6,966.06 |
| **2.23** | **Income from treasury** | | |
| | Profit on trading of securities (net) | **3,817.01** | 225.33 |
| | Profit / (loss) on trading in derivative instruments (net) | **(397.53)** | (811.12) |
| | Gain / (loss) on foreign exchange movement on trade | **163.30** | (144.20) |
| | Profit on sale of commodities (net) (Refer note 2.56) | **1,782.07** | 2,729.67 |
| | Yield on real estate advances | **168.35** | 351.28 |
| | Profit on sale of investments (net) | **1,085.19** | 76.67 |
| | Dividend on stock-in-trade and investments | **267.91** | 857.16 |
| | Share of profit in partnership firms | **7.47** | (4.91) |
| | | **6,893.77** | 3,279.88 |
| **2.24** | **Interest Income** | | |
| | On loans and credit substitutes | **31,741.61** | 25,073.94 |
| | On inter-corporate deposits | **309.14** | 227.18 |
| | On fixed deposits | **2,799.24** | 4,058.35 |
| | On debt instruments | **5,394.59** | 7,318.00 |
| | On others | **770.86** | 1,746.21 |
| | | **41,015.44** | 38,423.68 |
| **2.25** | **Other operating revenue** | | |
| | Delayed payment charges | **433.66** | 358.33 |
| | Income from training centre | **35.46** | 37.16 |
| | Agri value chain warehousing income | **696.96** | 376.91 |
| | Rental income | **105.90** | 95.51 |
| | | **1,271.98** | 867.91 |
| **2.26** | **Other income** | | |
| | Profit on sale of current investment | **100.61** | 3.27 |
| | Interest income | **21.55** | 14.87 |
| | Miscellaneous income | **145.33** | 123.33 |
| | | **267.49** | 141.47 |
| **2.27** | **Employee benefits expense** | | |
| | Salaries and wages | **10,355.94** | 8,271.76 |
| | Contribution to provident and other funds | **325.76** | 291.53 |
| | Expense on employee stock option scheme | **-** | (0.10) |
| | Staff welfare expenses | **339.84** | 258.08 |
| | | **11,021.54** | 8,821.27 |

# Notes to the consolidated financial statements *(Continued)*

(Currency: Indian rupees in millions)

| | | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
|---|---|---|---|
| **2.28** | **Finance costs** | | |
| | Interest on debentures | **8,886.08** | 5,990.22 |
| | Interest on term loan / working capital demand loan | **5,496.05** | 4,512.76 |
| | Interest on bank overdraft | **730.29** | 672.14 |
| | Interest on margin and deposits | **44.98** | 26.06 |
| | Interest - other loans | **1,025.74** | 1,378.05 |
| | Discount on commercial paper | **8,789.44** | 9,336.33 |
| | Financial and bank charges | **776.15** | 774.21 |
| | Interest on collaterised borrowing and lending obligations | **2,190.09** | 3,458.07 |
| | Other finance costs | **158.17** | 53.05 |
| | | **28,096.99** | 26,200.89 |
| **2.29** | **Other expenses** | | |
| | Advertisement and business promotion | **872.89** | 656.87 |
| | Auditors' remuneration (Refer below) | **60.32** | 37.84 |
| | Bad debts and advances written off | **2,447.90** | 792.40 |
| | Commission and brokerage | **635.04** | 501.11 |
| | Communication | **291.58** | 276.22 |
| | Computer software and other expenses | **329.35** | 225.12 |
| | Commission to non-executive directors | **10.10** | 10.00 |
| | Contribution towards corporate social responsibility | **115.68** | 76.47 |
| | Donation | **1.61** | 0.02 |
| | Dematerialisation charges and stock exchange expenses | **105.56** | 81.28 |
| | Diminution in value of investments | **248.00** | 230.43 |
| | Directors' sitting fees | **10.27** | 8.94 |
| | Insurance | **45.45** | 64.05 |
| | Legal and professional fees | **1,044.72** | 747.79 |
| | Loss on sale/write-off of fixed assets (net) | **3.69** | - |
| | Membership and subscription | **139.47** | 107.45 |
| | Mutual fund expenses | **82.77** | 66.09 |
| | Office expenses | **489.19** | 388.14 |
| | Postage and courier | **33.70** | 28.31 |
| | Printing and stationery | **87.42** | 78.43 |
| | Provision for credit loss on securitisation | **32.03** | 3.93 |
| | Provision for standard assets | **267.58** | 158.78 |
| | Provision for non-performing assets | **513.58** | 438.44 |
| | Provision for doubtful debts | **296.22** | 206.44 |
| | Rates and taxes | **45.52** | 77.88 |
| | Rent and Electricity charges (Refer note 2.34) | **1,043.18** | 855.74 |
| | Repairs and maintenance - others | **71.69** | 64.25 |
| | Securities and commodity transaction tax | **298.34** | 304.39 |
| | Seminar and conference | **35.29** | 39.28 |
| | Service tax expenses | **340.94** | 322.44 |
| | Stamp duty | **125.91** | 135.83 |
| | Travelling and conveyance | **580.59** | 599.51 |
| | Warehousing charges | **43.90** | 124.96 |
| | Selling and Distribution expenses | **936.42** | 373.03 |
| | Miscellaneous expenses | **624.21** | 407.97 |
| | | **12,310.11** | 8,489.83 |
| | **Auditor's remuneration:** | **43.84** | 32.84 |
| | For statutory audit and limited review | **13.30** | 3.44 |
| | For other services (certification) | **3.18** | 1.56 |
| | For reimbursement of expenses | **60.32** | 37.84 |

**2.30 Segment reporting**

**Primary Segment (Business Segment)**

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

| Segment | Activities covered |
|---|---|
| Agency business | Broking, advisory, product distribution and other fee based services |
| Capital based business | Income from treasury, investment income and financing |
| Life Insurance | Represents results of Edelweiss Tokio Life Insurance Company Limited |

Income for each segment has been specifically identified. Expenditure, assets and liabilities are either specifically identified with individual segments or have been allocated to segments on a systematic basis.

Based on such allocations, segment disclosures relating to revenue, results, assets and liabilities have been prepared.

**Secondary Segment**

Since the business operations of the Group are primarily concentrated in India, the Group is considered to operate only in the domestic segment.

The following table gives information as required under the Accounting Standard -17 on Segment Reporting:

| Particulars | | | 31 March 2017 | 31 March 2016 |
|---|---|---|---|---|
| **I** | **Segment Revenue** | | | |
| | a) | Agency business | **10,210.32** | 9,347.57 |
| | b) | Capital based business | **50,316.88** | 39,907.60 |
| | c) | Life Insurance | **5,768.36** | 3,874.71 |
| | d) | Unallocated | **40.41** | 27.47 |
| | **Total Income** | | **66,335.97** | 53,157.35 |
| | | | | |
| **II** | **Segment Results** | | | |
| | a) | Agency business | **1,834.17** | 1,372.06 |
| | b) | Capital based business | **10,103.64** | 6,610.82 |
| | c) | Life Insurance | **(2,158.31)** | (1,547.79) |
| | d) | Unallocated | **(199.85)** | (246.92) |
| | **Profit before taxation** | | **9,579.65** | 6,188.17 |
| | Less : Provision for taxation | | **3,947.28** | 2,353.78 |
| | **Profit after taxation before minority interest** | | **5,632.37** | 3,834.39 |

# Notes to the consolidated financial statements *(Continued)*

(Currency: Indian rupees in millions)

**2.30 Segment reporting *(Continued)***

| Particulars | | | 31 March 2017 | 31 March 2016 |
|---|---|---|---|---|
| **III** | **Segment Assets** | | | |
| | a) | Agency business | **34,072.60** | 21,708.50 |
| | b) | Capital based business | **3,90,443.51** | 3,27,401.01 |
| | c) | Life Insurance | **17,912.76** | 15,516.81 |
| | d) | Unallocated | **5,805.09** | 5,219.42 |
| | **Total** | | **4,48,233.96** | 3,69,845.74 |
| | | | | |
| **IV** | **Segment Liabilities** | | | |
| | a) | Agency business | **31,779.63** | 12,652.86 |
| | b) | Capital based business | **3,51,429.37** | 3,05,837.83 |
| | c) | Life Insurance | **10,578.68** | 6,125.70 |
| | d) | Unallocated | **1,567.19** | 1,512.03 |
| | **Total** | | **3,95,354.87** | 3,26,128.42 |
| | | | | |
| **V** | **Capital Expenditure** | | | |
| | (Including Capital Work-In-Progress and Intangible assets under development) | | | |
| | a) | Agency business | **323.93** | 425.15 |
| | b) | Capital based business | **1,416.41** | 655.39 |
| | c) | Life Insurance | **564.06** | 125.69 |
| | d) | Unallocated | **-** | - |
| | **Total** | | **2,304.40** | 1,206.23 |
| | | | | |
| **VI** | **Depreciation and Amortization** | | | |
| | a) | Agency business | **183.89** | 257.43 |
| | b) | Capital based business | **787.32** | 566.35 |
| | c) | Life Insurance | **93.15** | 78.55 |
| | d) | Unallocated | **-** | - |
| | **Total** | | **1,064.36** | 902.33 |
| | | | | |
| **VII** | **Significant Non-Cash Expenses Other than Depreciation and Amortization** | | | |
| | a) | Agency business | **89.72** | 361.06 |
| | b) | Capital based business | **3,714.42** | 1,467.39 |
| | c) | Life Insurance | **4,264.49** | 2,556.73 |
| | d) | Unallocated | **-** | - |
| | **Total** | | **8,068.63** | 4,385.18 |

**2.31 Related parties**

**Disclosure as required by Accounting Standard 18 – "Related Party Disclosure":**

(A) **Individuals owning, directly or indirectly, an interest in the voting power of the reporting enterprise that gives them control or significant influence over the enterprise**

Mr. Rashesh Shah

Mr. Venkat Ramaswamy

Ms. Vidya Shah

Ms. Aparna T.C.

(B) **Key Management Personnel**

Mr. Rashesh Shah - Chairman, Managing Director & CEO

Mr. Venkat Ramaswamy - Executive Director

Mr. Himanshu Kaji - Executive Director

Mr. Rujan Panjwani - Executive Director

(C) **Relatives of individuals exercising significant influence and relatives of KMP, with whom transactions have taken place**

Ms. Kaavya Venkat

Ms. Shilpa Mody

Ms. Sejal Premal Parekh

Mr. A V Ramaswamy

Ms. Sneha Sripad Desai

Mr. Nalin Kaji

Ms. Shabnam Panjwani

(D) **Subsidiary Company**

Edelgive Foundation (Refer note 1.2(d))

(E) **Enterprises which exercise significant influence over subsidiary - Edelweiss Tokio Life Insurance Company Limited**

Tokio Marine & Nichido Fire Insurance Co., Limited (Subsidiary of Tokio Marine Holdings Inc.)

(F) **Enterprises where significant influence is exercised**

Edelweiss Asset Reconstruction Company Limited (upto September 15 2016; subsidiary from September 16, 2016)

Edelweiss Fund Advisors Private Limited

Dahlia Commodities Services Private Limited

Magnolia Commodities Services Private Limited

Allium Finance Private Limited

Aeon Credit Service India Private Limited

# Notes to the consolidated financial statements *(Continued)*

(Currency: Indian rupees in millions)

**2.31 Related parties *(Continued)***

(G) **Enterprises over which Promoter / KMPs / Relatives exercise significant influence, with whom transactions have taken place**

Spire Investment Advisors LLP

Mabella Investment Adviser LLP

Shah Family Discretionary Trust

(H) **Transactions and balances with Related Parties:**

| Sr. No. | Nature of Transaction | Related Party Name | 31 March 2017 | 31 March 2016 |
|---|---|---|---|---|
| | **Transactions with related parties** | | | |
| 1 | Investments in equity shares of | Aeon Credit Service India Private Limited | **-** | 125.00 |
| 2 | Investments in debentures of | Edelweiss Asset Reconstruction Company Limited | **-** | 300.00 |
| 3 | Equity share capital issued by subsidiary (including securities premium) | Tokio Marine & Nichido Fire Insurance Co. Limited | **-** | 5,274.71 |
| 4 | Long term loans repaid by | Edelweiss Asset Reconstruction Company Limited | **2,000.00** | 5.03 |
| 5 | Short term loans taken from | Dahlia Commodities Services Private Limited | **4,000.00** | - |
| | | Magnolia Commodities Services Private Limited | **3,000.00** | - |
| | | Edelweiss Finvest Private Limited | **-** | 275.01 |
| 6 | Short term loans taken repaid to | Magnolia Commodities Services Private Limited | **3,000.00** | - |
| | | Dahlia Commodities Services Private Limited | **2,400.00** | - |
| | | Edelweiss Finvest Private Limited | **-** | 940.51 |
| 7 | Short term loans given to | Magnolia Commodities Services Private Limited | **10,184.45** | 4,511.40 |
| | | Dahlia Commodities Services Private Limited | **9,302.39** | 3,318.09 |
| | | Mr. Nalin Kaji | **500.00** | 999.10 |
| | | Mabella Investment Adviser LLP | **246.98** | 206.67 |
| | | Edelweiss Asset Reconstruction Company Limited | **46.47** | 7,287.98 |
| | | Ms. Aparna T. C. | **27.31** | 168.94 |
| | | Ms. Vidya Shah | **0.17** | 335.14 |
| | | Edelweiss Finvest Private Limited | **-** | 31,376.71 |
| | | Mr. Rujan Panjwani | **-** | 14.17 |

**2.31 Related parties *(Continued)***

| Sr. No. | Nature of Transaction | Related Party Name | 31 March 2017 | 31 March 2016 |
|---|---|---|---|---|
| 8 | Short term loans given repaid by | Magnolia Commodities Services Private Limited | **8,863.61** | 3,901.86 |
| | | Dahlia Commodities Services Private Limited | **7,941.41** | 3,110.55 |
| | | Edelweiss Asset Reconstruction Company Limited | **6,616.12** | 2,891.55 |
| | | Mr. Nalin Kaji | **500.00** | 999.10 |
| | | Mabella Investment Adviser LLP | **300.00** | 153.65 |
| | | Ms. Aparna T. C. | **14.66** | 172.83 |
| | | Ms. Vidya Shah | **0.17** | 427.30 |
| | | Edelweiss Finvest Private Limited | **-** | 31,363.65 |
| | | Mr. Rujan Panjwani | **-** | 29.33 |
| | | | | |
| 9 | Margin received from | Magnolia Commodities Services Private Limited | **3,801.89** | 172.55 |
| | | Dahlia Commodities Services Private Limited | **295.36** | 142.76 |
| | | | | |
| 10 | Margin repaid to | Magnolia Commodities Services Private Limited | **3,773.77** | 161.81 |
| | | Dahlia Commodities Services Private Limited | **247.64** | 108.39 |
| | | | | |
| 11 | Reimbursement recovered from | Magnolia Commodities Services Private Limited | **9.32** | 6.03 |
| | | Dahlia Commodities Services Private Limited | **3.15** | 4.69 |
| | | Edelweiss Asset Reconstruction Company Limited | **-** | 176.23 |
| | | Allium Finance Private Limited | **-** | 0.55 |
| | | Edelweiss Fund Advisors Private Limited | **-** | 0.08 |
| | | | | |
| 12 | Dividend paid | Mr. Rashesh Shah | **145.30** | 210.49 |
| | | Mr. Venkat Ramaswamy | **58.03** | 83.74 |
| | | Spire Investment Advisors LLP | **41.95** | 60.83 |
| | | Ms. Vidya Shah | **35.03** | 49.66 |
| | | Ms. Aparna T. C. | **12.00** | 17.40 |
| | | Ms. Kaavya Venkat | **12.00** | 17.40 |
| | | Mr. Rujan Panjwani | **12.32** | 17.86 |
| | | Mr. Himanshu Kaji | **1.99** | 1.29 |
| | | Ms. Sneha Sripad Desai | **1.03** | 1.49 |
| | | Ms. Shilpa Mody | **1.00** | 1.45 |
| | | Ms. Sejal Premal Parekh | **1.00** | 1.45 |
| | | Ms. Shabnam Panjwani | **0.22** | 0.32 |
| | | Mr. A V Ramaswamy | **0.05** | 0.07 |
| | | | | |

# Notes to the consolidated financial statements *(Continued)*

(Currency: Indian rupees in millions)

**2.31 Related parties *(Continued)***

| Sr. No. | Nature of Transaction | Related Party Name | 31 March 2017 | 31 March 2016 |
|---|---|---|---|---|
| 13 | Rating fee earned from | Edelweiss Asset Reconstruction Company Limited | **0.77** | - |
| | | | | |
| 14 | Rental income from | Edelweiss Asset Reconstruction Company Limited | **12.10** | 11.00 |
| | | Edelweiss Finvest Private Limited | **-** | 0.51 |
| | | Allium Finance Private Limited | **0.42** | 0.52 |
| | | | | |
| 15 | Interest income on loan from | Edelweiss Asset Reconstruction Company Limited | **708.52** | 1,667.16 |
| | | Magnolia Commodities Services Private Limited | **280.06** | 89.71 |
| | | Dahlia Commodities Services Private Limited | **166.39** | 21.47 |
| | | Mr. Nalin Kaji | **6.61** | 1.41 |
| | | Ms. Aparna T. C. | **3.93** | 2.61 |
| | | Mabella Investment Adviser LLP | **2.04** | 3.39 |
| | | Edelweiss Finvest Private Limited | **-** | 50.76 |
| | | Ms. Vidya Shah @ | **0.00** | 1.38 |
| | | Mr. Rujan Panjwani | **-** | 0.54 |
| | | | | |
| 16 | Interest income on debentures | Edelweiss Asset Reconstruction Company Limited | **132.21** | 258.44 |
| | | Edelweiss Finvest Private Limited | **-** | 45.71 |
| | | | | |
| 17 | Interest expenses on loan from | Dahlia Commodities Services Private Limited | **10.59** | - |
| | | Magnolia Commodities Services Private Limited | **7.56** | - |
| | | Edelweiss Finvest Private Limited | **-** | 82.21 |
| | | | | |
| 18 | Interest expense on margin placed by | Magnolia Commodities Services Private Limited | **5.38** | 1.09 |
| | | Dahlia Commodities Services Private Limited | **0.98** | 0.63 |
| | | | | |
| 19 | Purchase of commodities/ securities from | Edelweiss Finvest Private Limited | **-** | 2,051.49 |
| | | Dahlia Commodities Services Private Limited | **-** | 506.52 |
| | | | | |
| 20 | Sale of commodities / securities to | Mabella Investment Adviser LLP | **602.60** | 480.00 |
| | | Magnolia Commodities Services Private Limited | **-** | 2,484.80 |
| | | Dahlia Commodities Services Private Limited | **-** | 508.58 |
| | | Edelweiss Finvest Private Limited | **-** | 156.44 |
| | | Mr. Venkat Ramaswamy | **-** | 50.00 |
| | | | | |
| 21 | Redemption of Securities | Mabella Investment Adviser LLP | **20.12** | - |
| | | | | |
| 22 | Settlement of derivative transactions (net expenditure) | Dahlia Commodities Services Private Limited | **-** | 33.27 |

**2.31 Related parties *(Continued)***

| Sr. No. | Nature of Transaction | Related Party Name | 31 March 2017 | 31 March 2016 |
|---|---|---|---|---|
| 23 | Settlement of derivative transactions (net income) | Magnolia Commodities Services Private Limited | - | 18.13 |
| | | | | |
| 24 | Brokerage earned from | Magnolia Commodities Services Private Limited | **33.93** | 1.44 |
| | | Mabella Investment Adviser LLP | **5.54** | 6.24 |
| | | Dahlia Commodities Services Private Limited | **1.11** | 0.75 |
| | | Spire Investment Advisors LLP | **0.39** | 0.04 |
| | | Shah Family Discretionary Trust | **0.37** | - |
| | | Ms. Aparna T. C. | **0.09** | 0.06 |
| | | Mr. Nalin Kaji | **0.09** | - |
| | | Ms. Vidya Shah | **0.07** | 0.54 |
| | | Mr. Rujan Panjwani | **0.02** | 0.01 |
| | | Mr. Rashesh Shah | **0.01** | 0.05 |
| | | Ms. Shabnam Panjwani @ | **0.01** | 0.00 |
| | | Mr. Himanshu Kaji @ | **0.00** | - |
| | | Mr. A V Ramaswamy | - | 0.10 |
| | | Edelweiss Finvest Private Limited | - | 0.01 |
| | | Ms. Sejal Premal Parekh @ | - | 0.00 |
| | | | | |
| 25 | Clearing income from | Dahlia Commodities Services Private Limited | **0.22** | 0.16 |
| | | Magnolia Commodities Services Private Limited | **0.21** | 0.19 |
| | | | | |
| 26 | Processing fees earned from | Edelweiss Asset Reconstruction Company Limited | **0.04** | - |
| | | | | |
| 27 | Remuneration to | Mr. Rashesh Shah | **118.66** | 105.12 |
| | | Mr. Rujan Panjwani | **70.83** | 61.98 |
| | | Mr. Himanshu Kaji | **70.99** | 57.95 |
| | | Mr. Venkat Ramaswamy | **59.82** | 49.34 |
| | | Ms. Shabnam Panjwani | **40.47** | 14.92 |
| | | Ms. Vidya Shah | **6.72** | 4.02 |
| | | | | |
| 28 | Contribution towards corporate social responsibility | Edelgive Foundation | **113.90** | 71.69 |
| | | | | |
| 29 | Cost reimbursements recovered from | Edelweiss Asset Reconstruction Company Limited | **1.95** | 3.89 |
| | | Dahlia Commodities Services Private Limited | **0.50** | 0.50 |
| | | Magnolia Commodities Services Private Limited | **0.50** | 0.50 |
| | | Allium Finance Private Limited | **0.07** | 0.62 |
| | | Edelweiss Finvest Private Limited | - | 114.82 |
| | | | | |

# Notes to the consolidated financial statements *(Continued)*

(Currency: Indian rupees in millions)

**2.31 Related parties *(Continued)***

| Sr. No. | Nature of Transaction | Related Party Name | 31 March 2017 | 31 March 2016 |
|---|---|---|---|---|
| | **Balances with related parties** | | | |
| | | | | |
| 30 | Investments in equity shares of | Aeon Credit Service India Private Limited | **227.50** | 227.50 |
| | | Allium Finance Private Limited | **21.18** | 21.18 |
| | | Dahlia Commodities Services Private Limited | **1.00** | 1.00 |
| | | Magnolia Commodities Services Private Limited | **1.00** | 1.00 |
| | | Edelweiss Fund Advisors Private Limited | **0.50** | 0.50 |
| | | Edelgive Foundation | **0.10** | 0.10 |
| | | Edelweiss Asset Reconstruction Company Limited | **-** | 529.75 |
| | | | | |
| 31 | Investments in preference shares of | Allium Finance Private Limited | **123.88** | 123.88 |
| | | | | |
| 32 | Investment in debentures of | Edelweiss Asset Reconstruction Company Limited | **-** | 1,800.00 |
| | | | | |
| 33 | Long term loans given to | Edelweiss Asset Reconstruction Company Limited | **-** | 6,964.97 |
| | | | | |
| 34 | Short term loans taken from | Dahlia Commodities Services Private Limited | **1,600.00** | - |
| | | | | |
| 35 | Short term loans given to | Magnolia Commodities Services Private Limited | **2,229.90** | 909.06 |
| | | Dahlia Commodities Services Private Limited | **1,786.65** | 425.66 |
| | | Ms. Aparna T. C. | **44.66** | 32.00 |
| | | Edelweiss Asset Reconstruction Company Limited | **-** | 8,186.62 |
| | | Mabella Investment Adviser LLP | **-** | 53.02 |
| | | | | |
| 36 | Trade receivables from | Edelweiss Asset Reconstruction Company Limited | **-** | 2.58 |
| | | Dahlia Commodities Services Private Limited | **-** | 0.56 |
| | | Magnolia Commodities Services Private Limited | **-** | 0.56 |
| | | | | |
| 37 | Accrued interest income on loans given to | Dahlia Commodities Services Private Limited | **17.49** | 0.04 |
| | | Edelweiss Asset Reconstruction Company Limited | **-** | 66.24 |
| | | Magnolia Commodities Services Private Limited | **-** | 0.07 |
| | | | | |
| 38 | Accrued interest income on debt instruments | Edelweiss Asset Reconstruction Company Limited | **-** | 3.09 |
| | | | | |

**2.31 Related parties *(Continued)***

| Sr. No. | Nature of Transaction | Related Party Name | 31 March 2017 | 31 March 2016 |
|---|---|---|---|---|
| 39 | Accrued interest expense on loans taken from | Dahlia Commodities Services Private Limited | **9.53** | - |
| | | Magnolia Commodities Services Private Limited | **6.81** | - |
| | | | | |
| 40 | Accrued interest expense on margin received from | Magnolia Commodities Services Private Limited | **0.35** | 0.06 |
| | | Dahlia Commodities Services Private Limited | **0.04** | 0.02 |
| | | | | |
| 41 | Margin payable to clients | Dahlia Commodities Services Private Limited | **127.36** | 79.64 |
| | | Magnolia Commodities Services Private Limited | **111.46** | 83.34 |
| | | | | |
| 42 | Accrued salaries and benefits | Mr. Rashesh Shah | **107.50** | 94.50 |
| | | Mr. Rujan Panjwani | **62.50** | 52.50 |
| | | Mr. Himanshu Kaji | **60.00** | 47.50 |
| | | Mr. Venkat Ramaswamy | **50.00** | 40.00 |
| | | Ms. Shabnam Panjwani | **9.00** | 8.00 |
| | | Ms. Vidya Shah | **4.20** | 2.50 |
| | | | | |
| 43 | Trade payables to | Dahlia Commodities Services Private Limited | **0.36** | 1.26 |
| | | Magnolia Commodities Services Private Limited | **0.33** | 1.20 |
| | | Edelweiss Asset Reconstruction Company Limited | **-** | 0.51 |

@ ₹ 0.00 refers to amount less than ₹ 0.01 million

**Notes:**

1) The Intra group company loans are generally in the nature of revolving demand loans unless otherwise stated. Loan given/taken to/from parties and margin money placed/refund received with/from related parties are disclosed based on the maximum incremental amount given/taken and placed/refund received during the reporting period.

2) Information relating to remuneration paid to key managerial person mentioned above excludes provision made for gratuity which is provided for group of employees on an overall basis. These are included on cash basis.

# Notes to the consolidated financial statements *(Continued)*

(Currency: Indian rupees in millions)

## 2.32 Earnings per share

In accordance with Accounting Standard 20 - Earnings Per Share, the computation of earnings per share is set out below:

| | | 2017 | 2016 |
|---|---|---|---|
| a) | **Shareholders earnings** (as per statement of profit and loss) | **6,093.06** | 4,143.83 |
| | Less: Preference dividend declared by the Company (including dividend distribution tax) | **99.75** | 99.75 |
| | Net Profit available to equity shareholders for the purpose of calculating basic and diluted earnings per share | **5,993.31** | 4,044.08 |
| b) | **Calculation of weighted average number of equity shares of ₹ 1 each:** | | |
| | – Number of shares at the beginning of the year | **814,036,630** | 791,752,619 |
| | – Number of shares issued during the year | **18,532,459** | 22,284,011 |
| | Total number of equity shares outstanding at the end of the year | **832,569,089** | 814,036,630 |
| | Weighted average number of equity shares outstanding during the year (based on the date of issue of shares) | **826,052,403** | 807,065,324 |
| c) | Number of dilutive potential equity shares | **40,055,553** | 27,141,417 |
| d) | Basic earnings per share (in ₹) {a/b} | **7.26** | 5.01 |
| e) | Diluted earnings per share (in ₹) {a/(b+c)} | **6.92** | 4.85 |

## 2.33 Disclosure pursuant to Accounting Standard 15 (Revised) - Employee Benefits

A) **Defined contribution plan (Provident fund and National Pension Scheme):**

Amount of ₹ 280.46 million (Previous year: ₹ 220.70 million) is recognised as expenses and included in "Employee benefit expense" – Note 2.27 in the statement of Profit and loss.

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

The following tables summarize the components of the net benefit expenses recognised in the statement of profit and loss and the funded and unfunded status and amount recognised in the balance sheet for the gratuity benefit plan.

**Statement of profit and loss**

Expenses recognised in the Statement of Profit and Loss:

| | 2017 | 2016 |
|---|---|---|
| Current service cost | **64.47** | 54.19 |
| Interest on defined benefit obligation | **23.81** | 18.56 |
| Expected return on plan assets | **(17.99)** | (14.56) |
| Exchange rate adjustment | **(0.24)** | 0.57 |
| Effect of limiting net assets to asset ceiling | **0.44** | (0.41) |
| Actuarial (gain) / losses | **(16.93)** | 37.88 |
| **Total included in 'Employee benefits expense'** | **53.56** | 96.23 |

**2.33 Disclosure pursuant to Accounting Standard 15 (Revised) - Employee Benefits *(Continued)***

**Balance sheet**

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

| | 2017 | 2016 |
|---|---|---|
| Present value of DBO | **380.66** | 320.23 |
| Fair value of plan assets at the end of the year | **290.19** | 257.36 |
| Net Liability | **(90.47)** | (62.87) |
| Less : Effect of limiting net assets to asset ceiling | **(1.40)** | - |
| **Liability recognized in the balance sheet** | **(91.87)** | (62.87) |

Reconciliation of defined benefit obligation (DBO) :

| | 2017 | 2016 |
|---|---|---|
| Present value of DBO at the beginning of the year | **320.23** | 236.95 |
| Acquisition/ (Divestiture) | **11.60** | 1.32 |
| Transfer Out | **(2.65)** | (0.35) |
| Interest cost | **23.81** | 18.56 |
| Current service cost | **64.47** | 54.19 |
| Benefits paid | **(36.14)** | (24.29) |
| Actuarial (gain)/loss | **(0.42)** | 33.28 |
| Exchange Rate Adjustment | **(0.24)** | 0.57 |
| **Present value of DBO at the end of the year** | **380.66** | 320.23 |

Reconciliation of fair value of plan assets:

| | 2017 | 2016 |
|---|---|---|
| Fair value of plan assets at the beginning of the year | **257.36** | 189.82 |
| Acquisition / (Divestiture) | **1.26** | - |
| Contributions by Employer | **33.22** | 81.86 |
| Benefits paid | **(36.14)** | (24.29) |
| Actuarial gain | **16.50** | (4.59) |
| **Fair value of plan assets at the end of the year** | **272.20** | 242.80 |
| Expected return on plan asset | **17.99** | 14.56 |

Experience adjustments:

| | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|---|---|---|---|---|
| On plan liabilities: loss / (gain) | **(11.37)** | 28.52 | 5.15 | 5.90 | 38.79 |
| On plan assets: gain / (loss) | **15.53** | (4.92) | 21.61 | 5.45 | 4.04 |
| Estimated contribution for next year | **1.00** | 1.50 | - | 20.00 | 35.00 |

Principal actuarial assumptions at the balance sheet date:

| | 2017 | 2016 |
|---|---|---|
| Discount rate | **6.60% - 6.80%** | 7.40% |
| Salary escalation | **7.00%** | 7.00% |
| Employees attrition rate | **13% - 60%** | 13% - 60% |
| Expected return on Plan Assets | **7.40% p.a.** | 7.80% p.a. |
| Mortality Rate | **IALM 2006-08 (Utl)** | IALM 2006-08 (Utl) |
| Expected average remaining working lives of employees | **5 years** | 5 years |

# Notes to the consolidated financial statements *(Continued)*

(Currency: Indian rupees in millions)

## 2.34 Operating leases

**Lessee**

The Group has taken various premises on operating lease. Gross rental expenses for the year ended 31 March 2017 aggregated to ₹ 872.72 million (Previous year: ₹ 688.13 million) which has been included under the head Other Expenses – Rent and electricity charges in the statement of profit and loss.

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

| | **2017** | 2016 |
|---|---|---|
| Minimum lease payments for non-cancellable lease | | |
| - not later than one year | **174.82** | 416.95 |
| - later than one year and not later than five years | **376.61** | 629.61 |
| - later than five years | **92.56** | 59.13 |
| **Total** | **643.99** | 1,105.69 |

**Lessor**

The Company has given certain portion of owned building on cancellable and non cancellable operating lease for periods ranging from 12 months to 60 months.

Lease payments received and recognized in the statement of profit and loss during the year ended 31 March 2017 is ₹ 105.90 million (Previous year: ₹ 95.51 million).

Details of future minimum lease payments receivable for non cancellable operating leases are as follows:

| | **2017** | 2016 |
|---|---|---|
| Minimum lease payments receivable for non-cancellable lease | | |
| - not later than one year | **3.16** | 17.24 |
| - later than one year and not later than five years | **-** | 3.16 |
| - later than five years | **-** | - |
| **Total** | **3.16** | 20.40 |

## 2.35 Derivatives Transactions

**A) Open interest in Equity Index/Stock Futures as at 31 March 2017:**

| **Name of Future** | **Long position** | | **Short position** | |
|---|---|---|---|---|
| **Maturity grouping** | **No. of Contracts** | **No. of Units** | **No. of Contracts** | **No. of Units** |
| <1 month | 27,005 | 6,093,223 | 31,565 | 46,374,387 |
| 1-2 months | 1,541 | 111,875 | 14 | 14 |
| 2-3 months | 1,089 | 79,307 | 84 | 84 |

Open interest in Equity Index/Stock Futures as at 31 March 2016:

| **Name of Future** | **Long position** | | **Short position** | |
|---|---|---|---|---|
| **Maturity grouping** | **No. of Contracts** | **No. of Units** | **No. of Contracts** | **No. of Units** |
| <1 month | 52,349 | 37,086,272 | 70,950 | 6,564,545 |
| 1-2 months | 1,992 | 149,265 | 115 | 115 |
| 2-3 months | 64 | 64 | 9 | 9 |

**2.35 Derivatives Transactions *(Continued)***

**B) Open interest in Commodity Futures as at 31 March 2017:**

| Name of Future | Long position | | Short position | |
|---|---|---|---|---|
| Maturity grouping | No. of Contracts | No. of Units | No. of Contracts | No. of Units |
| 1-2 months | 3 | 10,375 | - | - |
| 2-3 months | 12 | 372 | 164 | 16,175 |
| 3-6 months | - | - | 160 | 16,000 |

Open interest in Commodity Futures as at 31 March 2016:

| Name of Future | Long position | | Short position | |
|---|---|---|---|---|
| Maturity grouping | No. of Contracts | No. of Units | No. of Contracts | No. of Units |
| <1 month | 4,616 | 8,055,570 | 6,190 | 8,752,582 |
| 1-2 months | 5,280 | 488,298 | 2,023 | 59,240 |
| 2-3 months | 53 | 26,629 | 718 | 71,800 |

**C) Open interest in Currency Futures as at 31 March 2017:**

| Name of Future | Long position | | Short position | |
|---|---|---|---|---|
| Maturity grouping | No. of Contracts | No. of Units | No. of Contracts | No. of Units |
| <1 month | 268,165 | 224,313,000 | 129,300 | 429,000 |
| 2-3 months | 868 | 1,114,000 | 333 | 1,875,325 |

Open interest in Currency Futures as at 31 March 2016:

| Name of Future | Long position | | Short position | |
|---|---|---|---|---|
| Maturity grouping | No. of Contracts | No. of Units | No. of Contracts | No. of Units |
| <1 month | 2,250,600 | 2,250,600 | 460,556 | 125,378,000 |
| 1-2 months | - | - | 81,784 | 81,514,000 |
| 2-3 months | - | - | 2,000 | 2,000 |

**D) Open interest in Interest Rate Futures as at 31 March 2017:**

| Name of Future | Long position | | Short position | |
|---|---|---|---|---|
| Maturity grouping | No. of Contracts | No. of Units | No. of Contracts | No. of Units |
| <1 month | 130 | 5,41,710 | 15,928 | 2,42,60,000 |
| 1-2 months | 20 | 83,340 | 130 | 5,41,710 |
| 2-3 months | 22 | 37,000 | 76 | 1,93,840 |
| 3-6 months | 198 | 4,87,500 | 10 | 25,000 |
| 6-12 months | 374 | 7,39,590 | 314 | 7,82,500 |
| >12 months | 625 | 13,30,000 | 841 | 16,63,750 |

**Open interest in Interest Rate Futures as at 31 March 2016:**

| Name of Future | Long position | | Short position | |
|---|---|---|---|---|
| Maturity grouping | No. of Contracts | No. of Units | No. of Contracts | No. of Units |
| <1 month | 40,812 | 41,140,000 | - | - |
| 1-2 months | - | - | 50 | 245,625 |
| 2-3 months | 351 | 818,334 | 303 | 698,334 |

# Notes to the consolidated financial statements *(Continued)*

(Currency: Indian rupees in millions)

**2.36 Option contracts outstanding as at 31 March 2017:**

**A) Index/Stock**

| | |
|---|---|
| Total premium carried forward at 31 March 2017 (Net of provisions made) | 271.27 |

**B) Currency**

| | |
|---|---|
| Total premium carried forward at 31 March 2017 (Net of provision made) | 73.23 |

Option contracts outstanding as at 31 March 2016:

A) Index/Stock

| | |
|---|---|
| Total premium carried forward at 31 March 2016 (Net of provisions made) | 280.19 |

B) Currency

| | |
|---|---|
| Total premium carried forward at 31 March 2016 (Net of provision made) | 762.69 |

**2.37 Employee stock option plans**

The Company has currently two Employee Stock Option Plans ('Plans') in force. The Plans provide that the Company's employees and those of its subsidiaries and associates are granted an option to acquire equity shares of the Company that vest in a graded manner. The options may be exercised within a specified period. The plans also provide that if the ESOP Committee so notifies, the participant may have an option to receive cash in lieu of exercising the vested options in the manner provided in the ESOP Scheme in this regards.

The Company follows the intrinsic value method to account for its stock based compensation plans. Compensation cost is measured as the excess, if any, of the fair market value of the underlying share on the date of grant over the exercise price.

During the year, the Company granted stock options to employees under the ESOP 2011 Plan where the exercise price was linked to either closing market price of the shares on the date of the grant or book value of the shares as per the last audited balance sheet of the Company as on the date of the grant, whichever is higher.

The schedule of stock options vesting period for ESOP 2011 Plan are as follows:-

| Sr. No. | Vesting Date | % of options that shall vest |
|---|---|---|
| 1 | 12 months from the date of grant | 25 (Twenty five)% of grant |
| 2 | 24 months from the date of grant | 25 (Twenty five)% of grant |
| 3 | 36 months from the date of grant | 25 (Twenty five)% of grant |
| 4 | 48 months from the date of grant | 25 (Twenty five)% of grant |
| | **Total** | **100 (One hundred)% of grant** |

The options can be exercised within two years from the date of vesting.

During the years ended 31 March 2012, 31 March 2013, 31 March 2014, 31 March 2016 and 31 March 2017, the Company had granted stock options to the employees under the ESOP 2011 Plan (formulated in F.Y. 2011-12) where the exercise price was linked to either closing market price of the shares on the date of the grant or book value of the shares as per the last audited balance sheet of the Company as on the date of the grant, whichever is higher.

During the year ended 31 March 2011, the Company had formulated ESOP 2010 Plan wherein stock options were granted to employees where the exercise price was linked to either closing market price of the shares on the date of the grant or book value of the shares as per the last audited balance sheet of the Company as on the date of the grant, whichever is higher.

**2.37 Employee stock option plans *(Continued)***

The schedule of stock options vesting period for ESOP 2010 Plan are as follows:-

| Sr. No. | Vesting Date | % of options that shall vest |
|---|---|---|
| 1 | 12 months from the date of grant | 25 (Twenty five)% of grant |
| 2 | 24 months from the date of grant | 25 (Twenty five)% of grant |
| 3 | 36 months from the date of grant | 25 (Twenty five)% of grant |
| 4 | 48 months from the date of grant | 25 (Twenty five)% of grant |
| | **Total** | **100 (One hundred)% of grant** |

The options can be exercised within four years from the date of vesting.

During the year ended 31 March 2010, the Company had formulated ESOP 2009 Plan wherein stock options were granted to employees where the exercise price was linked to either closing market price of the shares on the date of the grant or book value of the shares as per the last audited balance sheet as on the date of the grant, whichever is higher.

The schedule of stock options vesting period for ESOP 2009 Plan is as follows:-

| Sr. No. | Vesting Date | % of options that shall vest |
|---|---|---|
| 1 | 36 months from the date of grant | 30 (Thirty)% of grant |
| 2 | 48 months from the date of grant | 30 (Thirty)% of grant |
| 3 | 60 months from the date of grant | 40 (Forty)% of grant |
| | **Total** | **100 (One hundred)% of grant** |

The options can be exercised within two years from the date of vesting.

For determination of compensation cost, the Company has assumed the exercise price to be the specified amount.

Since the exercise price in all the above Plans is linked to closing market price of the shares on the date of the grant date, there is no compensation cost based on intrinsic value of options.

With respect to stock options granted upto 31 March 2008, the fair market value of the underlying shares has been determined based on an independent valuer's report as these stock options were granted by the Company to its employees when it was not listed on the stock exchanges. The fair value of such stock options is arrived as stipulated in the Guidance Note on Accounting for Employee Share Based Payments issued by The Institute of Chartered Accountants of India. Based on intrinsic value method compensation cost charged in the statement of profit and loss for the year is ₹ Nil (Previous year: write back of ₹ 0.10 million).

# Notes to the consolidated financial statements *(Continued)*

(Currency: Indian rupees in millions)

**2.37 Employee stock option plans *(Continued)***

**Details of various schemes are stated below:**

Activity in the options outstanding under the employees stock option plans as at 31 March 2017:

| Exercise Price (₹) | Range of Exercise price(**) | Range of Exercise price(**) | Range of Exercise price(**) |
|---|---|---|---|
| **ESOP Plan** | **ESOP 2009** | **ESOP 2010** | **ESOP 2011** |
| **Scheme** | | | |
| **Total Options approved by the members** | **50,000,000** | **30,000,000** | **100,000,000** |
| Grants as at 1 April 2016 | **4,062,900** | **8,626,375** | **69,616,939** |
| Add - Options granted during the year | - | - | 5,115,000 |
| Less - Options lapsed/ cancelled during the Year | (1,900,400) | (1,225,625) | (4,346,103) |
| Less - Options exercised during the year | (2,162,500) | (3,141,000) | (13,727,434) |
| **Grants as at 31 March 2017** | **-** | **4,259,750** | **56,658,402** |
| **Options exercisable as at 31 March 2017** | **-** | **4,259,750** | **25,373,099** |

Activity in the options outstanding under the employees stock option plans as at 31 March 2016:

| Exercise Price (₹) | Pricing Formula (*) | Range of Exercise price(**) | Range of Exercise price(**) | Range of Exercise price(**) |
|---|---|---|---|---|
| **ESOP Plan** | **ESOP 2007** | **ESOP 2009** | **ESOP 2010** | **ESOP 2011** |
| **Scheme** | **II** | | | |
| **Total Options approved by the members** | **81,000,000** | **50,000,000** | **30,000,000** | **100,000,000** |
| Grants as at 1 April 2015 | **2,860,000** | **7,951,250** | **12,913,500** | **74,835,950** |
| Add - Options granted during the year | - | - | - | 11,300,000 |
| Less - Options lapsed/ cancelled during the year | (36,000) | (114,500) | (473,375) | (5,108,175) |
| Less - Options exercised during the year | (2,824,000) | (3,773,850) | (3,813,750) | (11,410,836) |
| **Grants as at 31 March 2016** | **-** | **4,062,900** | **8,626,375** | **69,616,939** |
| **Options exercisable as at 31 March 2016** | **-** | **4,062,900** | **8,626,375** | **22,858,126** |

**2.37 Employee stock option plans *(Continued)***

(*) Pricing formula

**ESOP 2007 (II)**

| | |
|---|---|
| **Period during which vested options are exercised** | From 1 July 2011 to 30 June 2015 |
| **Exercise price payable for such vested options** | ₹ 33.30 |

(**) Range of Exercise price

**ESOP 2009**

| | | |
|---|---|---|
| **Exercise price payable for such vested options** | Closing market price of the shares on the date of the grant | ₹ 39.44 to ₹ 50.26 |

(**) Range of Exercise price

**ESOP 2010**

| | | |
|---|---|---|
| **Exercise price payable for such vested options** | Closing market price of the shares on the date of the grant | ₹ 41.40 to ₹ 61.00 |

(**) Range of Exercise price

**ESOP 2011**

| | | |
|---|---|---|
| **Exercise price payable for such vested options** | Closing market price of the shares on the date of the grant | ₹ 24.60 to ₹ 118.00 |

Following summarises the information about stock options outstanding as at 31 March 2017:

| Plan | ESOP Scheme 2009 | ESOP Scheme 2010 | ESOP Scheme 2011 |
|---|---|---|---|
| **As at 31 March 2017** | | | |
| - Range of exercise price | ₹ 39.44 to ₹ 50.26 | ₹ 41.40 to ₹ 61.00 | ₹ 24.60 to ₹ 118.00 |
| - Number of shares arising out of options | - | 4,259,750 | 56,658,402 |
| - Weighted average life of Outstanding options (in years) | - | 1.31 | 4.32 |
| **Weighted average exercise prices of stock Options (in ₹)** | | | |
| - outstanding at the beginning of the year | 40.54 | 48.95 | 36.28 |
| - granted during the year | N.A. | N.A. | 68.34 |
| - forfeited/cancelled during the year | 39.44 | 49.95 | 35.56 |
| - exercised during the year | 50.10 | 48.24 | 33.57 |
| - outstanding at the end of the year | N.A. | 49.19 | 39.89 |
| - exercisable at the end of the year | N.A. | 49.19 | 34.06 |

The average market share price for stock options exercised during the year is ₹ 98.68 (Previous year: ₹ 58.55).

# Notes to the consolidated financial statements *(Continued)*

(Currency: Indian rupees in millions)

**2.37 Employee stock option plans *(Continued)***

**Fair value methodology**

The fair value of options used to compute pro-forma net income and earnings per share have been estimated on the dates of each grant, on or after the date the 'Guidance Note on Accounting for Employee Share-based Payments', issued by the Institute of Chartered Accountants of India, became applicable, i.e. 1 April 2005, using the Black-Scholes option pricing model. The Company has estimated the volatility based on historical market volatility. The various assumptions considered in the pricing model for the aforementioned ESOP's granted are:

| | **For the year ended 31 March 2017** | For the year ended 31 March 2016 |
|---|---|---|
| Dividend yield | **0.85% - 3.12%** | 0.92% - 3.12% |
| Expected volatility | **38.77% - 51.44%** | 38.77% - 51.44% |
| Risk free interest rate | **7.50% - 8.00%** | 7.50% - 8.00% |
| Expected life of the option | **1.31 – 4.32 years** | 0.19 – 1.38 years |

The weighted average fair value of options granted during the year ended 31st March 2017 is ₹ 28.51 (Previous year: ₹ 22.46)

**Impact of fair value method on net profit and earnings per share**

Had compensation cost for the Company's stock option plans outstanding been determined based on the fair value approach, the Company's net profit and earnings per share would have reduced to the pro-forma amounts as indicated below:

| | **For the year ended 31 March 2017** | For the year ended 31 March 2016 |
|---|---|---|
| Net Profit (as reported) | **6,093.06** | 4,143.83 |
| Less: Preference dividend declared by the Company (including dividend distribution tax) | **(99.75)** | (99.75) |
| Less: Impact of incremental cost under fair value approach | **(213.17)** | (12.35) |
| Net Profit: (pro-forma) | **5,780.14** | 4,031.73 |
| Basic earnings per share (as reported) (in ₹) | **7.26** | 5.01 |
| Basic earnings per share (pro-forma) (in ₹) | **7.00** | 4.99 |
| Diluted earnings per share (as reported) (in ₹) | **6.92** | 4.85 |
| Diluted earnings per share (pro-forma) (in ₹) | **6.67** | 4.83 |

**2.38 Share Application money pending allotment**

The Company has received ₹ 40.94 million (Previous year: ₹ 20.58 million) towards share application on exercise of ESOPs which will result in an issue of 1,133,100 shares (Previous year: 634,625 shares). Of the total receipts ₹ 39.81 million (Previous year: ₹ 19.95 million) have been received towards share premium. These shares have since been allotted.

**2.39 Capital commitment**

a. Uncalled liabilities on non-current investments ₹ 21.67 million as at balance sheet date (Previous year: ₹ 245.83 million).

b. Undrawn committed credit lines ₹ 26,403.42 million as at balance sheet date (Previous year: ₹ 20,113.89 million).

c. Estimated amount of contracts remaining to be executed on capital account and not provided for ₹ 780.79 million (Previous year: ₹ 842.77 million).

**2.40 Contingent liabilities**

a. Taxation matters in respect of which appeal is pending ₹ 1,021.46 million (Previous year: ₹ 933.20 million).

b. Litigation pending against company amounts to ₹ 17.37 million (Previous year: ₹ 18.27 million).

c. Claims not acknowledged as debt ₹ 48.36 million (Previous year: ₹ 49.05 million).

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

**2.41 Provision on standard assets**

In accordance with the accounting policy set out in paragraph 1.19 of significant accounting policies, provision for standard assets created in the books as at 31 March 2017 is ₹ 885.07 million (Previous year: ₹ 580.20 million).

**2.42 Movement of NPAs**

With regard to the financing business of the group in subsidiaries regulated by RBI and NHB (excluding distressed assets business), the following table sets forth, for the periods indicated, the details of movement of gross Non-Performing Assets (NPAs), net NPAs and provisions:

| **Particulars** | | **2017** | 2016 |
|---|---|---|---|
| **i)** | **Gross NPAs** | | |
| a) | Opening Balance | **2,806.99** | 1,962.80 |
| b) | Additions during the year | **3,422.81** | 2,019.90 |
| c) | Reductions during the year | **2,605.53** | 1,175.71 |
| d) | Closing balance | **3,624.27** | 2,806.99 |
| **ii)** | **Net NPAs** | | |
| a) | Opening Balance | **935.67** | 571.64 |
| b) | Additions during the year | **1,324.02** | 592.88 |
| c) | Reductions during the year | **888.14** | 228.85 |
| d) | Closing balance | **1,371.55** | 935.67 |
| **iii)** | **Provisions for NPAs** | | |
| | (excluding provision on standard assets) | | |
| a) | Opening Balance | **1,871.32** | 1,391.16 |
| b) | Additions during the year | **2,098.79** | 1,427.02 |
| c) | Reductions during the year | **1,717.39** | 946.86 |
| d) | Closing balance | **2,252.72** | 1,871.32 |

# Notes to the consolidated financial statements *(Continued)*

(Currency: Indian rupees in millions)

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

The CRAR for the key NBFC of the Group, namely ECL Finance Limited is as follows:

| Items | | 2017 | 2016 |
|---|---|---|---|
| i. | CRAR (%) | **16.14%** | **16.56%** |
| ii. | CRAR - Tier I capital (%) | **11.35%** | **11.34%** |
| iii. | CRAR - Tier II Capital (%) | **4.79%** | **5.22%** |

**2.44 Details of compliance with Single Borrower Limit and Group Borrower Limit by the NBFCs within the Group**

During the years ended 31 March 2017 and 31 March 2016, all the NBFCs credit exposure to single borrowers and group borrowers were within their respective limits prescribed by RBI.

**2.45** a) Brokerage income is disclosed net of (i) service tax, (ii) related sub brokerage expenses and (iii) transaction charges collected thereon.

b) Securities received from clients as collateral for margins are held by broking companies in the Group in their own names in fiduciary capacity.

**2.46 Disclosure relating to Specified Bank notes (SBN's) held and transacted during the period from November 8, 2016 to December 30, 2016 pursuant to Notification No. G.S.R. 308 (E) dated March 30, 2017:**

| Particulars | SBNs | Other denomination notes | Total |
|---|---|---|---|
| Closing cash in hand as on 08.11.2016 | 9.78 | 0.10 | 9.88 |
| Add: Permitted receipts | - | 6.20 | 6.20 |
| Less: Permitted payments | - | 0.59 | 0.59 |
| Less: Amount deposited in Banks | 9.78 | 5.14 | 14.92 |
| **Closing cash in hand as on 30.12.2016** | **-** | **0.57** | **0.57** |

Note: For the purpose of this clause, the term Specified Bank Notes (SBNs) means the bank notes of denominations of the existing series of the value of five hundred rupees and one thousand rupees as defined under the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs no. S.O. 3407(E), dated the 8 November, 2016.

**2.47 Actuarial Liability**

Liabilities for life insurance policies are determined by the Appointed Actuary in accordance with the IRDA regulations and relevant actuarial practice standards & guidance notes issued by the Institute of Actuaries of India.

For Linked business (UL), separate unit and non-unit reserve is maintained. The unit reserve is the current value of the assets underlying the unit funds and the non-unit reserve is kept to meet the liabilities due to the cost of insurance and any expenses and commissions in excess of future charges. For lapsed policies under UL products the fund is transferred to a separate discontinuance fund as per IRDA regulations and reserves have been kept for benefits payable post lock-in period. The discontinuance charges collected are kept as non-unit reserves till the lock-in period and the non-unit reserves for the discontinuance polices are also kept assuming the policy will continue to be in the discontinuance fund till the lock-in period of five years.

**2.47 Actuarial Liability *(Continued)***

Non-linked business is reserved using a prospective gross premium method of valuation. The reserves are established having regard to the assumptions as to future experience, including the interest rate that will be earned on premiums not yet received and future bonus rates for participating business. Assumptions as to the future bonus rates are set to be consistent with the interest rate assumptions. For participating policies the valuation interest rate used is 6.00% (no change from last year). For non-par policies, the valuation interest rate ranges between 5.58% - 6.75% (5.58% - 7.13% in FY 2016) for the first 5 years and 4.00% - 6.00% (4.00% - 6.33% in FY 2016) thereafter (for annuity, 2% assumed for year greater than 50 years).

The lapse assumptions are based on various factors namely the actual experience, credibility of the experience, pricing assumptions, trend from actual experience and consistency from past year's assumptions.

For lapsed policies, revival reserves are maintained (till the policies are within the revival period) assuming 10.00% (previous year 10.00%) of them will get revived.

Mortality assumptions are set with reference to the published IALM (2006-2008) Ultimate Mortality Table. The mortality assumptions are based on various factors namely the actual experience, credibility of the experience, pricing assumptions, trend from actual experience and consistency from past year's assumptions. Till previous financial year, the Company were using mortality assumption in two bands namely 'Policy Year till completed years of operation' and 'Policy Year beyond completed years of operation'. The company has completed its fifth year of operation and credibility has also increased. Hence, from this financial year, the Company has considered only one band to set the mortality assumption which is used throughout the projection period. For annuity product, mortality rates are set with reference to the Modified Mortality for Annuitants - LIC (a) (1996-98) Ultimate Rates. Assumptions for morbidity and incidence of accidental death are based on terms available from reinsurers and the standard morbidity rate table CIBT 93 (Critical Illness Base Table for year 93).

Assumptions for future expenses are considered as per the file & use assumptions (which are derived from long term business plan of the Company) and these expenses escalated each year by 5.00% p.a. (previous year 5.00%) to allow for inflation. An additional reserve has been included to allow for the contingency of closure to new business and to cover maintenance expense overrun.

Commission has been allowed for at the rates specified in the products file and use.

Further it has been ensured that for each policy the reserve is sufficient to pay the surrender value.

For participating products, terminal bonuses are provisioned such that the reserves are at least equal to asset share at product level.

The provisions have been made for incurred but not reported death claims (IBNR), free look cancellation, unearned premium reserve of the extra premium collected, data inadequacy reserve, guarantee reserve, catastrophic reserve, claims in payment reserve, reinstatement of reduced paid-up reserve, in-force policies getting converted to reduced paid up reserve, claims expense reserve, claims in payment expense reserve, reserve for bulk surrender payout for Group variable insurance plan, cost of guaranteed additions reserve for unit linked products, reserve for 'Non-negative residual additions to meet RIY' and reinsurance default risk reserve.

For riders, both unearned premium and gross premium reserves are calculated and the higher of these two is held as reserve.

For Group term business, the Unearned Premium Reserve is calculated as gross premium reduced by commission for the unexpired estimated duration. In addition, the premium deficiency reserve is also kept for Group term business.

# Notes to the consolidated financial statements *(Continued)*

(Currency: Indian rupees in millions)

**2.48 Policy Liabilities**

(Forming part of the Policyholders' Funds)

| Particulars | As at 31 March 2017 | | | | As at 31 March 2016 | | | |
|---|---|---|---|---|---|---|---|---|
| | **Par** | **Non Par** | **Unit Linked** | **Total** | Par | Non Par | Unit Linked | Total |
| **Policyholders Liabilities** | | | | | | | | |
| At start of the year | **1281.63** | **2,476.48** | **1,170.04** | **4,928.15** | 745.08 | 1,030.10 | 606.86 | 2,382.04 |
| Add: Change in valuation against policies in force (Mathematical reserves excluding cost of bonus) | **599.11** | **2,567.59** | **1,047.18** | **4,213.88** | 490.19 | 1,446.38 | 563.18 | 2,499.75 |
| Add: Bonus to policyholders | **66.67** | **-** | **-** | **66.67** | 46.36 | - | - | 46.36 |
| **At end of the year** | **1,947.41** | **5,044.07** | **2,217.22** | **9,208.70** | 1,281.63 | 2,476.48 | 1,170.04 | 4,928.15 |

| Particulars | As at 31 March 2017 | | | | As at 31 March 2016 | | | |
|---|---|---|---|---|---|---|---|---|
| | **Par** | **Non Par** | **Unit Linked** | **Total** | Par | Non Par | Unit Linked | Total |
| **Assets held to cover** | | | | | | | | |
| **Policyholders Liabilities** | | | | | | | | |
| Investments - Schedule 8A | **1,874.67** | **4,717.36** | **0.67** | **6,592.70** | 1,336.78 | 2,560.16 | 68.30 | 3,965.24 |
| Investments - Schedule 8B | **-** | **-** | **2,143.16** | **2,143.16** | - | - | 1,140.74 | 1,140.74 |
| **Net Investments** | **1,874.67** | **4,717.36** | **2,143.83** | **8,735.86** | 1,336.78 | 2,560.16 | 1,209.04 | 5,105.98 |
| | | | | | | | | |
| Loans | **3.54** | **1.91** | **0.55** | **6.00** | 1.98 | 0.87 | 0.82 | 3.67 |
| Fixed Assets | **51.14** | **196.42** | **-** | **247.56** | 48.56 | 141.82 | - | 190.38 |
| Net Current Assets | **18.06** | **128.38** | **72.84** | **219.28** | (105.69) | (226.37) | (39.82) | (371.88) |
| **Total Assets** | **1,947.41** | **5,044.07** | **2,217.22** | **9,208.70** | 1,281.63 | 2,476.48 | 1,170.04 | 4,928.15 |

**2.49 Long term bank borrowing secured by charge on loan receivable**

Following is the repayment terms of term loans:

**Term Loans from Banks – Secured as at 31 March 2017**

| **Maturities** | **> 3 years** | **1-3 years** | **<1 year** | **Total** |
|---|---|---|---|---|
| Rate of interest | | | | |
| 8.00 - 8.99% | 3,979.67 | 7,620.01 | 3,555.00 | 15,154.68 |
| 9.00 - 9.99% | 15,398.67 | 18,247.95 | 7,489.60 | 41,136.22 |
| 10.00 - 10.99% | 1,001.47 | 7,834.22 | 4,826.41 | 13,662.10 |
| 12.00 - 12.99% | - | 482.50 | 357.50 | 840.00 |
| **Total** | **20,379.81** | **34,184.68** | **16,228.51** | **70,793.00** |

**2.49 Long term bank borrowing secured by charge on loan receivable *(Continued)***

Term Loans from Banks – Secured as at 31 March 2016

| Maturities | > 3 years | 1-3 years | <1 year | Total |
|---|---|---|---|---|
| Rate of interest | | | | |
| 9.00 - 9.99% | 1,581.25 | 2,496.89 | 654.17 | 4,732.31 |
| 10.00 - 10.99% | 9,079.28 | 18,348.36 | 13,397.25 | 40,824.89 |
| 11.00 - 11.99% | - | 90.91 | 363.64 | 454.55 |
| **Total** | **10,660.53** | **20,936.16** | **14,415.06** | **46,011.75** |

**2.50 Details of Non-convertible Debentures**

**Non-convertible Debentures – Secured as at 31 March 2017**

| Maturities | > 3 years | 1-3 years | <1 year | Total |
|---|---|---|---|---|
| Rate of interest | | | | |
| 8.00 - 8.99% | 6,563.95 | 9,919.12 | 1,775.77 | 18,258.84 |
| 9.00 - 9.99% | 16,966.43 | 16,741.17 | 4,000.00 | 37,707.60 |
| 10.00 - 10.99% | 7,963.13 | 15,804.29 | 11,114.29 | 34,881.71 |
| 11.00 - 11.99% | 1,261.04 | 3,841.82 | 150.00 | 5,252.86 |
| Zero Coupon Debentures | 180.00 | 347.77 | 500.00 | 1,027.77 |
| Various (benchmark linked) | 4,381.67 | 12,431.63 | 11,111.11 | 27,924.41 |
| **Total** | **37,316.22** | **59,085.80** | **28,651.17** | **1,25,053.19** |

**Non-convertible Debentures – Secured as at 31 March 2016**

| Maturities | > 3 years | 1-3 years | <1 year | Total |
|---|---|---|---|---|
| Rate of interest | | | | |
| 8.00 - 8.99% | - | - | 365.00 | 365.00 |
| 9.00 - 9.99% | 11,275.00 | 7,233.47 | 3,000.00 | 21,508.47 |
| 10.00 - 10.99% | 8,122.44 | 16,231.96 | 7,740.00 | 32,094.40 |
| 11.00 - 11.99% | 317.10 | 3,352.03 | 3,574.16 | 7,243.29 |
| Zero Coupon Debentures | - | 499.28 | 650.00 | 1,149.28 |
| Various (benchmark linked) | 3,545.29 | 7,288.97 | 10,197.88 | 21,032.14 |
| **Total** | **23,259.83** | **34,605.71** | **25,527.04** | **83,392.58** |

**Non-convertible Debentures – Unsecured as at 31 March 2017**

| Maturities | > 3 years | 1-3 years | <1 year | Total |
|---|---|---|---|---|
| Rate of interest | | | | |
| 9.00 - 9.99% | 120.00 | - | - | 120.00 |
| 10.00 - 10.99% | 3,200.00 | - | - | 3,200.00 |
| 11.00 - 11.99% | 4,290.00 | - | - | 4,290.00 |
| 12.00 - 12.99% | 4,200.00 | - | - | 4,200.00 |
| Various (benchmark linked) | 568.50 | 650.00 | - | 1,218.50 |
| **Total** | **12,378.50** | **650.00** | **-** | **13,028.50** |

# Notes to the consolidated financial statements *(Continued)*

(Currency: Indian rupees in millions)

**2.50 Details of Non-convertible Debentures *(Continued)***

Non-convertible Debentures – Unsecured as at 31 March 2016

| Maturities | > 3 years | 1-3 years | <1 year | Total |
|---|---|---|---|---|
| Rate of interest | | | | |
| 10.00 - 10.99% | 350.00 | - | - | 350.00 |
| 11.00 - 11.99% | 4,640.00 | - | - | 4,640.00 |
| 12.00 - 12.99% | 4,200.00 | - | - | 4,200.00 |
| **Total** | **9,190.00** | **-** | **-** | **9,190.00** |

**2.51** Certain companies in the Group have received demand notices from tax authorities on account of disallowance of expenditure for earning exempt income under section 14A of Income Tax Act, 1961, read with Rule 8D of the Income Tax Rules, 1962. The Group has filed appeals and is defending its position. Due to the lack of clarity on the legal position relating to the application of Rule 8D, the outcome and quantification of the eventual tax liability on the Group, if any, at this stage cannot be estimated. The Group has been advised by its tax counsel that it has a good chance in sustaining its position.

**2.52 Micro, Small and Medium Enterprises Development Act, 2006**

The Company has requested its creditors to confirm the applicability to them under the Micro Small and Medium Enterprises Development Act, 2006. Based on the responses received by the Company, the details of dues to macro enterprises and small enterprises:

| Particulars | | 2017 | 2016 |
|---|---|---|---|
| **i)** | The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of accounting year. | **1.50** | 0.56 |
| **ii**) | The amount of interest paid by the buyer in terms of section 16 of the Micro Small and Medium Enterprise Development Act, 2006, along with the amounts of the payment made to the supplier beyond the appointed day during accounting year accounting year | **-** | - |
| **iii**) | The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006. | **-** | - |
| **iv**) | The amount of interest accrued and remaining unpaid at the end of accounting year. | **-** | - |
| **v**) | The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006. | **-** | - |

**2.53 Details of Cash and Cash Equivalents**

| Particulars | **As at 31 March 2017** | As at 31 March 2016 |
|---|---|---|
| Cash in hand | **43.02** | 44.14 |
| Cheques in hand | **179.22** | 156.01 |
| Balances with banks | **9,940.90** | 7,091.88 |
| Short term deposits with bank | **340.48** | 287.35 |
| Total | **10,503.62** | 7,579.38 |

**2.54 Details of Investments**

| Particulars | **As at 31 March 2017** | As at 31 March 2016 |
|---|---|---|
| Book value of quoted current investments | **3,041.95** | 2,494.29 |
| Market value of quoted current investments | **3,041.95** | 2,494.29 |
| Book value of quoted non-current investments | **4,768.07** | 7,874.11 |
| Market value of quoted non-current investments | **5,260.36** | 7,325.04 |
| Book value of un-quoted non-current investments | **55,645.83** | 12,135.00 |
| Book value of un-quoted current investments | **5,320.98** | 4,460.90 |

**2.55 Encumbrance on fixed deposits**

a) Pledged fixed deposits aggregating to ₹ 14,041.95 million (Previous year: ₹ 14,412.64 million) with Banks for securing credit facilities, obtaining bank guarantees, securitisation contracts and meeting margin requirement for trading in cross currency swap and forward margin.

b) Pledged fixed deposits aggregating to ₹ 8,382.07 million (Previous year: ₹ 14,838.48 million) with Exchanges for meeting Margin requirements.

c) Pledged fixed deposits aggregating to ₹ 10.46 million (Previous year: ₹ 97.34 million) with VAT, CST & Excise authorities for meeting deposit requirements.

d) Pledged fixed deposits aggregating to ₹ 19.88 million (Previous year: ₹ 14.67 million) with Exchanges towards arbitration.

e) Pledged fixed deposits aggregating to ₹ 27.39 million (Previous year: ₹ 10.07 million) with Agriculture Produce Market Committee for obtaining Mandi License.

# Notes to the consolidated financial statements *(Continued)*

(Currency: Indian rupees in millions)

**2.56 Details of Profit /(Loss) on sale of Commodities**

| Particulars | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
|---|---|---|
| **Profit /(Loss) on sale of Commodities:** | | |
| Sale of Manufactured Goods | **120.44** | 1,368.02 |
| Sale of Traded Goods | **70,952.81** | 231,077.23 |
| | **71,073.25** | 232,445.25 |
| **Less: Cost of Goods Sold** | | |
| Cost of Material Consumed & Overheads | **570.75** | 1,134.43 |
| Purchase of Stock in Trade | **54,700.89** | 226,940.40 |
| Change in Inventory of Finished Goods and Trading Goods | **14,019.54** | 1,640.75 |
| Cost of Goods Sold | **69,291.18** | 229,715.58 |
| **Profit /(Loss) on sale of Commodities** | **1,782.07** | 2,729.67 |

**2.57** The Company, the sponsor of Edelweiss Mutual Fund ("Edelweiss MF"), Edelweiss Trusteeship Company Limited, the trustee company of Edelweiss MF and Edelweiss Asset Management Limited, the asset management company of Edelweiss MF have entered into an agreement with JPMorgan Asset Management (Asia) Inc., the sponsor of JPMorgan Mutual Fund (JPM MF) and JPMorgan Mutual Fund India Private Limited, trustee company of JPM MF and JPMorgan Asset Management India Private Limited, the asset management company to JPM MF on March 22, 2016, for acquiring control and management of the onshore fund schemes and international fund of funds of JPM MF and the corresponding change in the sponsorship, trusteeship and administration of schemes of JPM MF, upon completion of the transaction subject to receipt of regulatory approvals. All necessary steps, including a 'No Objection' from SEBI were duly received and thereafter, all the schemes of JPMorgan Mutual Fund were transferred to and now form part of Edelweiss Mutual Fund with effect from close of business day on November 25, 2016.

**2.58** The Board of Directors at their meeting held on 17 May 2017, have recommended a final dividend of ₹ 0.30 per equity share (on face value of ₹ 1 per equity share), subject to the approval of the members at the ensuing Annual General Meeting. In terms of revised Accounting Standard (AS) 4 'Contingencies and Events occurring after the Balance sheet date' as notified by the Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016, dated 30 March 2016, the Company has not appropriated for the recommended final dividend (including tax) from the Statement of Profit and Loss for the year ended 31 March 2017.

**2.59** The Edelweiss Asset Reconstruction Company Limited ("EARC"), a subsidiary of the Company, offered, issued and allotted 2,00,00,000 (Two Crore) 0.001% Non – Cumulative, Participating, Compulsorily Convertible Preference Shares (CCPS) of ₹ 10 each at a premium of ₹ 143.17 each to CDPQ Private Equity Asia Pte Ltd. In addition, subject to applicable Law, each CCPS holder would be entitled to participate pari-passu in any dividends paid to shareholders of EARC on a pro rata, as-if-converted basis. The CCPS holders are entitled to have the proceeds of dissolution or winding up applied to pay off their CCPS investment in the EARC, prior and in preference to any other payments by EARC to the equity share holders. CCPS are convertible into equity shares of the EARC no later than the fourth anniversary from the date of issue of the CCPS. These CCPS have a dilutive impact whereby the effective holding of the Company in the EARC stands at 59.84% and accordingly the share of minority interest has been worked out and represented in the consolidated financial statements.

**2.60 Additional Information, as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as Subsidiary or Associates**

| Sr. No. | Name of the Entity | Net Assets i.e. Total assets minus Total Liabilities | | Share in Profit / (Loss) | |
|---|---|---|---|---|---|
| | | As % of consolidated net assets | Amount (₹ in Million) | As % of consolidated profit/ (loss) | Amount (₹ in Million) |
| **Parent** | | | | | |
| | Edelweiss Financial Services Limited | 32.52 | 17,195.14 | 21.17 | 1,290.06 |
| **Subsidiaries** | | | | | |
| | **Indian** | | | | |
| 1 | Auris Corporate Centre Limited | 0.31 | 162.19 | 0.02 | 1.05 |
| 2 | Burlington Business Solutions Limited | 0.34 | 177.78 | 0.01 | 0.89 |
| 3 | EC Commodity Limited | 0.75 | 396.40 | 1.37 | 83.66 |
| 4 | Ecap Equities Limited | 4.76 | 2,518.41 | 0.30 | 18.49 |
| 5 | ECL Finance Limited | 44.58 | 23,573.30 | 64.06 | 3,903.18 |
| 6 | Edel Commodities Limited | (1.34) | (709.80) | 1.49 | 90.90 |
| 7 | Edel Commodities Trading Limited | - | - | (1.42) | (86.52) |
| 8 | Edel Finance Company Limited | 0.10 | 54.79 | 0.02 | 1.10 |
| 9 | Edel Investments Limited | 0.22 | 118.24 | 1.40 | 85.12 |
| 10 | Edel Land Limited | 0.21 | 108.42 | (0.55) | (33.65) |
| 11 | Edelcap Securities Limited | 5.92 | 3,129.09 | 9.37 | 570.99 |
| 12 | Edelweiss Alternative Asset Advisors Limited | (0.66) | (351.07) | (4.07) | (247.82) |
| 13 | Edelweiss Asset Management Limited | 2.15 | 1,138.67 | (1.08) | (65.82) |
| 14 | Edelweiss Broking Limited | 2.93 | 1,548.87 | 3.50 | 213.01 |
| 15 | Edelweiss Capital Markets Limited | 0.17 | 87.52 | 0.37 | 22.50 |
| 16 | Edelweiss Commodities Services Limited | 10.89 | 5,757.00 | 9.38 | 571.49 |
| 17 | Edelweiss Comtrade Limited | 0.12 | 60.98 | (1.16) | (70.80) |
| 18 | Edelweiss Custodial Services Limited | 1.64 | 868.06 | 1.88 | 114.73 |
| 19 | Edelweiss Finance & Investments Limited | 6.96 | 3,681.66 | 13.02 | 793.11 |
| 20 | Edelweiss Global Wealth Management Limited | 0.01 | 4.19 | (8.46) | (515.40) |
| 21 | Edelweiss Housing Finance Limited | 7.45 | 3,937.00 | 11.15 | 679.36 |
| 22 | Edelweiss Insurance Brokers Limited | 0.46 | 243.37 | 0.69 | 42.08 |
| 23 | Edelweiss Agri Value Chain Limited | 1.95 | 1,033.36 | 0.30 | 18.00 |
| 24 | Edelweiss Investment Adviser Limited | 0.02 | 10.39 | (4.82) | (293.52) |
| 25 | Edelweiss Metals Limited | - | - | (1.03) | (62.68) |
| 26 | Edelweiss Retail Finance Limited | 5.93 | 3,134.93 | 5.24 | 319.46 |
| 27 | Edelweiss Securities Limited | 8.94 | 4,726.85 | 3.55 | 216.33 |
| 28 | Edelweiss Tokio Life Insurance Company Limited | 13.87 | 7,334.08 | (35.42) | (2,158.31) |

# Notes to the consolidated financial statements *(Continued)*

(Currency: Indian rupees in millions)

**2.60 Additional Information, as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as Subsidiary or Associates *(continued)***

| Sr. No. | Name of the Entity | Net Assets i.e. Total assets minus Total Liabilities | | Share in Profit / (Loss) | |
|---|---|---|---|---|---|
| | | As % of consolidated net assets | Amount (₹ in Million) | As % of consolidated profit/ (loss) | Amount (₹ in Million) |
| 29 | Edelweiss Trustee Services Limited | 0.03 | 13.28 | 0.03 | 1.57 |
| 30 | Edelweiss Trusteeship Company Limited | 0.01 | 3.39 | 0.03 | 0.58 |
| 31 | Edelweiss Business Services Limited | (0.69) | (365.30) | (2.29) | (139.45) |
| 32 | EFSL Trading Limited | (0.06) | (34.10) | 0.37 | 22.31 |
| 33 | EFSL Comtrade Limited | (0.24) | (126.88) | 3.55 | 216.07 |
| 34 | Eternity Business Centre Limited | 0.30 | 156.64 | 0.06 | 3.36 |
| 35 | Edelweiss Multi Strategy Fund Advisors LLP | (0.05) | (28.32) | (0.47) | (28.42) |
| 36 | Edelweiss Multi Strategy Funds Management Private Limited | 0.09 | 45.22 | (1.00) | (61.17) |
| 37 | Edelweiss Wealth Advisors LLP | 0.06 | 29.74 | (0.50) | (30.46) |
| 38 | Olive Business Centre Limited | 0.28 | 145.81 | 0.03 | 1.71 |
| 39 | Serenity Business Park Limited | 0.34 | 180.65 | 1.24 | 75.41 |
| 40 | EW Clover Scheme-1 | 1.35 | 711.27 | 2.30 | 139.93 |
| 41 | Edelweiss Holdings Limited | 0.29 | 155.40 | 0.11 | 6.51 |
| 42 | Edelweiss Finvest Private Limited | 10.21 | 5,396.97 | 7.60 | 463.10 |
| 43 | Edelweiss General Insurance Company Limited | 0.05 | 27.39 | (0.37) | (22.61) |
| 44 | Edelweiss Asset Reconstruction Company Limited | 15.79 | 8,348.99 | 13.59 | 829.49 |
| 45 | Edelweiss Private Equity Tech Fund | 0.25 | 129.80 | (0.09) | (5.20) |
| 46 | Edelweiss Securities (IFSC) Limited | 0.20 | 103.54 | (0.00) | (0.21) |
| | | | | | |
| | **Foreign** | | | | |
| 1 | Aster Commodities DMCC | 4.21 | 2,227.81 | (8.66) | (527.79) |
| 2 | EAAA LLC | 0.13 | 69.65 | 0.01 | 0.39 |
| 3 | EC Global Limited | 4.54 | 2,401.46 | 10.04 | 611.61 |
| 4 | EC International Limited | (4.72) | (2,496.47) | (3.09) | (188.35) |
| 5 | Edelweiss Alternative Asset Advisors Pte. Limited | 0.10 | 51.17 | (0.10) | (5.86) |
| 6 | Edelweiss Capital (Singapore) Pte. Limited | 0.18 | 96.64 | (2.16) | (131.44) |
| 7 | Edelweiss Commodities (CHAD) SARL | - | - | 0.49 | 29.61 |
| 8 | Edelweiss Commodities Nigeria Limited | - | - | 0.64 | 38.72 |
| 9 | Edelweiss Commodities Pte. Limited | 1.04 | 549.73 | (0.79) | (48.09) |
| 10 | Edelweiss Financial Services Inc. | 0.10 | 52.81 | 0.00 | 0.14 |
| 11 | Edelweiss International (Singapore) Pte. Limited | 3.99 | 2,108.26 | (5.91) | (360.28) |
| 12 | Edelweiss Investment Advisors Private Limited | 0.15 | 77.24 | 0.41 | 24.79 |
| 13 | Edelweiss Securities (Hong Kong) Private Limited | 0.05 | 28.69 | (0.13) | (7.84) |
| 14 | EW India Special Assets Advisors LLC | 0.01 | 4.84 | 0.00 | 0.05 |
| 15 | EW SBI Crossover Advisors LLC | - | - | - | - |

**2.60 Additional Information, as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as Subsidiary or Associates *(continued)***

| Sr. No. | Name of the Entity | Net Assets i.e. Total assets minus Total Liabilities | | Share in Profit / (Loss) | |
|---|---|---|---|---|---|
| | | As % of consolidated net assets | Amount (₹ in Million) | As % of consolidated profit/ (loss) | Amount (₹ in Million) |
| 16 | EW Special Opportunities Advisors LLC | 0.01 | 7.46 | 0.00 | 0.18 |
| 17 | Edelweiss India Capital Management | 0.03 | 15.54 | 0.26 | 15.79 |
| 18 | EFSL International Limited | (0.32) | (169.89) | (2.90) | (176.77) |
| 19 | Edelweiss Tarim Urunleri Anonim Sirketi | 0.01 | 3.59 | (0.59) | (35.77) |
| 20 | Edelweiss Financial Services (UK) Limited | 0.04 | 20.35 | (0.06) | (3.46) |
| | **Minority Interests in all subsidiaries** | 18.13 | 9,584.56 | (7.56) | (460.69) |
| | **Associates (Investments as per the equity method)** | | | | |
| | **Indian** | | | | |
| 1 | Aeon Credit Services India Private Limited | 0.10 | 52.42 | (0.77) | (46.78) |
| 2 | Allium Finance Private Limited | 0.03 | 14.90 | (0.06) | (3.64) |
| 3 | Dahlia Commodities Services Private Limited | 0.25 | 133.14 | 1.79 | 108.94 |
| 4 | Edelweiss Asset Reconstruction Company Limited | - | - | 1.48 | 90.09 |
| 5 | Edelweiss Fund Advisors Private Limited | 0.00 | 2.17 | (0.02) | (1.06) |
| 6 | Magnolia Commodities Services Private Limited | (0.00) | (1.00) | - | - |

**2.61** The Company has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provision as required under any law/ accounting standards for material foreseeable losses on such long term contracts (including derivative contracts) has been made in the books of accounts.

As per our report of even date attached.

**For B S R & Associates LLP**
*Chartered Accountants*
Firm's Registration No.: 116231W/W-100024

**Ashwin Suvarna**
*Partner*
Membership No.: 109503

Mumbai
17 May 2017

**For and on behalf of the Board of Directors**

| | | |
|---|---|---|
| **Rashesh Shah** | *Chairman, Managing Director & CEO* | DIN: 00008322 |
| **Himanshu Kaji** | *Executive Director* | DIN: 00009438 |
| **S Ranganathan** | *Chief Financial Officer* | |
| **B Renganathan** | *EVP & Company Secretary* | |

Mumbai
17 May 2017




This page is intentionally left blank

# Edelweiss Financial Services Limited

# Standalone Financial Statements for the year ended 31 March 2017

# Independent Auditors' Report

To the Members of
Edelweiss Financial Services Limited

**Report on the Standalone Financial Statements**

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

**Management's Responsibility for the Standalone Financial Statements**

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

**Auditor's Responsibility**

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

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

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

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

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

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2017, and its profits and its cash flows for the year ended on that date.

**Emphasis of matter**

We draw attention to Note 2.39 to the standalone financial statements which describes that from quarter ended 30 June 2016, the Company is presenting interest income recovered from the group companies on a gross basis under the head interest income based on the opinion of the Expert Advisory Committee of the Institute of Chartered Accountants of India. Till before that date, the same was reflected on a net basis. Our opinion is not qualified in respect of this matter.

**Report on other legal and regulatory requirements**

As required by the Companies (Auditor's Report) Order, 2016 (the "Order") issued by the Central Government of India in terms of sub section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in paragraph 3 and 4 of the Order, to the extent applicable.

As required by Section 143 (3) of the Act, we report that:

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

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

c) the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

d) in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

e) on the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act;

f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and

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

   i. the Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 2.35 to the standalone financial statements;

   ii. the Company has made provision as required under the applicable law or accounting standards, for material foreseeable losses, on long-term contracts including derivative contracts - Refer Note 2.48 to the standalone financial statements;

   iii. there has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Company; and

   iv. the Company has provided requisite disclosures in the standalone financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management – Refer Note 2.46 to the standalone financial statements.

For **B S R & Associates LLP**
*Chartered Accountants*
Firm Registration No: 116231W/W-100024

**Ashwin Suvarna**
*Partner*
Membership No: 109503

Mumbai
17 May 2017

# Annexure A to the Independent Auditors' Report - 31 March 2017

**Annexure A to the Independent Auditors' Report of even date on the standalone financial statements of Edelweiss Financial Services Limited**

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

i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular programme of physical verification of its fixed assets by which all the fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

ii. The Company is a service company primarily engaged in the business of rendering merchant banking services. Accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable to the Company.

iii. The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act.

iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.

v. According to the information and explanation given to us, the Company has not accepted any deposits from the public to which directives issued by the Reserve Bank of India and the provisions of Section 73 to Section 76 or any other relevant provisions of the Act and the rules framed thereunder apply.

vi. The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any services rendered by the Company. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.

vii. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, income tax, service tax, and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of employees' state insurance, sales tax, customs duty, excise duty and cess. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, service tax, value added tax, and other material statutory dues were in arrears as at 31 March 2017 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of provident fund, income tax and service tax, which have not been deposited with the appropriate authorities on account of any dispute. However, according to the information and explanations given to us, the following dues have not been deposited by the Company on account of disputes:

| Name of the statute | Nature of dues | Amount (in Rs.mn) | Period to which the amount relates | Forum where dispute is pending |
|---|---|---|---|---|
| Income Tax Act , 1961 | Income Tax | 0.13 | AY 2009-10 | Deputy Commissioner of Income Tax |
| Income Tax Act , 1961 | Income Tax | 176.76 | AY 2012-13 | Commissioner of Income Tax (Appeals) |
| Income Tax Act , 1961 | Income Tax | 45.61 | AY 2014-15 | Commissioner of Income Tax (Appeals) |
| Service Tax | Service tax and penalty | 414.60 | 2008-2009 to 2011-2012 | CESTAT, Mumbai |

viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks, and Government or debenture holders.

ix. In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they were raised. The Company has not raised any money by way of initial public offer or further public offer during the year.

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

xi. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

xii. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

xiii. According to the information and explanations given to us and on the basis of our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the standalone financial statements, as required by the applicable accounting standards.

xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable.

xv. According to the information and explanations given to us and based on our examination of the records of the Company, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

xvi. The Company is registered with Securities and Exchange Board of India as a 'Category I Merchant Banker' under Section 12 of the Securities and Exchange Board of India Act, 1992. Hence, it is not required to register with Reserve Bank of India under section 45-IA in accordance with RBI master circular no. RBI/2015-16/15 DNBR (PD) CC.No.052/03.10.119/2015-16 on "Master Circular- Exemptions from the provisions of RBI Act, 1934" dated 1 July 2015.

For **B S R & Associates LLP**
*Chartered Accountants*
Firm Registration No: 116231W/W-100024

**Ashwin Suvarna**
*Partner*
Membership No: 109503

Mumbai
17 May 2017

# Annexure - B to the Independent Auditors' Report

**Annexure - B to the Independent Auditor's Report of even date on the standalone financial statements of Edelweiss Financial Services Limited**

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

We have audited the internal financial controls over financial reporting of Edelweiss Financial Services Limited (the "Company") as of 31 March 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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

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

**Auditor's Responsibility**

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

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

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

**Meaning of Internal Financial Controls over Financial Reporting**

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

**Inherent limitations of Internal Financial Controls over Financial Reporting**

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

**Opinion**

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

For **B S R & Associates LLP**
*Chartered Accountants*
Firm Registration No: 116231W/W-100024

**Ashwin Suvarna**
*Partner*
Membership No: 109503

Mumbai
17 May 2017

# Balance Sheet as at 31 March 2017

| (Currency: Indian rupees in millions) | Note | As at 31 March 2017 | As at 31 March 2016 |
|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | |
| **Shareholders' funds** | | | |
| (a) Share capital | 2.1 | **832.57** | 814.04 |
| (b) Reserves and surplus | 2.2 | **16,321.63** | 15,204.63 |
| | | **17,154.20** | 16,018.67 |
| **Share application money pending allotment** | 2.33 | **40.94** | 20.58 |
| **Non-current liabilities** | | | |
| (a) Long-term borrowings | 2.3 | **212.00** | 1,062.00 |
| (b) Other Long term liabilities | 2.4 | **38.99** | 144.79 |
| (c) Long-term provisions | 2.5 | **63.09** | 75.90 |
| | | **314.08** | 1,282.69 |
| **Current liabilities** | | | |
| (a) Short-term borrowings | 2.6 | **7,150.33** | 5,646.75 |
| (b) Trade payables | 2.7 | | |
| (i) total outstanding dues of micro enterprises and small enterprises | | **-** | - |
| (ii) total outstanding dues of creditors other than micro enterprises and small enterprises | | **143.81** | 131.64 |
| (c) Other current liabilities | 2.8 | **1,462.90** | 2,282.58 |
| (d) Short-term provisions | 2.9 | **411.19** | 396.38 |
| | | **9,168.23** | 8,457.35 |
| **TOTAL** | | **26,677.45** | 25,779.29 |
| **ASSETS** | | | |
| **Non-current assets** | | | |
| (a) Fixed assets | | | |
| (i) Property, Plant and Equipment | 2.10 | **22.61** | 24.73 |
| (ii) Intangible assets | 2.10 | **43.23** | 19.82 |
| (iii) Intangible assets under development | | **37.77** | 24.77 |
| (b) Non-current investments | 2.11 | **16,633.38** | 15,566.70 |
| (c) Deferred tax assets (net) | 2.12 | **277.57** | 245.28 |
| (d) Long-term loans and advances | 2.13 | **2,146.36** | 2,469.56 |
| (e) Other non-current assets | 2.14 | **0.39** | 0.94 |
| | | **19,161.31** | 18,351.80 |
| **Current assets** | | | |
| (a) Trade receivables | 2.15 | **522.03** | 933.15 |
| (b) Cash and bank balances | 2.16 | **315.82** | 215.26 |
| (c) Short-term loans and advances | 2.17 | **6,333.12** | 6,052.82 |
| (d) Other current assets | 2.18 | **345.17** | 226.26 |
| | | **7,516.14** | 7,427.49 |
| **TOTAL** | | **26,677.45** | 25,779.29 |
| Significant accounting policies and notes to the financial statements | 1 & 2 | | |

As per our report of even date attached.

**For B S R & Associates LLP**
*Chartered Accountants*
Firm Registration No.: 116231W/W-100024

**Ashwin Suvarna**
*Partner*
Membership No.: 109503

Mumbai
17 May 2017

**For and on behalf of the Board of Directors**

| | | |
|---|---|---|
| **Rashesh Shah** | *Chairman, Managing Director & CEO* | DIN: 00008322 |
| **Himanshu Kaji** | *Executive Director* | DIN: 00009438 |
| **S Ranganathan** | *Chief Financial Officer* | |
| **B Renganathan** | *EVP & Company Secretary* | |

Mumbai
17 May 2017

# Statement of Profit and Loss for the year ended 31 March 2017

| (Currency: Indian rupees in millions) | Note | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
|---|---|---|---|
| **Revenue from operations** | | | |
| Fee and commission income | 2.19 | **2,207.46** | 2,349.51 |
| Income from investments and dividend | 2.20 | **1,019.45** | 812.53 |
| Interest income | 2.21 | **1,008.35** | 0.93 |
| Other operating revenue | 2.22 | **269.04** | 190.70 |
| **Other income** | 2.23 | **0.35** | 29.74 |
| **Total revenue** | | **4,504.65** | 3,383.41 |
| **Expenses** | | | |
| Employee benefits expense | 2.24 | **856.52** | 700.81 |
| Finance costs | 2.25 | **1,405.20** | 232.27 |
| Depreciation and amortization expenses | 2.10 | **28.31** | 25.59 |
| Other expenses | 2.26 | **778.73** | 574.78 |
| **Total expenses** | | **3,068.76** | 1,533.45 |
| **Profit before tax** | | **1,435.89** | 1,849.96 |
| **Tax expense:** | | | |
| (1) Current tax (includes excess provision of earlier years written back ₹ 4.15 million ; previous year ₹ 19.11 million) | | **178.12** | 430.68 |
| (2) Deferred tax | | **(32.29)** | (136.66) |
| **Profit for the year** | | **1,290.06** | 1,555.94 |
| **Earnings per equity share (₹) (Face value of ₹ 1 each):** | 2.29 | | |
| **(1) Basic** | | **1.56** | 1.93 |
| **(2) Diluted** | | **1.49** | 1.87 |
| Significant accounting policies and notes to the financial statements | 1 & 2 | | |

As per our report of even date attached.

**For B S R & Associates LLP**
*Chartered Accountants*
Firm Registration No.: 116231W/W-100024

**Ashwin Suvarna**
*Partner*
Membership No.: 109503

Mumbai
17 May 2017

**For and on behalf of the Board of Directors**

| | | |
|---|---|---|
| **Rashesh Shah** | *Chairman, Managing Director & CEO* | DIN: 00008322 |
| **Himanshu Kaji** | *Executive Director* | DIN: 00009438 |
| **S Ranganathan** | *Chief Financial Officer* | |
| **B Renganathan** | *EVP & Company Secretary* | |

Mumbai
17 May 2017

# Cash Flow Statement for the year ended 31 March 2017

| | (Currency: Indian rupees in millions) | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
|---|---|---|---|
| **A** | **Cash flow from operating activities** | | |
| | Profit before tax | **1,435.89** | 1,849.96 |
| | **Adjustments for:** | | |
| | Depreciation and amortization expenses | **28.31** | 25.59 |
| | Diminution in value of investments | **-** | 82.46 |
| | Profit on sale of long-term investments | **(1.67)** | (4.94) |
| | Bad debts written-off | **-** | 11.51 |
| | Provision for doubtful debts | **90.86** | 95.74 |
| | Dividend on long term investments | **(1,010.15)** | (807.59) |
| | Profit on sale of fixed assets (net) | **0.40** | (1.16) |
| | Provision for compensated absences | **1.50** | 0.36 |
| | Profit on sale of current investments | **(1.13)** | - |
| | Expense on employee stock option plans | **-** | (0.10) |
| | Finance costs | **1,405.20** | 232.27 |
| | **Operating cash flow before working capital changes** | **1,949.21** | 1,484.10 |
| | **Adjustments for:** | | |
| | Decrease / (increase) in trade receivables | **320.26** | (774.69) |
| | Decrease in loans and advances | **64.77** | 40,143.02 |
| | Decrease in other assets | **43.37** | 3.84 |
| | Increase/ (decrease) in liabilities and provisions | **5.61** | (241.96) |
| | **Cash generated from operations** | **2,383.22** | 40,614.31 |
| | Income taxes paid | **(182.43)** | (492.78) |
| | **Net cash generated from operating activities - A** | **2,200.79** | 40,121.53 |
| **B** | **Cash flow from investing activities** | | |
| | Purchase of fixed assets (including intangible asset under development) | **(65.68)** | (46.11) |
| | Sale of fixed assets | **2.68** | 4.09 |
| | Purchase of current investments | **(2,000.00)** | - |
| | Sale of current investments | **2,001.13** | - |
| | Purchase of long term investments | **(1,066.68)** | (1,011.00) |
| | Redemption / sale of long term investments | **-** | 99.13 |
| | Income on long term investments | **1.67** | - |
| | Dividend on long term investments | **811.92** | 1,005.46 |
| | **Net cash (used in) /generated from investing activities - B** | **(314.96)** | 51.57 |

# Cash Flow Statement for the year ended 31 March 2017 *(Continued)*

| (Currency: Indian rupees in millions) | | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
|---|---|---|---|
| **C** | **Cash flow from financing activities** | | |
| | Proceeds from issue of share capital including securities premium and share application money | **702.17** | 795.05 |
| | Proceeds from issuance of Non convertible debentures | **-** | 387.00 |
| | Repayment of Non convertible debentures | **(1,700.00)** | (1,255.42) |
| | Repayment of long term borrowings | **(0.75)** | (0.99) |
| | Proceeds from / repayment of short term borrowings (Refer note 1 below) | **1,503.58** | (39,387.59) |
| | Dividend paid | **(832.21)** | (1,177.76) |
| | Dividend distribution tax paid | **(25.29)** | (14.16) |
| | Finance costs | **(1,432.84)** | (142.56) |
| | **Net cash used in financing activities - C** | **(1,785.34)** | (40,796.43) |
| | **Net increase / (decrease) in cash and cash equivalents (A+B+C)** | **100.49** | (623.33) |
| | Cash and cash equivalents as at the beginning of the year | **210.35** | 833.68 |
| | Cash and cash equivalents as at the end of the year (Refer note 2.16) | **310.84** | 210.35 |
| | **Note:** | | |
| | 1 Net figures have been reported on account of volume of transactions. | | |

As per our report of even date attached.

**For B S R & Associates LLP**
*Chartered Accountants*
Firm Registration No.: 116231W/W-100024

**Ashwin Suvarna**
*Partner*
Membership No.: 109503

Mumbai
17 May 2017

**For and on behalf of the Board of Directors**

| | | |
|---|---|---|
| **Rashesh Shah** | *Chairman, Managing Director & CEO* | DIN: 00008322 |
| **Himanshu Kaji** | *Executive Director* | DIN: 00009438 |
| **S Ranganathan** | *Chief Financial Officer* | |
| **B Renganathan** | *EVP & Company Secretary* | |

Mumbai
17 May 2017

# Notes to the financial statements for the year ended 31 March 2017

## 1. Significant accounting policies

### 1.1 Basis of preparation of financial statements

The accompanying financial statements are prepared and presented in accordance with Indian Generally Accepted Accounting Principles ("GAAP") under the historical cost convention, on the accrual basis of accounting , unless otherwise stated, and comply with the Accounting Standards as prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Companies Act, 2013 (to the extent notified), the provisions of the Companies Act, 1956 (to the extent applicable), (hereinafter referred to as 'the Act') and the Schedule III to the Act. The financial statements are presented in Indian Rupees in millions.

### 1.2 Use of estimates

The preparation of the financial statements in conformity with the generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amount of assets, liabilities and disclosure of contingent liabilities on the date of the financial statements and reported amount of revenue and expenses during the reporting period. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as on the date of the financial statements. Actual results could differ from the estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

### 1.3 Current / non-current classification

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

**Assets**

An asset is classified as current when it is expected to be realized in, or is intended for sale or consumption in, the company's normal operating cycle or it is held primarily for the purpose of being traded or it is expected to be realized within 12 months after the reporting date or it is cash or cash equivalent unless it is restricted from being exchanged or expected to be used to settle a liability for at least 12 months after the reporting date. Current assets include the current portion of non-current assets. All other assets are classified as non-current.

**Liabilities**

A liability is classified as current when it is expected to be settled in the company's normal operating cycle or it is held primarily for the purpose of being traded or it is due to be settled within 12 months after the reporting date or the company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification. Current liabilities include current portion of non-current liabilities. All other liabilities are classified as non-current.

### 1.4 Revenue recognition

a. Investment banking fee and other advisory fee income is recognised on an accrual basis in accordance with the terms and contracts entered into between the Company and the counterparty. Guarantee commission and other fees for services rendered to group companies are recognised on an accrual basis.

b. Interest income is recognised on accrual basis.

c. Dividend income is recognised when the right to receive payment is established.

d. Profit earned on sale of investments is recognised on trade date basis. Profit/loss on sale of investments is determined based on the weighted average cost of the investments sold.

**1. Significant accounting policies *(Continued)***

**1.4 Revenue recognition *(Continued)***

e. The rating support fee for the borrowing programme of the subsidiaries is accrued on straight line basis over the rating period and as per the contractual terms agreed with the subsidiaries.

f. Royalty income, which is generally earned based upon a percentage of sales or a fixed amount, is recognized on an accrual basis.

**1.5 Fixed assets and depreciation / amortization**

**Property, Plant and Equipment**

Property, Plant and Equipment acquired by the Company are reported at acquisition cost, with deductions for accumulated depreciation and impairment losses, if any. The cost of fixed assets comprises of purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Depreciation is provided on a written down value basis from the date the asset is ready for its intended use or the date it is 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 of the Act for calculating the depreciation.

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

| Class of asset | Estimated useful life |
|---|---|
| Building (other than Factory Building) | 60 years |
| Furniture and Fixtures | 10 years |
| Vehicles | 8 years |
| Office Equipment | 5 years |
| Computers - Servers and networks | 6 years |
| Computers - End user devices, such as desktops, laptops, etc. | 3 years |

Leasehold improvements & premises are amortized on a straight-line basis over the estimated useful lives of the assets or the period of lease, whichever is shorter.

**Intangible fixed assets**

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

Intangibles such as software are amortized over a period of 3 years or its estimated useful life whichever is shorter.

**1.6 Impairment of assets**

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired based on internal/external factors. If any such indication exists, the Company estimates the recoverable amount of the asset. The recoverable amount is the greater of the net selling price and the value in use of those assets. Value in use is arrived at by discounting the estimated future cash flows to their present value based on an appropriate discount factor. If such recoverable amount of the asset or the recoverable amount of cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If, at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of the depreciable historical cost.

# Notes to the financial statements *(Continued)*

**1. Significant accounting policies *(Continued)***

**1.7 Investments**

Investments are classified into non-current investments and current investments. Investments that are readily realisable and intended to be held for not more than a year from the date of acquisition are classified as current investments. All other investments are classified as long-term investments. However, that part of long term investments which is expected to be realized within 12 months after the reporting date is also presented under 'current assets' as "current portion of long term investments" in consonance with the current and non-current classification as per Schedule III.

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

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

**1.8 Foreign currency transactions and currency derivatives**

Foreign currency transactions are recorded at the rates of exchange prevailing on the date of the transaction. Exchange differences, if any, arising out of transactions settled during the year are recognised in the statement of profit and loss for the year.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rates on that date. The resultant exchange differences, if any, are recognised in the statement of profit and loss and related assets and liabilities are accordingly restated in the balance sheet.

The Company enters into currency derivative transactions to economically hedge its foreign exchange exposure. These derivative transactions are measured at fair value as at the balance sheet date. Fair value is determined using quoted market prices in an actively traded market, for the instrument.

In respect of currency forward contracts entered with banks, the premium or discount arising at the inception of the contract is amortized over the life of the contract in the statement of profit and loss. The difference in the opening and closing exchange rates (mark to market) is recognised in the statement of profit and loss. Any profit or loss arising on cancellation or renewal of such contracts is recognised in the statement of profit and loss.

**1.9 Employee benefits**

The accounting policy followed by the Company in respect of its employee benefit schemes in accordance with Accounting

Standard 15 (Revised 2005), is set out below:

*Provident fund and National Pension Scheme*

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

*Gratuity*

The Company's gratuity scheme is a defined benefit plan. The Company's net obligation in respect of the gratuity benefit 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. Such benefit is discounted to determine its present value, and the fair value of any plan assets, if any, is deducted. The present value of the obligation under such benefit plan is determined based on actuarial valuation using the Projected Unit Credit Method. The obligation is measured at present values of estimated future cash flows. The

discount rates used for determining the present value are based on the market yields on Government Securities as at the balance sheet date.

**1. Significant accounting policies *(Continued)***

**1.9 Employee benefits *(Continued)***

Benefits in respect of gratuity are funded with an Insurance Company approved by Insurance Regulatory and Development Authority (IRDA).

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

*Compensated absences*

The eligible employees of the Company are permitted to carry forward certain number of their annual leave entitlement to subsequent years, subject to a ceiling. The Company recognises the charge to the statement of profit and loss and corresponding liability on account of such non-vesting accumulated leave entitlement based on a valuation by an independent actuary.

*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. These assumptions and principles are consistent with the requirements of Accounting Standard 15 (Revised 2005).

**1.10 Taxation**

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

*Current tax*

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

*Deferred tax*

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

*Minimum Alternate Tax (MAT)*

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

# Notes to the financial statements *(Continued)*

**1. Significant accounting policies *(Continued)***

**1.11 Operating leases**

Lease payments for assets taken on operating lease are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

**1.12 Earnings per share**

The Company reports basic and diluted earnings per share in accordance with Accounting Standard 20 – "Earnings Per Share". Basic earnings per share is computed by dividing the net profit after tax attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

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

**1.13 Employee stock option plans ('ESOPs')**

The Company follows the intrinsic value method to account for compensation cost of its stock based employee compensation plans as per the accounting treatment prescribed by Employee Stock Option Scheme and Employee Share-based Payments issued by Securities and Exchange Board of India (SEBI) and guidance note on Employee Share-based Payments issued by Institute of Chartered Accountants of India (ICAI). The compensation cost is amortized on a straight-line basis.

**1.14 Provisions and contingencies**

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

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

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

| | | As at 31 March 2017 | As at 31 March 2016 |
|---|---|---|---|
| **2.1** | **Share capital** | | |
| | **Authorised:** | | |
| | 1,230,000,000 (previous year: 1,230,000,000) equity shares of ₹ 1 each | **1,230.00** | 1,230.00 |
| | 4,000,000 (previous year: 4,000,000) preference shares of ₹ 5 each | **20.00** | 20.00 |
| | | **1,250.00** | 1,250.00 |
| | **Issued, Subscribed and Paid up:** | | |
| | 832,569,089 (previous year: 814,036,630) equity shares of ₹ 1 each | **832.57** | 814.04 |
| | | **832.57** | 814.04 |

| | **Movement in share capital** | **31 March 2017** | | 31 March 2016 | |
|---|---|---|---|---|---|
| | | **Number of shares** | **Amount** | Number of shares | Amount |
| | Outstanding at the beginning of the year | **814,036,630** | **814.04** | 791,752,619 | 791.75 |
| | Shares allotted on exercise of Employee Stock Options (ESOPs) during the year | **18,532,459** | **18.53** | 22,284,011 | 22.29 |
| | Outstanding at the end of the year | **832,569,089** | **832.57** | 814,036,630 | 814.04 |

**Note:**

The Company had bought back 2,030,048 equity shares of ₹ 1 each pursuant to the buy back programme in the financial year 2014-15.

**Rights of equity shareholders:**

The Company has only one class of equity shares having a par value of ₹ 1 each. Each holder of equity share is entitled to one vote per share held.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts.

The distribution will be in proportion to the number of equity shares held by the shareholders.

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

| | **31 March 2017** | | 31 March 2016 | |
|---|---|---|---|---|
| | **Number of shares** | **Percentage of shareholdings** | Number of shares | Percentage of shareholdings |
| Rashesh Shah | **145,301,730** | **17.45%** | 145,301,730 | 17.85% |
| First Carlyle Ventures Mauritius | **-** | **-** | 68,048,557 | 8.36% |
| Venkat Ramaswamy | **58,026,560** | **6.97%** | 58,026,560 | 7.13% |
| Spire Investment Advisors LLP | **-** | **-** | 41,950,000 | 5.15% |

# Notes to the financial statements *(Continued)*

(Currency: Indian rupees in millions)

| | | As at 31 March 2017 | As at 31 March 2016 |
|---|---|---|---|
| **2.2** | **Reserves and surplus** | | |
| | Capital Redemption Reserve | **2.03** | 2.03 |
| | Securities premium account | | |
| | Opening balance | **13,711.35** | 12,916.76 |
| | Add : On issue of shares on exercise of Employee Stock Options (ESOPs) | **663.28** | 799.65 |
| | Less: Utilisation on premium paid on redemption of debentures | **-** | (5.06) |
| | | **14,374.63** | 13,711.35 |
| | Stock options outstanding account | | |
| | Opening Balance | **-** | 0.10 |
| | Less: Expense on ESOPs | **-** | (0.10) |
| | | **-** | - |
| | General reserve | **508.64** | 508.64 |
| | Surplus in statement of profit and loss (Refer note 2.47) | | |
| | Opening balance | **982.61** | 481.25 |
| | Add: Profit for the year | **1,290.06** | 1,555.94 |
| | **Amount available for appropriation** | **2,272.67** | 2,037.19 |
| | Appropriations: | | |
| | Interim dividend | **832.21** | 1,019.26 |
| | Dividend distribution tax | **4.13** | 35.32 |
| | | **1,436.33** | 982.61 |
| | | **16,321.63** | 15,204.63 |

| | | As at 31 March 2017 | As at 31 March 2016 |
|---|---|---|---|
| **2.3** | **Long-term borrowings** | | |
| | **Secured** | | |
| | Non-convertible debentures (Refer note 2.41) | **212.00** | 1,062.00 |
| | (Secured by fixed charge on immovable property and floating charge on receivables) | | |
| | | **212.00** | 1,062.00 |
| **2.4** | **Other long term liabilities** | | |
| | Interest accrued but not due on borrowings | **38.99** | 144.79 |
| | | **38.99** | 144.79 |
| **2.5** | **Long-term provisions** | | |
| | Provision for employee benefits | | |
| | Compensated absences | **6.00** | 4.80 |
| | Deferred bonus | **57.09** | 71.10 |
| | | **63.09** | 75.90 |
| **2.6** | **Short-term borrowings** | | |
| | **Unsecured** | | |
| | Loans and advances from related parties (Refer note 2.28) | **7,150.33** | - |
| | Commercial papers | **-** | 5,750.00 |
| | Less: Unamortized discount | **-** | (103.25) |
| | | **-** | 5,646.75 |
| | | **7,150.33** | 5,646.75 |

# Notes to the financial statements *(Continued)*

(Currency: Indian rupees in millions)

| | | As at 31 March 2017 | As at 31 March 2016 |
|---|---|---|---|
| **2.7** | **Trade payables** | | |
| | Payable to: | | |
| | Others | **143.81** | 131.64 |
| | (includes sundry creditors and provision for expenses) | | |
| | | **143.81** | 131.64 |
| **2.8** | **Other current liabilities** | | |
| | Current maturities of long term debt | | |
| | Non-convertible debentures (Refer note 2.41) | **850.00** | 1,700.00 |
| | Vehicle loan | **-** | 0.75 |
| | Interest accrued but not due on borrowings | **234.73** | 319.25 |
| | Interest accrued and due on borrowings | **39.54** | 19.16 |
| | Unclaimed dividends | **4.98** | 4.91 |
| | Other payables | | |
| | Accrued salaries and benefits | **290.37** | 208.86 |
| | Withholding taxes, service tax and other taxes payable | **28.57** | 18.97 |
| | Book overdraft | **-** | 0.30 |
| | Others | **14.71** | 10.38 |
| | | **1,462.90** | 2,282.58 |
| **2.9** | **Short-term provisions** | | |
| | Provision for employee benefits | | |
| | Compensated absences | **1.35** | 1.06 |
| | Deferred bonus | **139.22** | 121.10 |
| | Others | | |
| | Provision for dividend distribution tax | **-** | 21.16 |
| | Provision for taxation (net of advance income tax ₹ 93.93 million; previous year: ₹ 93.93 million) | **270.62** | 253.06 |
| | | **411.19** | 396.38 |

**2.10 Fixed assets**

| Description of assets | Gross Block | | | | Depreciation / Amortization | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at 1 April 2016 | Additions during the year | Deductions during the year | **As at 31 March 2017** | As at 1 April 2016 | Charge for the year | Deductions during the year | **As at 31 March 2017** | **As at 31 March 2017** | As at 31 March 2016 |
| **Property, Plant and Equipment** | | | | | | | | | | |
| Freehold Building | 2.78 | - | - | **2.78** | 0.95 | 0.09 | - | **1.04** | **1.74** | 1.83 |
| Leasehold Improvements | 1.77 | - | - | **1.77** | 0.82 | 0.31 | - | **1.13** | **0.64** | 0.95 |
| Furniture and Fixtures | 0.56 | - | 0.22 | **0.34** | 0.45 | 0.03 | 0.20 | **0.28** | **0.06** | 0.11 |
| Vehicles | 39.55 | 5.11 | 6.90 | **37.76** | 26.60 | 4.90 | 4.25 | **27.25** | **10.51** | 12.95 |
| Office Equipment | 11.14 | 0.35 | 0.84 | **10.65** | 9.22 | 0.98 | 0.83 | **9.37** | **1.28** | 1.92 |
| Computers | 28.49 | 7.04 | 10.37 | **25.16** | 21.52 | 5.23 | 9.97 | **16.78** | **8.38** | 6.97 |
| **Total: A** | 84.29 | 12.50 | 18.33 | **78.46** | 59.56 | 11.54 | 15.25 | **55.85** | **22.61** | 24.73 |
| **Intangible assets** | | | | | | | | | | |
| Computer software | 73.21 | 40.18 | - | **113.39** | 53.39 | 16.77 | - | **70.16** | **43.23** | 19.82 |
| **Total: B** | 73.21 | 40.18 | - | **113.39** | 53.39 | 16.77 | - | **70.16** | **43.23** | 19.82 |
| **Grand total [A+B]** | 157.50 | 52.68 | 18.33 | **191.85** | 112.95 | 28.31 | 15.25 | **126.01** | **65.84** | 44.55 |

## 2.10 Fixed assets (Previous year)

| Description of assets | Gross Block | | | | Depreciation / Amortization | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at 1 April 2015 | Additions during the year | Deductions during the year | **As at 31 March 2016** | As at 1 April 2015 | Charge for the year | Deductions during the year | **As at 31 March 2016** | **As at 31 March 2016** | As at 31 March 2015 |
| **Property, Plant and Equipment** | | | | | | | | | | |
| Freehold Building | 2.78 | - | - | 2.78 | 0.85 | 0.10 | - | 0.95 | 1.83 | 1.93 |
| Leasehold Improvements | 1.77 | - | - | 1.77 | 0.51 | 0.31 | - | 0.82 | 0.95 | 1.26 |
| Furniture and Fixtures | 0.56 | - | - | 0.56 | 0.40 | 0.05 | - | 0.45 | 0.11 | 0.16 |
| Vehicles | 48.98 | 2.93 | 12.36 | 39.55 | 29.90 | 6.13 | 9.43 | 26.60 | 12.95 | 19.08 |
| Office Equipment | 10.67 | 0.67 | 0.20 | 11.14 | 7.93 | 1.49 | 0.20 | 9.22 | 1.92 | 2.74 |
| Computers | 23.25 | 5.37 | 0.13 | 28.49 | 17.14 | 4.51 | 0.13 | 21.52 | 6.97 | 6.11 |
| **Total: A** | 88.01 | 8.97 | 12.69 | 84.29 | 56.73 | 12.59 | 9.76 | 59.56 | 24.73 | 31.28 |
| **Intangible assets** | | | | | | | | | | |
| Computer software | 60.84 | 12.37 | - | 73.21 | 40.39 | 13.00 | - | 53.39 | 19.82 | 20.45 |
| **Total: B** | 60.84 | 12.37 | - | 73.21 | 40.39 | 13.00 | - | 53.39 | 19.82 | 20.45 |
| **Grand total [A+B]** | 148.85 | 21.34 | 12.69 | 157.50 | 97.12 | 25.59 | 9.76 | 112.95 | 44.55 | 51.73 |

**2.11 Non-current investments**
(valued at cost, unless stated otherwise)

| | As at 31 March 2017 | | | As at 31 March 2016 | | |
|---|---|---|---|---|---|---|
| | Face Value | Quantity | Amount | Face Value | Quantity | Amount |
| **I. Trade (quoted)** | | | | | | |
| **Investments in equity instruments (fully paid up)** | | | | | | |
| Kotak Mahindra Bank Limited* | **5** | **5** | **0.00** | 5 | 5 | 0.00 |
| Healthcare Global Enterprises Limited* | **10** | **10,710** | **0.00** | - | - | - |
| (a) | | | **0.00** | | | 0.00 |
| **II. Others (unquoted)** | | | | | | |
| **(A) Investments in equity instruments of subsidiary companies (fully paid up)** | | | | | | |
| ECL Finance Limited | **1** | **1,499,959,129** | **5,190.56** | 1 | 1,499,959,129 | 5,190.56 |
| Edelweiss Tokio Life Insurance Company Limited | **10** | **133,412,010** | **3,642.21** | 10 | 133,412,010 | 3,642.21 |
| Edelweiss Finance & Investments Limited | **10** | **2,655,020** | **2,618.12** | 10 | 2,655,020 | 2,618.12 |
| Edelweiss Commodities Services Limited | **10** | **29,775,368** | **1,108.00** | 10 | 29,775,368 | 1,108.00 |
| Edelweiss Asset Management Limited | **10** | **63,937,500** | **1,065.00** | 10 | 60,000,000 | 750.00 |
| EC Commodity Limited | **10** | **30,000,000** | **501.43** | 10 | 30,000,000 | 501.43 |
| Edelweiss Asset Reconstruction Company Limited | **10** | **20,817,286** | **434.89** | - | - | - |
| Edelweiss Retail Finance Limited | **10** | **4,691,667** | **408.18** | 10 | 4,691,667 | 408.18 |
| Edelweiss Broking Limited | **10** | **4,881,000** | **305.80** | 10 | 4,881,000 | 305.80 |
| Edelweiss Capital (Singapore) Pte. Limited | **SGD 1** | **6,813,800** | **319.74** | SGD 1 | 5,313,800 | 249.66 |
| Edelweiss Multi Strategy Funds Management Private Limited (formerly known as Forefront Capital Management Private Limited) | **10** | **13,214,644** | **180.05** | 10 | 6,214,644 | 110.05 |
| Edelweiss Housing Finance Limited | **10** | **11,050,000** | **155.50** | 10 | 11,050,000 | 155.50 |
| Edelweiss Holdings Limited | **10** | **15,000,000** | **150.00** | 10 | 15,000,000 | 150.00 |
| Edelweiss Alternative Asset Advisors Limited | **10** | **2,256,000** | **110.80** | 10 | 2,256,000 | 110.80 |
| Edelweiss Securities (IFSC) Limited | **10** | **10,846,144** | **108.66** | - | - | - |
| Edelweiss Securities Limited | **10** | **26,213,676** | **92.00** | 10 | 26,213,676 | 92.00 |
| Edelweiss General Insurance Company Limited | **10** | **5,000,000** | **50.00** | - | - | - |
| Edelweiss Global Wealth Management Limited | **10** | **1,000,000** | **45.63** | 10 | 1,000,000 | 45.63 |
| Edel Investments Limited | **10** | **3,370,000** | **46.00** | 10 | 3,370,000 | 46.00 |
| Edelweiss Insurance Brokers Limited | **10** | **2,500,000** | **25.00** | 10 | 694,960 | 6.95 |
| Ecap Equities Limited | **10** | **240,000** | **10.00** | 10 | 240,000 | 10.00 |
| EC International Limited | **USD 1** | **125,000** | **6.20** | USD 1 | 125,000 | 6.20 |
| Edel Land Limited | **10** | **135,000** | **1.35** | 10 | 135,000 | 1.35 |
| Edelweiss Trusteeship Company Limited | **10** | **100,000** | **1.00** | 10 | 100,000 | 1.00 |
| Edelweiss Trustee Services Limited | **10** | **50,000** | **0.50** | 10 | 50,000 | 0.50 |
| Edelweiss Investment Adviser Limited | **10** | **50,000** | **0.50** | 10 | 50,000 | 0.50 |
| EdelGive Foundation | **10** | **10,000** | **0.10** | 10 | 10,000 | 0.10 |
| (b) | | | **16,577.22** | | | 15,510.54 |

# Notes to the financial statements *(Continued)*

(Currency: Indian rupees in millions)

**2.11 Non-current investments *(Continued)***

(valued at cost, unless stated otherwise)

| | As at 31 March 2017 | | | As at 31 March 2016 | | |
|---|---|---|---|---|---|---|
| | **Face Value** | **Quantity** | **Amount** | Face Value | Quantity | Amount |
| **(B) Investments in equity instruments of associate companies (fully paid up)** | | | | | | |
| Edelweiss Fund Advisors Private Limited | **10** | **50,000** | **0.50** | 10 | 50,000 | 0.50 |
| (c) | | | **0.50** | | | 0.50 |
| **(C) Investments in equity instruments of other companies (fully paid up)** | | | | | | |
| Percept Limited | **10** | **67,843** | **200.00** | 10 | 67,843 | 200.00 |
| Highmark Credit Information Services Private Limited | **10** | **1,926,531** | **23.61** | 10 | 1,926,531 | 23.61 |
| JSM Corporation Private Limited | **10** | **16,230** | **2.70** | 10 | 16,230 | 2.70 |
| Enter Technologies Private Limited | **10** | **250,000** | **2.50** | 10 | 250,000 | 2.50 |
| EMR Technology Ventures Private Limited | **10** | **120,000** | **2.40** | 10 | 120,000 | 2.40 |
| Starcom Software Private Limited | **1** | **20,000** | **2.00** | 1 | 20,000 | 2.00 |
| UTV (TSN) Private Limited | **10** | **13,500** | **1.35** | 10 | 13,500 | 1.35 |
| Zycus Infotech Private Limited | **2.50** | **67,600** | **1.34** | 2.50 | 67,600 | 1.34 |
| IDS Next Business Solutions Private Limited | **10** | **1,500** | **0.37** | 10 | 1,500 | 0.37 |
| Choksi Technologies Private Limited | **10** | **30,000** | **0.30** | 10 | 30,000 | 0.30 |
| July Systems, Inc. | **-** | **83,695** | **0.33** | - | 83,695 | 0.33 |
| Mecklai Financial Services Private Limited | **10** | **10,000** | **0.10** | 10 | 10,000 | 0.10 |
| Octon Technologies Limited | **10** | **4,165** | **0.04** | 10 | 4,165 | 0.04 |
| Enmail.com Private Limited | **10** | **1,250** | **0.01** | 10 | 1,250 | 0.01 |
| Caltiger.com Limited | **10** | **112,211** | **0.02** | 10 | 112,211 | 0.02 |
| N-Logue Communication Private Limited* | **10** | **358** | **0.00** | 10 | 358 | 0.00 |
| ACL India Private Limited* | **-** | **500** | **0.00** | - | 500 | 0.00 |
| Cadbury India Limited* | **10** | **1** | **0.00** | 10 | 1 | 0.00 |
| Travelanza Private Limited* | **10** | **19** | **0.00** | 10 | 19 | 0.00 |
| Orion Tele-Equipment Private Limited* | **10** | **857** | **0.00** | 10 | 857 | 0.00 |
| Rooms Tonite eBookings Private Limited* | **10** | **5** | **0.00** | 10 | 5 | 0.00 |
| Healthcare Global Enterprises Limited* | **-** | **-** | **-** | 10 | 10,710 | 0.00 |
| | | | **237.07** | | | 237.07 |
| Less : Diminution in value | | | **(208.41)** | | | (208.41) |
| (d) | | | **28.66** | | | 28.66 |

**2.11 Non-current investments *(Continued)***

(valued at cost, unless stated otherwise)

| | As at 31 March 2017 | | | As at 31 March 2016 | | |
|---|---|---|---|---|---|---|
| | **Face Value** | **Quantity** | **Amount** | Face Value | Quantity | Amount |
| **(D) Investments in preference shares of subsidiary companies (fully paid up)** | | | | | | |
| ECap Equities Limited | **10** | **1,800,000** | **18.00** | 10 | 1,800,000 | 18.00 |
| Edel Investments Limited | **10** | **450,000** | **9.00** | 10 | 450,000 | 9.00 |
| Edelweiss Securities Limited * | **10** | **9,575** | **0.00** | 10 | 9,575 | 0.00 |
| (e) | | | **27.00** | | | 27.00 |
| **(E) Investments in preference shares of other companies (fully paid up)** | | | | | | |
| July Systems, Inc. | | **27,898** | **1.37** | | 27,898 | 1.37 |
| | | | **1.37** | | | 1.37 |
| Less : Diminution in value | | | **(1.37)** | | | (1.37) |
| (f) | | | **-** | | | - |
| **(F) Investments in other instruments** | | | | | | |
| MIC Electronics Limited - Warrants | **2** | **1,500,000** | **36.60** | 2 | 1,500,000 | 36.60 |
| Synergies Casting Limited - Warrants* | **1** | **190,832** | **0.00** | 1 | 190,832 | 0.00 |
| | | | **36.60** | | | 36.60 |
| Less : Diminution in value | | | **(36.60)** | | | (36.60) |
| (g) | | | **0.00** | | | 0.00 |
| **(G) Investments in units of venture capital funds** | | | | | | |
| Edelweiss Property Fund I | **10,000** | **19,085** | **96.56** | 10,000 | 19,085 | 96.56 |
| | | | **96.56** | | | 96.56 |
| Less : Diminution in value | | | **(96.56)** | | | (96.56) |
| (h) | | | **-** | | | - |
| **Total (a to h)** | | | **16,633.38** | | | 15,566.70 |
| Aggregate amount of unquoted investment | | | | | | |
| - At carrying value | | | **16,633.38** | | | 15,566.70 |
| Aggregate amount of quoted investment | | | | | | |
| - At carrying value * | | | **0.00** | | | 0.00 |
| - At market value * | | | **2.44** | | | 0.00 |
| Aggregate amount of provision for diminution | | | **342.94** | | | 342.94 |

* ₹ 0.00 refers to amount less than ₹ 0.01 million

# Notes to the financial statements *(Continued)*

(Currency: Indian rupees in millions)

| | | As at 31 March 2017 | As at 31 March 2016 |
|---|---|---|---|
| **2.12** | **Deferred tax assets** | | |
| | **Deferred tax assets** | | |
| | Difference between book and tax depreciation | **9.19** | 11.04 |
| | Provision for doubtful debts/advances / diminution in value of investments | **200.61** | 169.16 |
| | Disallowances under section 43B of the Income Tax Act, 1961 | **70.49** | 68.55 |
| | **Total (A)** | **280.29** | 248.75 |
| | **Deferred tax liabilities** | | |
| | Unrealised gain on currency derivatives | **2.72** | 3.47 |
| | **Total (B)** | **2.72** | 3.47 |
| | **Deferred tax assets - Net (A - B)** | **277.57** | 245.28 |
| **2.13** | **Long-term loans and advances** | | |
| | Unsecured, considered good | | |
| | Capital advances | **-** | 273.50 |
| | Other loans and advances | | |
| | Advance income tax (net of provision for tax ₹ 1,068.01 million; previous year: ₹ 1,062.22 million) | **690.83** | 695.58 |
| | Loans given to employees welfare trusts | **1,455.53** | 1,500.48 |
| | | **2,146.36** | 2,469.56 |
| **2.14** | **Other non-current assets** | | |
| | Contribution to gratuity fund (net) (Refer note 2.30) | **0.39** | 0.94 |
| | | **0.39** | 0.94 |
| **2.15** | **Trade receivables** | | |
| | Outstanding for a period exceeding six months | | |
| | Unsecured, considered doubtful | **236.69** | 145.83 |
| | Less: Provision for doubtful debts | **236.69** | 145.83 |
| | | **-** | - |
| | Other debts | | |
| | Unsecured, considered good | **522.03** | 933.15 |
| | | **522.03** | 933.15 |

# Notes to the financial statements *(Continued)*

(Currency: Indian rupees in millions)

| | | As at 31 March 2017 | As at 31 March 2016 |
|---|---|---|---|
| **2.16** | **Cash and bank balances** | | |
| | **Cash and cash equivalents** | | |
| | Cash in hand | **0.08** | 0.05 |
| | Balances with banks | | |
| | - in Current accounts | **310.76** | 210.30 |
| | | **310.84** | 210.35 |
| | Other bank balances | | |
| | -in unpaid dividend accounts | **4.98** | 4.91 |
| | | **315.82** | 215.26 |
| **2.17** | **Short-term loans and advances** | | |
| | *Unsecured, considered good* | | |
| | Loans and advances to related parties (Refer note 2.28) | | |
| | To associates companies | **0.05** | 0.11 |
| | To subsidiary companies | **6,156.58** | 5,914.75 |
| | Other loans and advances | | |
| | Advances to others | **0.92** | 0.96 |
| | Deposits others | **19.74** | 19.80 |
| | Advances recoverable in cash or in kind or for value to be received | **83.49** | 63.37 |
| | Loans and advances to employees | **3.43** | 8.99 |
| | Input tax credit | **-** | 2.55 |
| | Advance income tax (net of provision for taxation ₹ 453.26 million; previous year: ₹ 318.02 million) | **68.91** | 42.29 |
| | | **6,333.12** | 6,052.82 |
| **2.18** | **Other current assets** | | |
| | Accrued interest on loans given | **130.56** | 167.06 |
| | Dividend receivable from related parties (Refer note 2.28) | **199.49** | 1.26 |
| | Margin placed with broker | **15.12** | 57.94 |
| | | **345.17** | 226.26 |

# Notes to the financial statements *(Continued)*

(Currency: Indian rupees in millions)

| | | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
|---|---|---|---|
| **2.19** | **Fee and commission income** | | |
| | Advisory, rating support and other fees | **2,207.46** | 2,349.51 |
| | | **2,207.46** | 2,349.51 |
| **2.20** | **Income from investments and dividend** | | |
| | Yield on real estate advances | **6.50** | - |
| | Profit on sale of current investments | **1.13** | - |
| | Profit on sale of long-term investments | **1.67** | 4.94 |
| | Dividend on long-term investments (Refer note 2.28) | **1,010.15** | 807.59 |
| | | **1,019.45** | 812.53 |
| **2.21** | **Interest Income** | | |
| | On loans to subsidiary companies (Refer note 2.28 and 2.39) | **1,007.83** | - |
| | On Margin with Brokers | **0.32** | - |
| | On others | **0.20** | 0.93 |
| | | **1,008.35** | 0.93 |
| **2.22** | **Other operating revenue** | | |
| | Foreign exchange gain (net) | **269.04** | 190.70 |
| | | **269.04** | 190.70 |
| **2.23** | **Other income** | | |
| | Miscellaneous income | **0.35** | 29.74 |
| | | **0.35** | 29.74 |
| **2.24** | **Employee benefit expenses** | | |
| | Salaries and wages (Refer note 2.38) | **799.17** | 646.80 |
| | Contribution to provident and other funds | **17.12** | 18.06 |
| | Expense on Employee Stock Option Plans (ESOPs) (Refer note 2.32) | **-** | (0.10) |
| | Staff welfare expenses | **40.23** | 36.05 |
| | | **856.52** | 700.81 |
| **2.25** | **Finance costs** (Refer note 2.39) | | |
| | Interest on debentures | **198.31** | 4.98 |
| | Interest on term loan | **-** | 3.45 |
| | Interest on bank overdraft | **0.35** | 0.16 |
| | Interest on loan from subsidiaries | **442.18** | - |
| | Interest - others | **0.17** | 0.93 |
| | Discount on commercial papers | **720.11** | 157.33 |
| | Financial and bank charges | **44.08** | 65.42 |
| | | **1,405.20** | 232.27 |

| | | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
|---|---|---|---|
| **2.26** | **Other expenses** | | |
| | Advertisement and business promotion (Refer note 2.38) | **207.94** | 67.46 |
| | Auditors' remuneration (Refer note below) | **7.56** | 4.56 |
| | Bad debts and advances written off | **-** | 11.51 |
| | Commission to non-executive directors | **10.10** | 10.10 |
| | Commission and brokerage | **16.28** | 7.98 |
| | Communication | **4.99** | 9.39 |
| | Computer software | **43.36** | 20.48 |
| | Clearing and custodian charges | **0.68** | 1.14 |
| | Contribution towards corporate social responsibility (Refer note 2.28 and 2.43) | **26.84** | 17.50 |
| | Donation | **0.72** | - |
| | Diminution in value of investments | **-** | 82.46 |
| | Directors' sitting fees | **1.70** | 1.80 |
| | Electricity charges (Refer note 2.38) | **11.13** | 2.72 |
| | Insurance (Refer note 2.38) | **18.77** | 17.15 |
| | Legal and professional fees | **175.42** | 117.99 |
| | Loss / (profit) on sale/ write-off of fixed assets (net) | **0.40** | (1.16) |
| | Membership and subscription | **15.80** | 8.02 |
| | Office expenses | **5.78** | 4.95 |
| | Postage and courier | **1.18** | 1.04 |
| | Printing and stationery | **7.69** | 9.23 |
| | Provision for doubtful debts | **90.86** | 95.74 |
| | Rates and taxes | **7.64** | 4.26 |
| | Rent (Refer note 2.38 and 2.44) | **72.64** | 25.57 |
| | Repairs and maintenance - others | **1.52** | 1.21 |
| | Seminar and conference | **3.74** | 3.30 |
| | Service tax expenses | **2.56** | 1.99 |
| | Travelling and conveyance | **43.43** | 47.70 |
| | Miscellaneous expenses | **-** | 0.69 |
| | | **778.73** | 574.78 |
| | **Auditors' remuneration:** | | |
| | For statutory audit and limited review | **5.42** | 3.30 |
| | For other services | **1.66** | 1.03 |
| | For reimbursement of expenses | **0.48** | 0.23 |
| | | **7.56** | 4.56 |

# Notes to the financial statements *(Continued)*

(Currency: Indian rupees in millions)

## 2.27 Segment reporting

**Primary Segment (Business Segment)**

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

| Segment | Activities Covered |
|---|---|
| Agency business | Advisory and transactional services |
| Holding company activities | Development, managerial and financial support to the businesses of Edelweiss group entities |

Income for each segment has been specifically identified. Expenditure, assets and liabilities are either specifically identified with individual segments or have been allocated to segments on a systematic basis.

Based on such allocations, segment disclosures relating to revenue, results, assets and liabilities have been prepared.

**Secondary Segment**

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

The following table gives information as required under the Accounting Standard -17 on "Segment Reporting":

| Particulars | | | 31 March 2017 | 31 March 2016 |
|---|---|---|---|---|
| **I** | **Segment Revenue** | | | |
| | a) | Agency business | **1,652.08** | 1,779.07 |
| | b) | Holding company activities | **2,852.57** | 1,604.34 |
| | c) | Unallocated | **-** | - |
| **Total Income** | | | **4,504.65** | 3,383.41 |
| | | | | |
| **II** | **Segment Results** | | | |
| | a) | Agency business | **659.08** | 1,087.26 |
| | b) | Holding company activities | **776.81** | 869.81 |
| | c) | Unallocated | **-** | (107.11) |
| **Profit before taxation** | | | **1,435.89** | 1,849.96 |
| Less : Provision for taxation | | | **145.83** | 294.02 |
| **Profit after taxation** | | | **1,290.06** | 1,555.94 |

**2.27 Segment reporting *(Continued)***

| Particulars | | | 31 March 2017 | 31 March 2016 |
|---|---|---|---|---|
| **III** | **Segment Assets** | | | |
| | a) | Agency business | **427.40** | 379.72 |
| | b) | Holding company activities | **25,490.31** | 24,645.88 |
| | c) | Unallocated | **759.74** | 753.69 |
| **Total** | | | **26,677.45** | 25,779.29 |
| | | | | |
| **IV** | **Segment Liabilities** | | | |
| | a) | Agency business | **357.64** | 326.19 |
| | b) | Holding company activities | **8,820.51** | 9,073.91 |
| | c) | Unallocated | **304.16** | 339.94 |
| **Total** | | | **9,482.31** | 9,740.04 |
| | | | | |
| **V** | **Capital Expenditure** | | | |
| | (Including Intangible assets under development) | | | |
| | a) | Agency business | **42.69** | 13.28 |
| | b) | Holding company activities | **9.99** | 5.20 |
| | c) | Unallocated | **-** | 2.86 |
| **Total** | | | **52.68** | 21.34 |
| | | | | |
| **VI** | **Depreciation and Amortization** | | | |
| | a) | Agency business | **22.94** | 15.93 |
| | b) | Holding company activities | **5.37** | 6.23 |
| | c) | Unallocated | **-** | 3.43 |
| **Total** | | | **28.31** | 25.59 |
| | | | | |
| **VII** | **Significant Non-Cash Expenses Other than Depreciation and Amortization** | | | |
| | a) | Agency business | **91.18** | 106.53 |
| | b) | Holding company activities | **0.08** | 82.18 |
| | c) | Unallocated | **-** | (0.16) |
| **Total** | | | **91.26** | 188.55 |

# Notes to the financial statements *(Continued)*

(Currency: Indian rupees in millions)

**2.28 Related Parties**

**Disclosure as required by Accounting Standard 18 - "Related Party Disclosure":**

**(A) Subsidiaries which are controlled by the Company:**

Edelweiss Securities Limited

Edelweiss Finance & Investments Limited

ECL Finance Limited

Edelweiss Global Wealth Management Limited

EC Global Limited, Mauritius (through Edelweiss Finance & Investments Limited)

Edelweiss Insurance Brokers Limited

Edelweiss Trustee Services Limited

Edelweiss Business Services Limited (formerly known as Edelweiss Web Services Limited) (through Edelweiss Broking Limited)

Edelcap Securities Limited (through ECap Equities Limited)

Edelweiss Asset Management Limited

ECap Equities Limited

Edelweiss Broking Limited

Edelweiss Trusteeship Company Limited

Edelweiss Alternative Asset Advisors Limited

Edelweiss Housing Finance Limited (through Edelweiss Commodities Services Limited)

Edelweiss Investment Adviser Limited

EC Commodity Limited

Edel Commodities Limited (through Edelweiss Commodities Services Limited)

Edel Land Limited

Edelweiss Custodial Services Limited (through Edelweiss Securities Limited)

EC International Limited, Mauritius

Edelweiss Capital (Singapore) Pte. Limited

Edelweiss Alternative Asset Advisors Pte. Limited (through Edelweiss Capital (Singapore) Pte. Limited)

Edelweiss International (Singapore) Pte. Limited (through Edelweiss Capital (Singapore) Pte. Limited)

Aster Commodities DMCC, United Arab Emirates (through EC International Limited, Mauritius)

EAAA LLC, Mauritius (through EC International Limited)

EW Special Opportunities Advisors LLC, Mauritius (through EAAA LLC)

**2.28 Related Parties *(Continued)***

**(A) Subsidiaries which are controlled by the Company: *(Continued)***

EW India Special Assets Advisors LLC, Mauritius (through EAAA LLC)

Edel Investments Limited

Edelweiss Tokio Life Insurance Company Limited

Edelweiss Investment Advisors Private Limited, Singapore (through Edelweiss Capital (Singapore) Pte. Limited)

Edelweiss Commodities Services Limited

Edelweiss Comtrade Limited (through Edelweiss Securities Limited)

Edel Finance Company Limited (through Edelweiss Broking Limited)

Edelweiss Capital Markets Limited (through Edelweiss Commodities Services Limited)

EW SBI Crossover Advisors LLC, Mauritius (through EAAA LLC)

EFSL Trading Limited (formerly known as EFSL Commodities Limited) (through Edel Commodities Limited)

Edel Commodities Trading Limited (Upto 17 November 2016)

EFSL Comtrade Limited (through Edelweiss Commodities Services Limited)

Edelweiss Retail Finance Limited (through Edelcap Securities Limited)

Edelweiss Securities (Hong Kong) Private Limited (through Edelweiss Securities Limited)

Edelweiss Metals Limited (upto 30 June 2016)

Edelweiss Financial Services Inc, United States of America (through Edelweiss Securities Limited)

Edelweiss Commodities Pte. Ltd, Singapore (through EFSL Comtrade Limited)

Edelweiss Commodities Nigeria Limited (Upto 17 November 2016)

Edelweiss Agri Value Chain Limited (through Edelweiss Commodities Services Limited)

EdelGive Foundation

Edelweiss Multi Strategy Funds Management Private Limited (formerly known as Forefront Capital Management Private Limited)

Edelweiss Wealth Advisors LLP (Formerly known as Forefront Wealth Advisors LLP) (through Edelweiss Commodities Services Limited)

Auris Corporate Centre Limited (through Ecap Equities Limited)

Olive Business Centre Limited (through Ecap Equities Limited)

Eternity Business Centre Limited (through Ecap Equities Limited)

Serenity Business Park Limited (through Ecap Equities Limited)

# Notes to the financial statements *(Continued)*

(Currency: Indian rupees in millions)

**2.28 Related Parties *(Continued)***

**(A) Subsidiaries which are controlled by the Company: *(Continued)***

Burlington Business Solutions Limited (through Ecap Equities Limited)

Edelweiss India Capital Management, Mauritius (through Multi Strategy Funds Management Private Limited)

Edelweiss Multi Strategy Fund Adivsors LLP (Formerly known as Forefront Alternate Investment Advisors LLP) (through Edelweiss Multi Strategy Funds Management Private Limited)

Edelweiss Commodities (CHAD) SARL (Upto 17 November 2016)

EFSL International Limited (through EC International Limited)

Edelweiss Financial Services (UK) Limited (through Edelweiss Securities Limited)

Edelweiss Holdings Limited

Edelweiss Tarim Urunleri Anonim Sirketi, Turkey (through EFSL Comtrade Limited)

Edelweiss AIF Fund I - EW Clover Scheme -1 (through Edelcap Securities Limited)

Edelweiss General Insurance Company Limited

Edelweiss Finvest Private Limited (formerly known as Arum Investments Private Limited) (through Ecap Equities Limited)

Edelweiss Asset Reconstruction Company Limited (through Edelweiss Custodial Services Limited) (from 16 September 2016)

Edelweiss Private Equity Tech Fund (through Ecap Equities Limited) (from 21 November 2016)

Edelweiss Securities (IFSC) Limited (from 23 December 2016)

**(B) Associates:**

Allium Finance Private Limited (through Edelweiss Commodities Services Limited)

Edelweiss Fund Advisors Private Limited

Dahlia Commodities Services Private Limited (through Edelweiss Securities Limited)

Magnolia Commodities Services Private Limited (through Edelweiss Securities Limited)

Aeon Credit Service India Private Limited (through ECL Finance Limited)

**(C) Individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them control or significant influence over the Company:**

Mr. Rashesh Shah

Mr. Venkat Ramaswamy

Ms. Vidya Shah

Ms. Aparna T. C.

**2.28 Related Parties *(Continued)***

**(D) Key managerial personnel :**

Mr. Rashesh Shah - Chairman, Managing Director & CEO

Mr. Venkat Ramaswamy - Executive Director

Mr. Himanshu Kaji - Executive Director

Mr. Rujan Panjwani - Executive Director

**(E) Relatives of individuals exercising significant influence and relatives of KMP, with whom transactions have taken place:**

Ms. Kaavya Venkat

Ms. Shilpa Mody

Ms. Sejal Premal Parekh

Mr. A V Ramaswamy

Ms. Sneha Sripad Desai

Mr. Nalin Kaji

Ms. Shabnam Panjwani

**(F) Enterprises over which KMPs / Relatives exercise significant influence, with whom transactions have taken place:**

Spire Investment Advisors LLP

# Notes to the financial statements *(Continued)*

(Currency: Indian rupees in millions)

**2.28 Related Parties *(Continued)***

**(G) Transactions and balances with related parties**

| Sr. No. | Nature of Transaction | Related Party Name | 31 March 2017 | 31 March 2016 |
|---|---|---|---|---|
| | **Capital Account Transaction** | | | |
| | | | | |
| 1 | Investments in Equity shares of | Edelweiss Asset Reconstruction Company Limited | **434.89** | - |
| | | Edelweiss Asset Management Limited | **315.00** | - |
| | | Edelweiss Securities (IFSC) Limited | **108.66** | - |
| | | EC Commodity Limited | **-** | 290.43 |
| | | Edelweiss Holdings Limited | **-** | 150.00 |
| | | Edelweiss Retail Finance Limited | **-** | 408.18 |
| | | Edelweiss Capital (Singapore) Pte. Limited | **70.08** | 97.38 |
| | | Edelweiss Multi Strategy Funds Management Pvt. Ltd. | **70.00** | 40.00 |
| | | Others – Subsidiaries | **68.05** | 25.00 |
| | | | | |
| 2 | Long term loans given repaid by | Edelweiss Commodities Services Limited | **-** | 700.00 |
| | | | | |
| | **Current Account Transaction** | | | |
| | | | | |
| 3 | Commercial paper subscribed by | Edelweiss Commodities Services Limited | **1,986.94** | 101,865.81 |
| | | Ecap Equities Limited | **3,732.67** | - |
| | | | | |
| 4 | Commercial paper redeemed to | Edelweiss Commodities Services Limited | **10,823.88** | 22,500.00 |
| | | | | |
| | | | | |
| 5 | Short term loans given to | Edelweiss Commodities Services Limited | **39,093.19** | 21,855.09 |
| | (Refer note 1) | ECL Finance Limited | **-** | 14,412.29 |
| | | Ecap Equities Limited | **84.00** | 11,985.07 |
| | | Edelweiss Securities Limited | **968.18** | 11,027.40 |
| | | Edelweiss Finance & Investments Limited | **-** | 13,982.53 |
| | | Edelweiss Retail Finance Limited | **333.02** | 2,426.90 |
| | | EC International Limited | **6,511.80** | 3,048.32 |
| | | Edelweiss Capital (Singapore) Pte. Limited | **3,258.65** | 1,346.93 |
| | | Edelweiss Finvest Private Limited | **-** | 20,191.51 |
| | | Others – Subsidiaries | **2,639.91** | 21,941.61 |
| | | Others – Associates | **-** | 0.47 |
| | | | | |
| 6 | Short term loans repaid by | Edelweiss Commodities Services Limited | **39,393.77** | 34,348.51 |
| | (Refer note 1) | ECL Finance Limited | **-** | 14,463.75 |
| | | Ecap Equities Limited | **279.27** | 22,249.62 |
| | | Edelweiss Securities Limited | **1,249.43** | 13,109.63 |
| | | Edelweiss Finance & Investments Limited | **123.41** | 13,895.38 |
| | | Edelweiss Retail Finance Limited | **429.13** | 2,733.65 |
| | | EC International Limited | **5,926.90** | 4,153.95 |
| | | Edelweiss Capital (Singapore) Pte. Limited | **1,506.87** | 1,207.46 |
| | | Edelweiss Finvest Private Limited | **13.40** | 20,179.60 |
| | | Others – Subsidiaries | **3,653.35** | 35,695.73 |
| | | Others – Associates | **-** | 0.47 |

**2.28 Related Parties *(Continued)***

**(G) Transactions and balances with related parties *(Continued)***

| Sr. No. | Nature of Transaction | Related Party Name | 31 March 2017 | 31 March 2016 |
|---|---|---|---|---|
| | **Current Account Transaction *(Continued)*** | | | |
| | | | | |
| **7** | Short term loans taken from | Edelweiss Commodities Services Limited | **10,397.01** | 8,885.16 |
| | (Refer note 1) | Edelweiss Finance & Investments Limited | **-** | 1,461.32 |
| | | Others – Subsidiaries | **-** | 21.91 |
| | | | | |
| **8** | Short term loans taken repaid to | Edelweiss Commodities Services Limited | **3,246.68** | 8,885.16 |
| | (Refer note 1) | Edelweiss Finance & Investments Limited | **-** | 1,461.32 |
| | | Others – Subsidiaries | **-** | 21.91 |
| | | | | |
| **9** | Margin placed with Broker | Edelweiss Securities Limited | **3.81** | 54.37 |
| | (Refer note 1) | Edelweiss Custodial Services Limited | **21.43** | - |
| | | | | |
| **10** | Margin withdrawn from Broker | Edelweiss Securities Limited | **58.50** | 64.33 |
| | (Refer note 1) | Edelweiss Custodial Services Limited | **5.49** | - |
| | | | | |
| **11** | Reimbursements recovered from | ECL Finance Limited | **114.63** | 851.70 |
| | | Edelweiss Commodities Services Limited | **267.41** | 523.58 |
| | | Edelweiss Finance & Investments Limited | **31.28** | 467.71 |
| | | Ecap Equities Limited | **122.51** | 148.61 |
| | | Others – Subsidiaries | **510.00** | 1,560.01 |
| | | Others – Associates | **196.95** | 85.28 |
| | | | | |
| **12** | Reimbursements paid to | Edelweiss Business Services Limited | **613.51** | 456.04 |
| | | Others – Subsidiaries | **3.94** | 51.75 |
| | | | | |
| **13** | Dividend paid to | Mr. Rashesh Shah | **145.30** | 210.49 |
| | | Mr. Venkat Ramaswamy | **58.03** | 83.74 |
| | | Spire Investment Advisors LLP | **41.95** | 60.83 |
| | | Others - Individuals exercising significant influence | **47.03** | 67.06 |
| | | Others - Key managerial personnel | **14.30** | 19.15 |
| | | Others - Relatives of individuals exercising significant influence | **15.30** | 22.18 |
| | | | | |
| **14** | Remuneration to | Mr. Rashesh Shah | **51.16** | 60.62 |
| | (Refer note 2) | Mr. Venkat Ramaswamy | **1.20** | 2.70 |
| | | Mr. Himanshu Kaji | **50.99** | 57.95 |
| | | Mr. Rujan Panjwani | **31.33** | 1.24 |

# Notes to the financial statements *(Continued)*

(Currency: Indian rupees in millions)

**2.28 Related Parties *(Continued)***

**(G) Transactions and balances with related parties *(Continued)***

| Sr. No. | Nature of Transaction | Related Party Name | 31 March 2017 | 31 March 2016 |
|---|---|---|---|---|
| | **Current Account Transaction *(Continued)*** | | | |
| | | | | |
| **15** | Dividend Income from | Edelweiss Securities Limited | **-** | 0.01 |
| | | Edelweiss Finance & Investments Limited | **557.55** | 550.92 |
| | | Edelweiss Commodities Services Limited | **452.59** | 104.21 |
| | | Ecap Equities Limited | **-** | 151.26 |
| | | | | |
| **16** | Rating support fee earned from | ECL Finance Limited | **155.70** | 185.00 |
| | | Edelweiss Commodities Services Limited | **103.30** | 89.40 |
| | | Edelweiss Securities Limited | **11.60** | 22.80 |
| | | Others – Subsidiaries | **70.50** | 92.10 |
| | | | | |
| **17** | Fee / commission earned from | Aster Commodities DMCC | **99.50** | 97.56 |
| | | EC Global Limited | **27.43** | 37.41 |
| | | Edelweiss Tokio Life Insurance Company Limited | **50.00** | 20.00 |
| | | Edelweiss International (Singapore) Pte. Ltd. | **13.80** | 15.12 |
| | | Edelweiss Commodities Pte. Limited | **23.56** | 10.98 |
| | | | | |
| **18** | Interest Income on short term loan from | Edelweiss Commodities Services Limited | **558.69** | 1,111.63 |
| | | Edelweiss Securities Limited | **6.79** | 620.76 |
| | | ECL Finance Limited | **-** | 172.05 |
| | | Ecap Equities Limited | **1.46** | 1,064.33 |
| | | EC International Limited | **179.89** | 102.64 |
| | | Edelweiss Capital (Singapore) Pte. Limited | **172.91** | 91.97 |
| | | Others – Subsidiaries | **88.10** | 1,869.17 |
| | | | | |
| **19** | Interest income on long term loan from | Edelweiss Commodities Services Limited | **-** | 80.56 |
| | | | | |
| **20** | Interest income on margin from | Edelweiss Securities Limited | **0.30** | 0.60 |
| | | Others – Subsidiaries | **0.02** | - |
| | | | | |
| **21** | Interest expense on short term loan to | Edelweiss Commodities Services Limited | **442.18** | 21.29 |
| | | Edelweiss Finance & Investments Limited | **-** | 33.81 |
| | | Others – Subsidiaries | **-** | 0.97 |
| | | | | |
| **22** | Interest expense on debentures | Edelweiss Commodities Services Limited | **1.60** | - |
| | | Edelweiss Finance & Investments Limited | **3.98** | - |
| | | | | |
| **23** | Interest expense on commercial paper | Edelweiss Commodities Services Limited | **26.75** | - |
| | | Others – Subsidiaries | **0.34** | - |

**2.28 Related Parties *(Continued)***

**(G) Transactions and balances with related parties *(Continued)***

| Sr. No. | Nature of Transaction | Related Party Name | 31 March 2017 | 31 March 2016 |
|---|---|---|---|---|
| | **Current Account Transaction *(Continued)*** | | | |
| | | | | |
| **24** | Commission & Sub-brokerage paid to | Edelweiss Securities Limited | **0.01** | 35.30 |
| | | | | |
| **25** | Rent expense to | Edelweiss Commodities Services Limited | **68.74** | 22.73 |
| | | Others – Subsidiaries | **0.51** | - |
| | | | | |
| **26** | Other expenses to | Edelweiss Securities Limited | **0.07** | 0.05 |
| | | Edelweiss Business Services Limited | **0.05** | 0.15 |
| | | Edelweiss Tokio Life Insurance Company Limited | **19.09** | - |
| | | | | |
| **27** | Cost reimbursements paid to | Edelweiss Commodities Services Limited | **10.79** | 2.46 |
| | | Others – Subsidiaries | **0.08** | - |
| | | | | |
| **28** | Cost reimbursements recovered from | Edelweiss Securities Limited | **7.56** | 41.71 |
| | | Edelweiss Commodities Services Limited | **1.54** | 25.59 |
| | | ECL Finance Limited | **8.89** | 28.16 |
| | | Edelweiss Tokio Life Insurance Company Limited | **2.48** | 6.98 |
| | | Edelweiss Broking Limited | **13.31** | 4.56 |
| | | Others – Subsidiaries | **25.80** | 59.39 |
| | | Others – Associates | **0.07** | 0.28 |
| | | | | |
| **29** | Transfer of gratuity liability on account of employee transfer to | Edelweiss Alternative Asset Advisors Limited | **-** | 0.14 |
| | | Edelweiss Securities Limited | **-** | 0.18 |
| | | Edelweiss Broking Limited | **-** | 0.70 |
| | | ECL Finance Limited | **-** | 1.48 |
| | | Edelweiss Commodities Services Limited | **-** | 0.10 |
| | | Edelweiss Investment Adviser Limited | **-** | 0.18 |
| | | Others – Subsidiaries | **-** | 0.54 |
| | | | | |
| **30** | Transfer of gratuity liability on account of employee transfer from | ECL Finance Limited | **1.00** | - |
| | | Others – Subsidiaries | **0.64** | - |
| | | | | |

# Notes to the financial statements *(Continued)*

(Currency: Indian rupees in millions)

**2.28 Related Parties *(Continued)***

**(G) Transactions and balances with related parties *(Continued)***

| Sr. No. | Nature of Transaction | Related Party Name | 31 March 2017 | 31 March 2016 |
|---|---|---|---|---|
| | **Current Account Transaction *(Continued)*** | | | |
| | | | | |
| **31** | Directors nomination deposits placed with | Edelweiss Securities Limited | **-** | 0.20 |
| | | Edelweiss Tokio Life Insurance Company Limited | **-** | 0.40 |
| | | EC Commodity Limited | **0.30** | - |
| | | Edelweiss Finance & Investments Limited | **-** | 0.10 |
| | | Edelweiss Multi Strategy Funds Management Pvt. Ltd. | **0.10** | 0.20 |
| | | Edelweiss Alternative Asset Advisors Limited | **-** | 0.20 |
| | | Edelweiss Commodities Services Limited | **-** | 0.30 |
| | | Edelweiss Broking Limited | **0.30** | - |
| | | ECap Equities Limited | **0.20** | 0.10 |
| | | Others – Subsidiaries | **-** | 0.40 |
| | | | | |
| **32** | Directors nomination deposits placed repaid by | Edelweiss Securities Limited | **-** | 0.20 |
| | | Edelweiss Tokio Life Insurance Company Limited | **-** | 0.40 |
| | | Edelweiss Investment Adviser Limited | **-** | 0.20 |
| | | Edelweiss Multi Strategy Funds Management Pvt. Ltd. | **-** | 0.20 |
| | | Edelweiss Asset Management Limited | **-** | 0.20 |
| | | Edelweiss Commodities Services Limited | **0.10** | 0.30 |
| | | Edelweiss Broking Limited | **0.30** | - |
| | | ECL Finance Limited | **0.20** | - |
| | | EC Commodity Limited | **0.40** | - |
| | | ECap Equities Limited | **0.20** | 0.20 |
| | | Others – Subsidiaries | **0.20** | 0.10 |
| | | | | |
| **33** | Contribution towards corporate social responsibility | Edelgive Foundation | **26.84** | 14.00 |
| | | | | |

**2.28 Related Parties *(Continued)***

**(G) Transactions and balances with related parties *(Continued)***

| Sr. No. | Nature of Transaction | Related Party Name | 31 March 2017 | 31 March 2016 |
|---|---|---|---|---|
| | **Balances with related parties** | | | |
| | | | | |
| **34** | Investments in Equity shares in | ECL Finance Limited | **5,190.56** | 5,190.56 |
| | | Edelweiss Tokio Life Insurance Company Limited | **3,642.21** | 3,642.21 |
| | | Edelweiss Finance & Investments Limited | **2,618.12** | 2,618.12 |
| | | Others – Subsidiaries | **5,126.33** | 4,060.15 |
| | | Others – Associates | **0.50** | 0.50 |
| | | Others - Enterprise over which significant influence is exercised | **-** | 0.10 |
| | | | | |
| **35** | Investments in Preference shares in | Ecap Equities Limited | **18.00** | 18.00 |
| | | Edel Investments Limited | **9.00** | 9.00 |
| | | Others - Subsidiaries @ | **0.00** | 0.00 |
| | | | | |
| **36** | Dividend receivable from | Edelweiss Commodities Services Limited | **199.49** | - |
| | | Ecap Equities Limited | **-** | 1.26 |
| | | | | |
| **37** | Short term loans given to | Edelweiss Commodities Services Limited | **-** | 300.58 |
| | | Ecap Equities Limited | **-** | 195.26 |
| | | Edelweiss Business Services Limited | **-** | 162.51 |
| | | EC International Limited | **698.63** | 113.73 |
| | | Edelweiss Broking Limited | **2,573.55** | 968.47 |
| | | Edelweiss Capital (Singapore) Pte. Limited | **2,632.12** | 880.34 |
| | | Edelweiss Housing Finance Limited | **-** | 647.49 |
| | | Edelweiss Investment Adviser Limited | **-** | 672.40 |
| | | Others – Subsidiaries | **213.85** | 1,864.15 |
| | | | | |
| **38** | Short term loans taken from | Edelweiss Commodities Services Limited | **7,150.33** | - |
| | | | | |
| **39** | Commercial paper subscribed by | Edelweiss Commodities Services Limited | **-** | 347.34 |
| | | Ecap Equities Limited | **-** | 999.56 |
| | | | | |

# Notes to the financial statements *(Continued)*

(Currency: Indian rupees in millions)

**2.28 Related Parties *(Continued)***

**(G) Transactions and balances with related parties *(Continued)***

| Sr. No. | Nature of Transaction | Related Party Name | 31 March 2017 | 31 March 2016 |
|---|---|---|---|---|
| | **Balances with related parties *(Continued)*** | | | |
| | | | | |
| **40** | Accrued interest on loans given to | Edelweiss Commodities Services Limited | **23.09** | 13.55 |
| | | Ecap Equities Limited | **-** | 9.54 |
| | | Edelweiss Securities Limited | **0.41** | 16.23 |
| | | EC International Limited | **8.82** | 7.65 |
| | | Edelweiss Capital (Singapore) Pte. Limited | **88.36** | 41.48 |
| | | Edelweiss Agri Value Chain Limited | **-** | 21.08 |
| | | Others – Subsidiaries | **9.88** | 55.62 |
| | | | | |
| **41** | Interest expense accrued and due on borrowings from | Edelweiss Commodities Services Limited | **39.54** | - |
| | | ECL Finance Limited | **-** | 19.16 |
| | | | | |
| **42** | Advances with | Edelweiss Securities Limited | **0.60** | 25.46 |
| | | Edelweiss Tokio Life Insurance Company Limited | **32.51** | 19.89 |
| | | ECL Finance Limited | **1.06** | 50.28 |
| | | Edelweiss Broking Limited | **-** | 0.47 |
| | | Edelweiss Commodities Services Limited | **0.64** | - |
| | | Others – Subsidiaries | **3.62** | 3.61 |
| | | Others – Associates | **0.05** | 0.11 |
| | | | | |
| **43** | Trade payables to | Edelweiss Securities Limited | **2.13** | 40.67 |
| | | Edelweiss Commodities Services Limited | **1.09** | 0.59 |
| | | Edelweiss Finance & Investments Limited | **1.05** | 1.05 |
| | | ECL Finance Limited | **0.05** | 1.58 |
| | | Ecap Equities Limited | **1.14** | 0.05 |
| | | Edelweiss Broking Limited | **1.04** | 0.85 |
| | | Others – Subsidiaries | **4.36** | 0.81 |
| | | Others – Associates | **-** | 0.01 |
| | | | | |
| **44** | Trade receivables from | Aster Commodities DMCC | **99.50** | 97.63 |
| | | EC Global Limited | **27.43** | 37.41 |
| | | Edelweiss International (Singapore) Pte. Ltd. | **13.80** | 15.12 |
| | | ECL Finance Limited | **-** | 224.38 |
| | | Edelweiss Commodities Services Limited | **-** | 114.92 |
| | | Edelweiss Tokio Life Insurance Company Limited | **52.50** | - |
| | | Edelweiss Commodities Pte. Limited | **23.56** | - |
| | | Others – Subsidiaries | **-** | 142.54 |
| | | | | |

**2.28 Related Parties *(Continued)***

**(G) Transactions and balances with related parties *(Continued)***

| Sr. No. | Nature of Transaction | Related Party Name | 31 March 2017 | 31 March 2016 |
|---|---|---|---|---|
| | **Balances with related parties *(Continued)*** | | | |
| | | | | |
| **45** | Margin placed with broker | Edelweiss Securities Limited | **0.20** | 54.89 |
| | (Refer note 1) | Edelweiss Custodial Services Limited | **15.94** | - |
| | | | | |
| **46** | Accrued salaries and benefits | Mr. Rashesh Shah | **40.00** | 50.00 |
| | (Refer note 2) | Mr. Himanshu Kaji | **40.00** | 47.50 |
| | | Mr. Rujan Panjwani | **30.00** | - |
| | | Mr. Venkat Ramaswamy | **-** | 1.50 |
| | | | | |
| **47** | Non-convertible debentures held by | Edelweiss Commodities Services Limited | **-** | 51.30 |
| | | Edelweiss Finance & Investments Limited | **-** | 140.80 |
| | | | | |
| **48** | Directors nomination deposits placed with | Edelweiss Securities Limited | **0.20** | 0.20 |
| | | Edelweiss Investment Adviser Limited | **-** | 0.20 |
| | | Edelweiss Finance & Investments Limited | **0.40** | 0.40 |
| | | ECap Equities Limited | **0.10** | 0.10 |
| | | ECL Finance Limited | **-** | 0.20 |
| | | Edelweiss Alternative Asset Advisors Limited | **0.10** | 0.10 |
| | | Edel Land Limited | **0.10** | 0.10 |
| | | Edelweiss Multi Strategy Funds Management Pvt. Ltd. | **0.10** | - |
| | | Others – Subsidiaries | **-** | 0.40 |
| | | | | |
| **49** | Corporate guarantee given to | ECL Finance Limited | **5,027.00** | 33,881.70 |
| | | Edelweiss Housing Finance Limited | **3,447.90** | 11,555.10 |
| | | Aster Commodities DMCC | **648.39** | 8,848.15 |
| | | Edelweiss Finance & Investments Limited | **6,921.20** | 12,145.50 |
| | | Edelweiss Commodities Services Limited | **20,937.50** | 6,600.00 |
| | | Edelweiss International (Singapore) Pte. Ltd. | **550.16** | 2,155.82 |
| | | EC Global Limited | **648.39** | 1,326.66 |
| | | Edelweiss Retail Finance Limited | **-** | 200.00 |
| | | Edelweiss Asset Reconstruction Company Limited | **9,000.00** | - |
| | | Edelweiss Custodial Services Limited | **10,900.00** | - |
| | | Others – Subsidiaries | **12,423.00** | 4,753.31 |

@ ₹ 0.00 refers to amount less than ₹ 0.01 million

1) The Intra group company loans are generally in the nature of revolving demand loans unless otherwise stated. Loan given/taken to/from parties and margin money placed/refund received with/from related parties are disclosed based on the maximum incremental amount given/taken and placed/refund received during the reporting period.

2) Information relating to remuneration paid to key managerial person mentioned above excludes provision made for gratuity which is provided for group of employees on an overall basis. These are included on cash basis.

3) Loan given to subsidiaries and associates are for the general corporate business.

# Notes to the financial statements *(Continued)*

(Currency: Indian rupees in millions)

## 2.29 Earnings per share

In accordance with Accounting Standard 20 – "Earnings Per Share" prescribed by Companies (Accounts) Rules, 2014, the computation of earnings per share is set out below:

| | | 2017 | 2016 |
|---|---|---|---|
| a. | **Shareholders earnings** (as per statement of profit and loss) | **1,290.06** | 1,555.94 |
| b. | **Calculation of weighted average number of equity shares of ₹ 1 each:** | | |
| | - Number of shares outstanding at the beginning of the year | **814,036,630** | 791,752,619 |
| | - Number of shares issued during the year | **18,532,459** | 22,284,011 |
| | Total number of equity shares outstanding at the end of the year | **832,569,089** | 814,036,630 |
| | Weighted average number of equity shares outstanding during the year (based on the date of issue of shares) | **826,052,403** | 807,065,324 |
| c. | Number of dilutive potential equity shares | **40,055,553** | 27,141,417 |
| d. | Basic earnings per share (in ₹) {a/b} | **1.56** | 1.93 |
| e. | Diluted earnings per share (in ₹) {a/(b+c)} | **1.49** | 1.87 |

## 2.30 Disclosure pursuant to Accounting Standard 15 (Revised) - Employee Benefits

### A) Defined contribution plan (Provident fund):

Amount of ₹ 14.50 million (Previous year: ₹ 13.10 million) is recognised as expense and included in "Employee benefit expense" – Note 2.24 in the statement of profit and loss.

### B) Defined benefit plan (Gratuity):

The following tables summarise the components of the net employee benefit expenses recognised in the statement of profit and loss, the funded status and amount recognised in the balance sheet for the gratuity benefit plan.

**Expenses recognised in the Statement of Profit and Loss**

| | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
|---|---|---|
| Current service cost | **3.46** | **3.21** |
| Interest on defined benefit obligation | **2.09** | **1.94** |
| Expected return on plan assets | **(1.98)** | **(2.07)** |
| Actuarial (gain)/loss | **(2.16)** | **1.42** |
| | | |
| **Total included in 'Employee benefit expense'** | **1.41** | **4.50** |

**2.30 Disclosure pursuant to Accounting Standard 15 (Revised) - Employee Benefits *(Continued)***

**Balance sheet**

**Reconciliation of defined benefit obligation (DBO)**

| | **As at 31 March 2017** | As at 31 March 2016 |
|---|---|---|
| Present value of DBO at the beginning of the year | **26.62** | **26.82** |
| Interest cost | **2.09** | **1.94** |
| Current service cost | **3.46** | **3.21** |
| Benefits paid | **(1.45)** | **(4.16)** |
| Actuarial (gain)/loss on obligations | **(0.33)** | **0.78** |
| Transfer In /(Out) | **1.64** | **(1.97)** |
| **Present value of DBO at the end of the year** | **32.03** | **26.62** |

**Reconciliation of fair value of plan assets**

| | **As at 31 March 2017** | As at 31 March 2016 |
|---|---|---|
| Fair value at the beginning of the year | **27.55** | **28.78** |
| Expected return on plan assets | **1.98** | **2.07** |
| Contributions by employer | **2.50** | **1.50** |
| Benefits paid | **(1.45)** | **(4.16)** |
| Actuarial gain/(loss) | **1.84** | **(0.64)** |
| | | |
| **Fair value of plan assets at the end of the year** | **32.42** | **27.55** |
| Actual return on plan assets | **3.82** | **1.43** |

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

| | **As at 31 March 2017** | As at 31 March 2016 | As at 31 March 2015 | As at 31 March 2014 | As at 31 March 2013 |
|---|---|---|---|---|---|
| Present value of DBO | **32.03** | 26.62 | 26.82 | 21.80 | 26.09 |
| Fair value of plan assets at the end of the year | **32.42** | 27.55 | 28.78 | 25.94 | 15.61 |
| | | | | | |
| **Asset /(liability) recognized in balance sheet** | **0.39** | 0.94 | 1.96 | 4.14 | (10.48) |

**Experience adjustments:**

| | **As at 31 March 2017** | As at 31 March 2016 | As at 31 March 2015 | As at 31 March 2014 | As at 31 March 2013 |
|---|---|---|---|---|---|
| On plan liabilities: (gain)/loss | **(0.89)** | 0.50 | (0.27) | (1.35) | 9.54 |
| On plan assets: gain/(loss) | **1.73** | (0.70) | 4.00 | 1.34 | 0.54 |
| Estimated contribution for next year | **Nil** | Nil | Nil | Nil | 9.50 |

# Notes to the financial statements *(Continued)*

(Currency: Indian rupees in millions)

**2.30 Disclosure pursuant to Accounting Standard 15 (Revised) - Employee Benefits *(Continued)***

**Percentage Break-down of Total Plan Assets:**

| | **2017** | 2016 |
|---|---|---|
| Insurer Managed Funds (Unit-linked) | **97%** | **100%** |
| Cash and Bank | **3%** | **0%.** |

**Actuarial assumptions as at the balance sheet date:**

| | **2017** | 2016 |
|---|---|---|
| Discount rate | **6.80% p.a.** | 7.40% p.a. |
| Salary escalation | **7.00% p.a.** | 7.00% p.a. |
| Employee attrition rate | **13%-25% p.a.** | 13%-25% p.a. |
| Expected return on plan assets | **7.4% p.a.** | 7.8% p.a. |
| Mortality rate | **IALM 2006-08 (Ult.)** | IALM 2006-08 (Ult.) |
| Expected average remaining working lives of employees | **5 years** | 5 years |

**2.31 Foreign currency transactions**

The Company has undertaken the following transactions in foreign currency:

| | **For the year ended 31 March 2017** | For the year ended 31 March 2016 |
|---|---|---|
| **Expenditure incurred in foreign currency (on accrual basis)** | | |
| Membership and subscription | **7.74** | 0.40 |
| Legal and professional fees | **6.82** | 3.17 |
| Travelling and conveyance | **2.93** | 2.80 |
| Computer software | **1.45** | 5.70 |
| Travel Reimbursements | **1.02** | 0.96 |
| Rent | **0.93** | - |
| Seminar & Conference | **0.22** | - |
| Salaries & Bonus - Stipend | **0.07** | - |
| Miscellaneous expenses | **0.02** | 0.63 |
| Director's Sitting Fees | **-** | 0.14 |
| Commission to Non Executive Directors | **-** | 1.30 |
| **Total** | **21.20** | 15.10 |
| | | |
| **Income earned in foreign currency (on accrual basis)** | | |
| Fee and commission income | **321.60** | 174.60 |
| Reimbursement | **0.42** | - |
| **Total** | **322.02** | 174.60 |

**2.31 Foreign currency transactions *(Continued)***

Amount remitted in foreign currency during the year ended 31 March 2017 on account of equity dividend:

| | (Final Dividend) | (Interim dividend) |
|---|---|---|
| Number of equity shareholders | - | 5 |
| Number of equity shares | - | 16,252,530 |
| Dividend relates to year ended | - | 31 March 2017 |
| Amount remitted (Indian rupees in millions) | - | 16.25 |

Amount remitted in foreign currency during the year ended 31 March 2016 on account of equity dividend:

| | (Final Dividend) | (Interim dividend) |
|---|---|---|
| Number of equity shareholders | 5 | 5 |
| Number of equity shares | 17,069,530 | 16,769,530 |
| Dividend relates to year ended | 31 March 2015 | 31 March 2016 |
| Amount remitted (Indian rupees in millions) | 3.41 | 20.96 |

**2.32 Employee stock option plans**

The Company has currently two Employee Stock Option Plans ('Plans') in force. The Plans provide that the Company's employees and those of its subsidiaries and associates are granted an option to acquire equity shares of the Company that vest in a graded manner. The options may be exercised within a specified period. The plans also provide that if the ESOP Committee so notifies, the participant may have an option to receive cash in lieu of exercising the vested options in the manner provided in the ESOP Scheme in this regards.

The Company follows the intrinsic value method to account for its stock based compensation plans. Compensation cost is measured as the excess, if any, of the fair market value of the underlying share on the date of grant over the exercise price.

During the year, the Company granted stock options to employees under the ESOP 2011 Plan where the exercise price was linked to either closing market price of the shares on the date of the grant or book value of the shares as per the last audited balance sheet of the Company as on the date of the grant, whichever is higher.

The schedule of stock options vesting period for ESOP 2011 Plan are as follows:-

| Sr. No. | Vesting Date | % of options that shall vest |
|---|---|---|
| 1 | 12 months from the date of grant | 25 (Twenty five)% of grant |
| 2 | 24 months from the date of grant | 25 (Twenty five)% of grant |
| 3 | 36 months from the date of grant | 25 (Twenty five)% of grant |
| 4 | 48 months from the date of grant | 25 (Twenty five)% of grant |
| | **Total** | **100 (One hundred)% of grant** |

The options can be exercised within two years from the date of vesting.

During the years ended 31 March 2012, 31 March 2013, 31 March 2014, 31 March 2016 and 31 March 2017, the Company had granted stock options to the employees under the ESOP 2011 Plan (formulated in F.Y. 2011-12) where the exercise price was linked to either closing market price of the shares on the date of the grant or book value of the shares as per the last audited balance sheet of the Company as on the date of the grant, whichever is higher.

During the year ended 31 March 2011, the Company had formulated ESOP 2010 Plan wherein stock options were granted to employees where the exercise price was linked to either closing market price of the shares on the date of the grant or book value of the shares as per the last audited balance sheet of the Company as on the date of the grant, whichever is higher.

# Notes to the financial statements *(Continued)*

(Currency: Indian rupees in millions)

**2.32 Employee stock option plans *(Continued)***

The schedule of stock options vesting period for ESOP 2010 Plan are as follows:-

| Sr. No. | Vesting Date | % of options that shall vest |
|---|---|---|
| 1 | 12 months from the date of grant | 25 (Twenty five)% of grant |
| 2 | 24 months from the date of grant | 25 (Twenty five)% of grant |
| 3 | 36 months from the date of grant | 25 (Twenty five)% of grant |
| 4 | 48 months from the date of grant | 25 (Twenty five)% of grant |
| | **Total** | **100 (One hundred)% of grant** |

The options can be exercised within four years from the date of vesting.

During the year ended 31 March 2010, the Company had formulated ESOP 2009 Plan wherein stock options were granted to employees where the exercise price was linked to either closing market price of the shares on the date of the grant or book value of the shares as per the last audited balance sheet as on the date of the grant, whichever is higher.

The schedule of stock options vesting period for ESOP 2009 Plan is as follows:-

| Sr. No. | Vesting Date | % of options that shall vest |
|---|---|---|
| 1 | 36 months from the date of grant | 30 (Thirty)% of grant |
| 2 | 48 months from the date of grant | 30 (Thirty)% of grant |
| 3 | 60 months from the date of grant | 40 (Forty)% of grant |
| | **Total** | **100 (One hundred)% of grant** |

The options can be exercised within two years from the date of vesting.

For determination of compensation cost, the Company has assumed the exercise price to be the specified amount.

Since the exercise price in all the above Plans is linked to closing market price of the shares on the date of the grant date, there is no compensation cost based on intrinsic value of options.

With respect to stock options granted upto 31 March 2008, the fair market value of the underlying shares has been determined based on an independent valuer's report as these stock options were granted by the Company to its employees when it was not listed on the stock exchanges. The fair value of such stock options is arrived as stipulated in the Guidance Note on Accounting for Employee Share Based Payments issued by The Institute of Chartered Accountants of India. Based on intrinsic value method compensation cost charged in the statement of profit and loss for the year is ₹ Nil (Previous year: write back of ₹ 0.10 million).

**2.32 Employee stock option plans *(Continued)***

**Details of various schemes are stated below:**

Activity in the options outstanding under the employees stock option plans as at 31 March 2017:

| Exercise Price (₹) | Range of Exercise price(**) | Range of Exercise price(**) | Range of Exercise price(**) |
|---|---|---|---|
| **ESOP Plan** | **ESOP 2009** | **ESOP 2010** | **ESOP 2011** |
| **Scheme** | | | |
| **Total Options approved by the members** | **50,000,000** | **30,000,000** | **100,000,000** |
| Grants as at 1 April 2016 | **4,062,900** | **8,626,375** | **69,616,939** |
| Add - Options granted during the year | - | - | 5,115,000 |
| Less - Options lapsed/ cancelled during the Year | (1,900,400) | (1,225,625) | (4,346,103) |
| Less - Options exercised during the year | (2,162,500) | (3,141,000) | (13,727,434) |
| **Grants as at 31 March 2017** | **-** | **4,259,750** | **56,658,402** |
| **Options exercisable as at 31 March 2017** | **-** | **4,259,750** | **25,373,099** |

Activity in the options outstanding under the employees stock option plans as at 31 March 2016:

| Exercise Price (₹) | Pricing Formula (*) | Range of Exercise price(**) | Range of Exercise price(**) | Range of Exercise price(**) |
|---|---|---|---|---|
| **ESOP Plan** | **ESOP 2007** | **ESOP 2009** | **ESOP 2010** | **ESOP 2011** |
| **Scheme** | **II** | | | |
| **Total Options approved by the members** | **81,000,000** | **50,000,000** | **30,000,000** | **100,000,000** |
| Grants as at 1 April 2015 | **2,860,000** | **7,951,250** | **12,913,500** | **74,835,950** |
| Add - Options granted during the year | - | - | - | 11,300,000 |
| Less - Options lapsed/ cancelled during the year | (36,000) | (114,500) | (473,375) | (5,108,175) |
| Less - Options exercised during the year | (2,824,000) | (3,773,850) | (3,813,750) | (11,410,836) |
| **Grants as at 31 March 2016** | **-** | **4,062,900** | **8,626,375** | **69,616,939** |
| **Options exercisable as at 31 March 2016** | **-** | **4,062,900** | **8,626,375** | **22,858,126** |

(*) Pricing formula

**ESOP 2007 (II)**

| | |
|---|---|
| **Period during which vested options are exercised** | From 1 July 2011 to 30 June 2015 |
| **Exercise price payable for such vested options** | ₹ 33.30 |

(**) Range of Exercise price

**ESOP 2009**

| | | |
|---|---|---|
| **Exercise price payable for such vested options** | Closing market price of the shares on the date of the grant | ₹ 39.44 to ₹ 50.26 |

# Notes to the financial statements *(Continued)*

(Currency: Indian rupees in millions)

**2.32 Employee stock option plans *(Continued)***

(**) Range of Exercise price

**ESOP 2010**

| | | |
|---|---|---|
| **Exercise price payable for such vested options** | Closing market price of the shares on the date of the grant | ₹ 41.40 to ₹ 61.00 |

(**) Range of Exercise price

**ESOP 2011**

| | | |
|---|---|---|
| **Exercise price payable for such vested options** | Closing market price of the shares on the date of the grant | ₹ 24.60 to ₹ 118.00 |

Following summarises the information about stock options outstanding as at 31 March 2017:

| Plan | ESOP Scheme 2009 | ESOP Scheme 2010 | ESOP Scheme 2011 |
|---|---|---|---|
| **As at 31 March 2017** | | | |
| - Range of exercise price | ₹ 39.44 to ₹ 50.26 | ₹ 41.40 to ₹ 61.00 | ₹ 24.60 to ₹ 118.00 |
| - Number of shares arising out of options | - | 4,259,750 | 56,658,402 |
| - Weighted average life of Outstanding options (in years) | - | 1.31 | 4.32 |
| **Weighted average exercise prices of stock Options** (in ₹) | | | |
| - outstanding at the beginning of the year | 40.54 | 48.95 | 36.28 |
| - granted during the year | N.A. | N.A. | 68.34 |
| - forfeited/cancelled during the year | 39.44 | 49.95 | 35.56 |
| - exercised during the year | 50.10 | 48.24 | 33.57 |
| - outstanding at the end of the year | N.A. | 49.19 | 39.89 |
| - exercisable at the end of the year | N.A. | 49.19 | 34.06 |

The average market share price for stock options exercised during the year is ₹ 98.68 (Previous year: ₹ 58.55).

**Fair value methodology**

The fair value of options used to compute pro-forma net income and earnings per share have been estimated on the dates of each grant, on or after the date the 'Guidance Note on Accounting for Employee Share-based Payments', issued by the Institute of Chartered Accountants of India, became applicable, i.e. 1 April 2005, using the Black-Scholes option pricing model. The Company has estimated the volatility based on historical market volatility. The various assumptions considered in the pricing model for the aforementioned ESOP's granted are:

| | **For the year Ended 31 March 2017** | For the year Ended 31 March 2016 |
|---|---|---|
| Dividend yield | **0.85% - 3.12%** | 0.92% - 3.12% |
| Expected volatility | **38.77% - 51.44%** | 38.77% - 51.44% |
| Risk free interest rate | **7.50% - 8.00%** | 7.50% - 8.00% |
| Expected life of the option | **1.31 – 4.32 years** | 0.19 – 1.38 years |

The weighted average fair value of options granted during the year ended 31 March 2017 is ₹ 28.51 (Previous year: ₹ 22.46)

**2.32 Employee stock option plans *(Continued)***

**Impact of fair value method on net profit and earnings per share**

Had compensation cost for the Company's stock option plans outstanding been determined based on the fair value approach, the Company's net profit and earnings per share would have reduced to the pro-forma amounts as indicated below:

| | **For the year Ended 31 March 2017** | For the year Ended 31 March 2016 |
|---|---|---|
| Net Profit (as reported) | **1,290.06** | 1,555.94 |
| Less: Impact of incremental cost under fair value approach | **(213.17)** | (12.35) |
| Net Profit: (pro-forma) | **1,076.89** | 1,543.59 |
| Basic earnings per share (as reported) (in ₹) | **1.56** | 1.93 |
| Basic earnings per share (pro-forma) (in ₹) | **1.30** | 1.91 |
| Diluted earnings per share (as reported) (in ₹) | **1.49** | 1.87 |
| Diluted earnings per share (pro-forma) (in ₹) | **1.24** | 1.85 |

**2.33 Share application money pending allotment**

The Company has received ₹ 40.94 million (Previous year: ₹ 20.58 million) towards share application on exercise of ESOPs which will result in an issue of 1,133,100 shares (Previous year: 634,625 shares). Of the total receipts ₹ 39.81 million (Previous year: ₹ 19.95 million) has been received towards share premium. These shares have since been allotted.

**2.34 Capital Commitment**

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) ₹ 30.66 million (Previous year: ₹ 49.33 million).

**2.35 Contingent liabilities**

a) Claims against the Company not acknowledged as debt:

Taxation matters in respect of which appeal is pending ₹ 566.00 million (Previous year: ₹ 492.94 million);

b) Other claim not acknowledged as debt:

Corporate guarantees issued on behalf of subsidiaries to the extent of ₹ 70,503.54 million (Previous year: ₹ 81,466.24 million).

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

**2.36 Details of dues to micro, small and medium enterprises**

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

# Notes to the financial statements *(Continued)*

(Currency: Indian rupees in millions)

**2.37 Disclosure of loans and advances pursuant to requirements of Regulation 33 of Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015.**

| Sr. No. | Entity | 2017 | | 2016 | |
|---|---|---|---|---|---|
| | | Loan outstanding | Maximum amount outstanding during the year | Loan outstanding | Maximum amount outstanding during the year |
| 1 | Edelweiss Capital (Singapore) Pte. Limited | **2,632.12** | **4,138.99** | 880.34 | 2,087.81 |
| 2 | Edelweiss Broking Limited | **2,573.55** | **3,270.55** | 968.47 | 3,237.87 |
| 3 | EC International Limited | **698.63** | **6,625.53** | 113.73 | 4,267.68 |
| 4 | Edelweiss Multi Strategy Funds Management Private Ltd. | **111.19** | **213.39** | 210.01 | 244.19 |
| 5 | Edelweiss Comtrade Limited | **53.53** | **130.16** | 46.87 | 733.23 |
| 6 | Edelweiss Securities Limited | **42.65** | **1,292.09** | 323.90 | 13,433.53 |
| 7 | Edelweiss Securities (IFSC) Limited | **6.48** | **6.48** | - | - |
| 8 | Edelweiss Finance & Investments Limited | **-** | **123.41** | 123.41 | 14,018.79 |
| 9 | Edelweiss Commodities Services Limited | **-** | **39,393.77** | 300.58 | 34,649.09 |
| 10 | Ecap Equities Limited | **-** | **279.27** | 195.26 | 22,444.88 |
| 11 | ECL Finance Limited | **-** | **-** | - | 14,463.75 |
| 12 | Edelcap Securities Limited | **-** | **23.62** | 23.62 | 26.25 |
| 13 | Edelweiss Global Wealth Management Limited | **-** | **510.90** | 503.55 | 5,423.59 |
| 14 | Edelweiss Alternative Asset Advisors Limited | **-** | **37.33** | 33.44 | 118.41 |
| 15 | Edel Commodities Limited | **-** | **52.32** | 52.32 | 456.18 |
| 16 | EC Commodity Limited | **-** | **39.12** | 39.12 | 640.82 |
| 17 | Edel Land Limited | **-** | **40.06** | 40.06 | 2,226.41 |
| 18 | Edelweiss Business Services Limited | **-** | **198.62** | 162.51 | 5,032.77 |
| 19 | Edelweiss Housing Finance Limited | **-** | **648.49** | 647.49 | 6,068.76 |
| 20 | Edelweiss Investment Adviser Limited | **-** | **673.00** | 672.40 | 2,450.02 |
| 21 | EFSL Comtrade Limited | **-** | **28.11** | 28.11 | 35.81 |
| 22 | EFSL Trading Limited | **-** | **76.16** | 76.16 | 3,431.09 |
| 23 | Edel Commodities Trading Limited | **-** | **113.89** | 113.89 | 3,178.78 |
| 24 | Edel Finance Company Limited | **-** | **10.74** | 9.99 | 68.89 |
| 25 | Edelweiss Custodial Services Limited | **-** | **7.68** | 2.31 | 40.16 |
| 26 | Edelweiss Retail Finance Limited | **-** | **429.13** | 96.11 | 2,829.76 |
| 27 | Edelweiss Asset Management Limited | **-** | **12.30** | 8.56 | 58.56 |
| 28 | Edelweiss Agri Value Chain Limited | **-** | **186.83** | 0.95 | 5,536.61 |
| 29 | Edelweiss Finvest Private Limited | **-** | **13.40** | 13.40 | 20,193.00 |
| 30 | Edelweiss Metals Limited | **-** | **68.99** | 68.99 | 339.00 |
| 31 | Edel Investments Limited | **-** | **1.12** | 1.12 | 7.81 |
| 32 | Edelweiss Asset Reconstruction Company Limited | **-** | **-** | - | 0.47 |
| 33 | Edelweiss Capital Markets Limited | **-** | **48.26** | 48.26 | 98.26 |
| 34 | Edelweiss Commodities Services Limited | **-** | **-** | - | 700.00 |

All the above loans are repayable on demand as per contracted terms.

**2.38 Cost sharing**

Edelweiss Financial Services Limited, being the holding company along with group companies, incurs expenditure like common senior management compensation cost in financial year 2015-16, Group mediclaim, etc. which is for the common benefit of itself and its certain subsidiaries including the Company. This cost so expended is reimbursed by the Company on the basis of number of employees, time spent by employees of other companies, actual identifications etc. On the same lines, costs like rent, electricity charges incurred by the Company for the benefit of fellow subsidiaries and associate companies are recovered as reimbursement by the Company from the subsidiaries and associate companies on similar basis. Accordingly, and as identified by the management, the expenditure heads in note 2.24 and 2.26 include reimbursements paid and are net of the reimbursements received based on the management's best estimate.

**2.39** Based on the opinion of the Expert Advisory Committee of the Institute of Chartered Accountants of India, the Company, from the quarter ended 30 June 2016, is presenting interest income from its group companies on a gross basis under the head income from operations which until then was presented on a net basis. The Company has accordingly presented interest income from its group companies of ₹ 1,007.83 million for the year ended 31 March 2017 on gross basis. Income from operations and finance costs for the year ended 31 March 2016 are therefore not comparable. This has no impact on the net profit of the Company for the years.

**2.40 Derivative Transactions**

The Company uses forward exchange contracts and futures to hedge its exposure in foreign currency. The information on open derivative instrument is as follows:

**A. Open interest in currency futures with exchange**

**As at 31 March 2017**

| Name of future | Position | Purpose | Expiry Date | No. of contracts | No. of units involved |
|---|---|---|---|---|---|
| USDINR | Short | Hedging | 26-Apr-17 | 5,809 | 5,809,000 |

As at 31 March 2016

| Name of future | Position | Purpose | Expiry Date | No. of contracts | No. of units involved |
|---|---|---|---|---|---|
| USDINR | Long | Hedging | 27-Apr-16 | 3,508 | 3,508,000 |
| USDINR | Short | Hedging | 27-Apr-16 | 7,071 | 7,071,000 |

**B. Open interest in currency forward other than exchange**

**As at 31 March 2017**

| Particulars | Purpose | Expiry date | Notional Principal |
|---|---|---|---|
| USD/INR | Hedging | 30-Jun-2017 | 3,063.51 |
| SGD/INR | Hedging | 30-Jun-2017 | 589.16 |

As at 31 March 2016

| Particulars | Purpose | Expiry date | Notional Principal |
|---|---|---|---|
| USD/INR | Hedging | 29-Sep-2016 | 348.43 |
| SGD/INR | Hedging | 30-Jun-2016 | 618.44 |

# Notes to the financial statements *(Continued)*

(Currency: Indian rupees in millions)

**2.41 Details of secured debentures**

**As at 31 March 2017**

| **Interest rate range** | Maturity | |
|---|---|---|
| | 2017-2018 | 2018-2019 |
| Non convertible Debentures | | |
| 10.20% | 175.00 | 212.00 |
| 10.75% | 100.00 | - |
| 10.90% | 175.00 | - |
| 11.00% | 250.00 | - |
| 11.05% | 150.00 | - |
| | | |
| **Total** | **850.00** | 212.00 |

As at 31 March 2016

| Interest rate range | Maturity | | |
|---|---|---|---|
| | 2016-2017 | 2017-2018 | 2018-2019 |
| Non convertible Debentures | | | |
| 10.20% | - | 175.00 | 212.00 |
| 10.46% | 1,000.00 | - | - |
| 10.75% | - | 100.00 | - |
| 10.90% | - | 175.00 | - |
| 11.00% | - | 250.00 | - |
| 11.05% | - | 150.00 | - |
| 11.65% | 100.00 | - | - |
| 11.84% | 600.00 | - | - |
| Total | 1,700.00 | 850.00 | 212.00 |

**Note:** The Company has an asset cover in excess of 100% in accordance with the terms of the trust deed in respect of listed Secured Redeemable Non-convertible Debentures aggregating to ₹ 1,062.00 million (previous year : ₹ 2,762.00 million) by way of charge on immovable property, floating charge on movable properties in the form of receivables.

**2.42** The Company has received demand notices from tax authorities on account of disallowance of expenditure for earning exempt income under section 14A of Income Tax Act, 1961 read with Rule 8D of the Income Tax Rules, 1962. The Company has filed appeal and is defending its position. Due to the lack of clarity on legal position relating to the application of Rule 8D, the outcome and quantification of the eventual tax liability on the Company, if any, at this stage cannot be estimated. The Company has been advised by its tax counsel that it has a good chance in sustaining its position.

**2.43 Corporate Social Responsibility (CSR)**

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

a) Gross amount required to be spent by the Company during the year was ₹ 26.31 million (Previous year: ₹ 17.39 million);

b) Amount spent during the year on:

| Sr. No. | Particulars | 2017 | | | 2016 | | |
|---|---|---|---|---|---|---|---|
| | | In cash | Yet to be paid in cash | Total | In cash | Yet to be paid in cash | Total |
| (i) | Constructions / acquisition of any assets | - | - | - | - | - | - |
| (ii) | On purpose other than (i) above | **26.84** | - | **26.84** | 17.50 | - | 17.50 |

**2.44** The Company has taken premises on operating lease. Rental expenses for the year ended 31 March 2017 aggregated to ₹ 72.64 million (Previous year: ₹ 25.57 million) which has been included under the head other expenses – Rent in the Statement of profit and loss. The Company does not have any non-cancellable operating lease.

**2.45** The Company, the sponsor of Edelweiss Mutual Fund ("Edelweiss MF"), Edelweiss Trusteeship Company Limited, the trustee company of Edelweiss MF and Edelweiss Asset Management Limited, the asset management company of Edelweiss MF have entered into an agreement with JPMorgan Asset Management (Asia) Inc., the sponsor of JPMorgan Mutual Fund (JPM MF) and JPMorgan Mutual Fund India Private Limited, trustee company of JPM MF and JPMorgan Asset Management India Private Limited, the asset management company to JPM MF on March 22, 2016, for acquiring control and management of the onshore fund schemes and international fund of funds of JPM MF and the corresponding change in the sponsorship, trusteeship and administration of schemes of JPM MF, upon completion of the transaction subject to receipt of regulatory approvals. All necessary steps, including a 'No Objection' from SEBI were duly received and thereafter, all the schemes of JPMorgan Mutual Fund were transferred to and now form part of Edelweiss Mutual Fund with effect from close of business day on November 25, 2016.

**2.46** Disclosures relating to Specified Bank Notes* (SBNs) held and transacted during the period from 8 November 2016 to 30 December 2016 pursuant to Notification No. G.S.R. 308(E) dated 30th March, 2017:

| Particulars | SBNs | Other denomination notes | Total |
|---|---|---|---|
| Closing cash in hand as on 08.11.2016 | 0.09 | 0.00 | 0.09 |
| (+) Permitted receipts | - | 0.13 | 0.13 |
| (-) Permitted payments | - | 0.12 | 0.12 |
| (-) Amount deposited in Banks | 0.09 | - | 0.09 |
| Closing cash in hand as on 30.12.2016 | - | 0.01 | 0.01 |

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

**2.47** The Board of Directors at their meeting held on 17 May 2017, have recommended a final dividend of ₹ 0.30 per equity share (on face value of ₹ 1 per equity share), subject to the approval of the members at the ensuing Annual General Meeting. In terms of revised Accounting Standard (AS) 4 'Contingencies and Events occurring after the Balance sheet date' as notified by the Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016, dated 30 March 2016, the Company has not appropriated for the recommended final dividend (including tax) from the Statement of Profit and Loss for the year ended 31 March 2017.

# Notes to the financial statements *(Continued)*

(Currency: Indian rupees in millions)

**2.48** The Company has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provision as required under any law/ accounting standards for material foreseeable losses on such long term contracts (including derivative contracts) has been made in the books of accounts.

As per our report of even date attached.

**For B S R & Associates LLP**
*Chartered Accountants*
Firm Registration No.: 116231W/W-100024

**Ashwin Suvarna**
*Partner*
Membership No.: 109503

Mumbai
17 May 2017

**For and on behalf of the Board of Directors**

| | | |
|---|---|---|
| **Rashesh Shah** | *Chairman, Managing Director & CEO* | DIN: 00008322 |
| **Himanshu Kaji** | *Executive Director* | DIN: 00009438 |
| **S Ranganathan** | *Chief Financial Officer* | |
| **B Renganathan** | *EVP & Company Secretary* | |

Mumbai
17 May 2017

## Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries or associate companies or joint ventures

## Part "A": Subsidiaries

(Currency : Indian rupees in millions)

| Name of the Subsidiary Company | Edelweiss Securities Limited | Edelweiss Finance & Investments Limited | ECL Finance Limited | Edelweiss Global Wealth Management Limited | EC Global Limited | Edelweiss Insurance Brokers Limited | Edelweiss Trustee Services Limited | Edelweiss Business Services Limited | Edelcap Securities Limited | Edelweiss Asset Management Limited | ECap Equities Limited |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Reporting currency | INR | INR | INR | INR | USD | INR | INR | INR | INR | INR | INR |
| Date of incorporation / acquisition | 09-07-02 | 29-08-05 | 18-07-05 | 09-10-07 | 30-12-04 | 23-03-01 | 08-08-05 | 28-06-05 | 11-01-08 | 23-08-07 | 11-01-08 |
| Exchange rate | - | - | - | - | 64.84 | - | - | - | - | - | - |
| Paid-up Equity Share Capital | 262.14 | 26.55 | 1,891.85 | 10.00 | 1.10 | 25.00 | 0.50 | 42.27 | 3.00 | 678.75 | 2.40 |
| Paid-up Preference Share Capital | 2.70 | 313.80 | - | 40.00 | - | - | - | 30.00 | 486.20 | - | 36.00 |
| Reserves of the Subsidiary | 4,462.01 | 3,341.31 | 21,681.45 | (45.81) | 2,400.36 | 218.37 | 12.78 | (437.57) | 2,639.89 | 459.92 | 2,480.01 |
| Total Assets of the Subsidiary | 16,720.64 | 22,982.40 | 2,11,639.92 | 678.11 | 4,432.14 | 328.09 | 13.81 | 176.25 | 5,333.11 | 1,381.83 | 26,111.95 |
| Total Liabilities of the Subsidiary | 11,993.79 | 19,300.74 | 1,88,066.62 | 673.92 | 2,030.68 | 84.72 | 0.53 | 541.55 | 2,204.02 | 243.16 | 23,593.54 |
| Investments | 3,709.36 | 1,016.36 | 6,730.76 | 94.62 | 1,166.20 | - | - | - | 2,670.48 | 540.11 | 9,795.04 |
| Total Turnover | 3,825.93 | 3,050.91 | 24,950.39 | 102.76 | 767.73 | 306.99 | 2.77 | 65.14 | 1,300.78 | 328.33 | 2,155.52 |
| Profit/(Loss) before taxation | 326.79 | 1,181.91 | 5,929.71 | (524.32) | 615.94 | 66.24 | 2.23 | (133.91) | 743.12 | (65.82) | 13.70 |
| Provision for taxation | 110.46 | 388.80 | 2,026.53 | (8.92) | 4.33 | 24.16 | 0.66 | 5.54 | 172.13 | - | (4.79) |
| Profit/(Loss) after taxation | 216.33 | 793.11 | 3,903.18 | (515.40) | 611.61 | 42.08 | 1.57 | (139.45) | 570.99 | (65.82) | 18.49 |
| Proposed dividend | - | - | - | - | - | - | - | - | - | - | - |
| % of shareholding | 100.00% | 100.00% | 92.20% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |

## Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries or associate companies or joint ventures

## Part "A": Subsidiaries

(Currency : Indian rupees in millions)

| Name of the Subsidiary Company | Edelweiss Broking Limited | Edelweiss Trusteeship Company Limited | Edelweiss Alternative Asset Advisors Limited | Edelweiss Housing Finance Limited | Edelweiss Investment Adviser Limited | EC Commodity Limited | Edel Commodities Limited | Edel Land Limited | Edelweiss Custodial Services Limited | EC International Limited | Edelweiss Capital (Singapore) Pte. Limited |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Reporting currency | INR | INR | INR | INR | INR | INR | INR | INR | INR | USD | SGD |
| Date of incorporation / acquisition | 07-02-08 | 03-09-07 | 14-05-08 | 30-05-08 | 11-01-08 | 05-08-08 | 11-08-08 | 08-10-08 | 16-10-08 | 11-12-08 | 08-04-08 |
| Exchange rate | - | - | - | - | - | - | - | - | - | 64.84 | 46.42 |
| Paid-up Equity Share Capital | 48.81 | 1.00 | 23.75 | 493.50 | 0.50 | 300.00 | 0.50 | 1.35 | 62.68 | 6.20 | 320.53 |
| Paid-up Preference Share Capital | 18.91 | - | - | - | 4.25 | - | - | 1.25 | - | - | - |
| Reserves of the Subsidiary | 1,481.15 | 2.39 | (374.82) | 3,443.50 | 5.64 | 96.40 | (710.30) | 105.82 | 805.38 | (2,502.67) | (223.89) |
| Total Assets of the Subsidiary | 12,387.46 | 3.65 | 126.46 | 34,010.41 | 4,525.40 | 1,653.48 | 5,573.93 | 245.17 | 10,826.36 | 442.61 | 2,835.80 |
| Total Liabilities of the Subsidiary | 10,838.59 | 0.26 | 477.53 | 30,073.41 | 4,515.01 | 1,257.08 | 6,283.73 | 136.74 | 9,958.30 | 2,939.08 | 2,739.16 |
| Investments | 206.55 | 2.86 | 42.85 | - | - | 150.00 | 21.69 | 228.35 | 628.94 | 272.10 | 2,312.80 |
| Total Turnover | 2,222.94 | 1.09 | 95.26 | 4,669.08 | 371.88 | 210.06 | 1,612.69 | (5.26) | 349.70 | 58.13 | 80.92 |
| Profit/(Loss) before taxation | 139.70 | (0.25) | (251.95) | 991.06 | (409.22) | 129.12 | 88.54 | (35.73) | 145.64 | (188.35) | (131.36) |
| Provision for taxation | (73.31) | 0.33 | (4.13) | 311.70 | (115.70) | 45.46 | (2.36) | (2.08) | 30.91 | - | 0.08 |
| Profit/(Loss) after taxation | 213.01 | (0.58) | (247.82) | 679.36 | (293.52) | 83.66 | 90.90 | (33.65) | 114.73 | (188.35) | (131.44) |
| Proposed dividend | - | - | - | - | - | - | - | - | - | - | - |
| % of shareholding | 100.00% | 100.00% | 95.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |

## Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries or associate companies or joint ventures

## Part "A": Subsidiaries

(Currency : Indian rupees in millions)

| Name of the Subsidiary Company | Edelweiss Alternative Asset Advisors Pte. Limited | Edelweiss International (Singapore) Pte. Limited | Aster Commodities DMCC | EAAA LLC | EW Special Opportunities Advisors LLC | EW India Special Assets Advisors LLC | Edel Investments Limited | Edelweiss Tokio Life Insurance Company Limited | Edelweiss Investment Advisors Private Limited | Edelweiss Commodities Services Limited | Edelweiss Comtrade Limited |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Reporting currency | SGD | USD | AED | USD | USD | USD | INR | INR | SGD | INR | INR |
| Date of incorporation / acquisition | 08-08-08 | 02-05-08 | 07-04-09 | 21-08-13 | 17-07-09 | 24-07-09 | 24-11-09 | 25-11-09 | 02-08-10 | 30-04-10 | 16-07-10 |
| Exchange rate | 46.42 | 64.84 | 17.66 | 64.84 | 64.84 | 64.84 | - | - | 46.42 | - | - |
| Paid-up Equity Share Capital | 247.35 | 2,063.31 | 133.73 | 62.47 | 21.27 | 88.20 | 33.70 | 2,615.92 | 84.45 | 297.75 | 230.00 |
| Paid-up Preference Share Capital | - | - | - | - | - | - | 4.50 | - | - | 272.90 | - |
| Reserves of the Subsidiary | (196.18) | 44.95 | 2,094.08 | 7.18 | (13.81) | (83.36) | 80.04 | 4,718.16 | (7.21) | 5,186.35 | (169.02) |
| Total Assets of the Subsidiary | 187.54 | 5,462.21 | 2,523.25 | 128.63 | 7.77 | 5.15 | 1,751.09 | 17,912.77 | 88.29 | 1,14,916.31 | 406.14 |
| Total Liabilities of the Subsidiary | 136.37 | 3,353.95 | 295.44 | 58.98 | 0.31 | 0.31 | 1,632.85 | 10,578.69 | 11.05 | 1,09,159.31 | 345.16 |
| Investments | - | 1,092.75 | - | 120.23 | 0.01 | - | 1,522.53 | 11,592.18 | - | 10,694.97 | - |
| Total Turnover | 178.23 | 139.42 | 20,415.41 | 7.37 | 2.68 | 2.01 | 208.94 | 5,768.36 | 63.78 | 43,205.15 | 57.44 |
| Profit/(Loss) before taxation | (5.86) | (432.91) | (527.79) | 0.39 | 0.18 | 0.05 | 48.62 | (2,158.31) | 27.29 | 807.74 | (71.46) |
| Provision for taxation | - | (72.63) | - | - | - | - | (36.51) | - | 2.50 | 236.25 | (0.65) |
| Profit/(Loss) after taxation | (5.86) | (360.28) | (527.79) | 0.39 | 0.18 | 0.05 | 85.12 | (2,158.31) | 24.79 | 571.49 | (70.80) |
| Proposed dividend | - | - | - | - | - | - | - | - | - | - | - |
| % of shareholding | 100.00% | 100.00% | 100.00% | 100.00% | 67.00% | 90.00% | 100.00% | 51.00% | 100.00% | 100.00% | 100.00% |

## Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries or associate companies or joint ventures

## Part "A": Subsidiaries

(Currency : Indian rupees in millions)

| Name of the Subsidiary Company | Edel Finance Company Limited | Edelweiss Capital Markets Limited | EFSL Trading Limited | EFSL Comtrade Limited | Edelweiss Retail Finance Limited | Edelweiss Securities (Hong Kong) Private Limited | Edelweiss Financial Services Inc. | Edelweiss Commodities Pte. Limited | Edelweiss Agri Value Chain Limited | Edelweiss Multi Strategy Funds Management Private Limited | Edelweiss India Capital Management |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Reporting currency | INR | INR | INR | INR | INR | USD | USD | USD | INR | INR | USD |
| Date of incorporation / acquisition | 16-07-10 | 07-10-10 | 24-11-11 | 02-12-11 | 19-07-12 | 06-02-13 | 10-05-13 | 20-09-13 | 24-07-14 | 30-04-14 | 30-04-14 |
| Exchange rate | - | - | - | - | - | 64.84 | 64.84 | 64.84 | - | - | 64.84 |
| Paid-up Equity Share Capital | 34.00 | 63.00 | 10.10 | 1.70 | 329.50 | 46.51 | 80.26 | 613.01 | 1,000.50 | 132.15 | 6.87 |
| Paid-up Preference Share Capital | - | - | - | - | - | - | - | - | - | - | - |
| Reserves of the Subsidiary | 20.79 | 24.52 | (44.20) | (128.58) | 2,805.43 | (17.82) | (27.45) | (63.28) | 32.86 | (86.93) | 8.67 |
| Total Assets of the Subsidiary | 55.57 | 472.41 | 1,544.69 | 2,708.63 | 15,516.85 | 29.43 | 66.09 | 600.24 | 7,191.89 | 1,575.07 | 16.38 |
| Total Liabilities of the Subsidiary | 0.78 | 384.89 | 1,578.79 | 2,835.51 | 12,381.92 | 0.74 | 13.28 | 50.51 | 6,158.53 | 1,529.85 | 0.84 |
| Investments | - | 112.76 | 19.01 | 2,381.39 | | - | - | - | 250.00 | 6.66 | - |
| Total Turnover | 6.58 | 126.86 | 403.99 | 583.64 | 2,535.34 | - | 102.27 | 10,438.09 | 15,278.91 | 110.18 | 23.39 |
| Profit/(Loss) before taxation | 1.26 | 21.87 | 1.04 | 121.47 | 489.30 | (7.84) | 0.34 | (48.09) | 31.27 | (60.70) | 16.11 |
| Provision for taxation | 0.16 | (0.63) | (21.27) | (94.60) | 169.84 | - | 0.20 | - | 13.27 | 0.47 | 0.32 |
| Profit/(Loss) after taxation | 1.10 | 22.50 | 22.31 | 216.07 | 319.46 | (7.84) | 0.14 | (48.09) | 18.00 | (61.17) | 15.79 |
| Proposed dividend | - | - | - | - | - | - | - | - | - | - | - |
| % of shareholding | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |

## Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries or associate companies or joint ventures

## Part "A": Subsidiaries

(Currency : Indian rupees in millions)

| Name of the Subsidiary Company | Edelweiss Multi Strategy Fund Advisors LLP | Edelweiss Wealth Advisors LLP | Auris Corporate Centre Limited | Olive Business Centre Limited | Eternity Business Centre Limited | Serenity Business Park Limited | Burlington Business Solutions Limited | EFSL International Limited | Edelweiss Financial Services (UK) Limited | Edelweiss Holdings Limited | Edelweiss Tarim Urunleri Anonim Sirketi |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Reporting currency | INR | INR | INR | INR | INR | INR | INR | USD | GBP | INR | TRY |
| Date of incorporation / acquisition | 30-04-14 | 30-09-14 | 31-10-14 | 31-10-14 | 31-10-14 | 03-11-14 | 31-10-14 | 28-07-15 | 27-08-15 | 08-12-15 | 27-01-16 |
| Exchange rate | - | - | - | - | - | - | - | 64.84 | 80.88 | - | 17.84 |
| Paid-up Equity Share Capital | 0.10 | 0.10 | 164.61 | 181.61 | 191.61 | 191.61 | 182.11 | 6.66 | 26.23 | 150.00 | 42.75 |
| Paid-up Preference Share Capital | - | - | - | - | - | - | - | - | - | - | - |
| Reserves of the Subsidiary | (28.42) | 29.64 | (2.42) | (35.80) | (34.97) | (10.96) | (4.33) | (176.55) | (5.88) | 5.40 | (39.16) |
| Total Assets of the Subsidiary | 558.78 | 86.88 | 196.31 | 237.62 | 344.22 | 420.65 | 214.62 | 59.49 | 21.35 | 156.01 | 3.59 |
| Total Liabilities of the Subsidiary | 587.10 | 57.14 | 34.12 | 91.81 | 187.58 | 240.00 | 36.84 | 229.38 | 1.00 | 0.61 | (0.00) |
| Investments | 273.68 | - | - | - | - | - | - | - | - | - | - |
| Total Turnover | 143.41 | (22.55) | 33.92 | 45.73 | 197.73 | 172.27 | 37.21 | 38.18 | 0.62 | 10.20 | 220.10 |
| Profit/(Loss) before taxation | (26.70) | (29.83) | 1.51 | 2.47 | 4.87 | 109.39 | 1.29 | (176.77) | (3.46) | 9.45 | (35.77) |
| Provision for taxation | 1.73 | 0.63 | 0.45 | 0.76 | 1.50 | 33.98 | 0.40 | - | - | 2.94 | - |
| Profit/(Loss) after taxation | (28.42) | (30.46) | 1.05 | 1.71 | 3.36 | 75.41 | 0.89 | (176.77) | (3.46) | 6.51 | (35.77) |
| Proposed dividend | - | - | - | - | - | - | - | - | - | - | - |
| % of shareholding | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |

## Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries or associate companies or joint ventures

## Part "A": Subsidiaries

(Currency : Indian rupees in millions)

| Name of the Subsidiary Company | EW Clover Scheme-1 | Edelweiss General Insurance Company Limited | EW SBI Crossover Advisors LLC | Edelweiss Finvest Private Limited | Edelweiss Asset Reconstruction Company Limited | Edelweiss Private Equity Tech Fund | Edelweiss Securities (IFSC) Limited | Edelgive Foundation |
|---|---|---|---|---|---|---|---|---|
| Reporting currency | INR | INR | USD | INR | INR | INR | USD | INR |
| Date of incorporation / acquisition | 01-08-15 | 02-03-16 | 14-03-11 | 31-03-16 | 16-09-16 | 01-10-16 | 23-12-16 | 29-05-08 |
| Exchange rate | - | - | 64.84 | - | - | - | 64.84 | - |
| Paid-up Equity Share Capital | 500.00 | 50.00 | 0.00 | 28.06 | 2,305.26 | 135.00 | 108.46 | 0.10 |
| Paid-up Preference Share Capital | - | - | - | 227.07 | - | - | - | - |
| Reserves of the Subsidiary | 211.27 | (22.61) | 0.00 | 5,141.84 | 6,043.73 | (5.20) | (4.92) | 36.50 |
| Total Assets of the Subsidiary | 713.77 | 29.44 | 0.00 | 12,217.80 | 42,494.63 | 131.22 | 119.94 | 71.82 |
| Total Liabilities of the Subsidiary | 2.50 | 2.05 | 0.00 | 6,820.83 | 34,145.64 | 1.42 | 16.40 | 35.22 |
| Investments | 188.08 | - | 0.00 | 2,871.42 | 40,665.50 | 120.03 | - | - |
| Total Turnover | 170.83 | 0.46 | 0.00 | 1,099.53 | 3,278.73 | - | (0.01) | 192.49 |
| Profit/(Loss) before taxation | 139.93 | (22.61) | 0.00 | 680.30 | 1,237.30 | (5.20) | (0.21) | 9.03 |
| Provision for taxation | - | - | - | 217.20 | 407.81 | - | - | - |
| Profit/(Loss) after taxation | 139.93 | (22.61) | 0.00 | 463.10 | 829.49 | (5.20) | (0.21) | 9.03 |
| Proposed dividend | - | - | - | - | - | - | - | - |
| % of shareholding | 100.00% | 100.00% | 100.00% | 100.00% | 74.80% | 88.90% | 100.00% | 100.00% |

Names of subsidiaries which have been sold during the year are as follows:

i. Edelweiss Metals Limited
ii. Edel Commodities Trading Limited
iii. Edelweiss Commodities Nigeria Limited
iii. Edelweiss Commodities (CHAD) SARL

**For and on behalf of the Board of Directors**

| | | |
|---|---|---|
| **Rashesh Shah** | *Chairman, Managing Director & CEO* | DIN: 00008322 |
| **Himanshu Kaji** | *Executive Director* | DIN: 00009438 |
| **S Ranganathan** | *Chief Financial Officer* | |
| **B Renganathan** | *EVP & Company Secretary* | |

Mumbai
17 May 2017

## Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries or associate companies or joint ventures

## Part "B": Associates and Joint Ventures

(Currency : Indian rupees in millions)

| Name of the Associate Company | Allium Finance Private Limited | Edelweiss Fund Advisors Private Limited | Dahlia Commodities Services Private Limited | Magnolia Commodities Services Private Limited | Aeon Credit Services India Private Limited | Edelweiss Asset Reconstruction Company Limited |
|---|---|---|---|---|---|---|
| Latest audited Balance Sheet Date | 31-03-17 | 31-03-17 | 31-03-17 | 31-03-17 | 31-03-17 | 31-03-17 |
| "Date on which the Associate or Joint Venture was associated or acquired" | 15-06-09 | 23-08-05 | 14-12-09 | 14-12-09 | 25-06-12 | Note B |
| "No. of Shares of Associates held by the company on the year end" | 8,00,000 | 50,000 | 1,00,000 | 1,00,000 | 2,27,50,000 | - |
| Amount of Investment in Associates (₹ in million) | 21.18 | 0.50 | 1.00 | 1.00 | 227.50 | 529.75 |
| Extent of Holding % | 46.13% | 40.00% | 50.00% | 50.00% | 25.00% | - |
| Description of how there is significant influence | Note A | Note A | Note A | Note A | Note A | - |
| Reason why the associate/ joint venture is not consolidated | - | - | - | - | - | - |
| Networth attributable to shareholding as per latest audited Balance sheet (₹ in million) | 295.73 | 2.18 | 132.69 | (62.43) | 54.17 | - |
| Profit / Loss for the year considered in consolidation (₹ in million) | (3.64) | (1.06) | 108.94 | - | (46.78) | 90.09 |
| Profit / Loss for the year not considered in consolidation (₹ in million) | - | - | - | - | - | - |

Note A : There is significant influence due to percentage (%) of Share Capital

Note B : With effect from 16 September 2016 Edelweiss Asset Reconstruction Company Limited, formerly an associate, has become a wholly owned subsidiary of the Company and has been accordingly consolidated from the said date.

**For and on behalf of the Board of Directors**

| | | |
|---|---|---|
| **Rashesh Shah** | *Chairman, Managing Director & CEO* | DIN: 00008322 |
| **Himanshu Kaji** | *Executive Director* | DIN: 00009438 |
| **S Ranganathan** | *Chief Financial Officer* | |
| **B Renganathan** | *EVP & Company Secretary* | |

Mumbai

17 May 2017

## Form AOC-2

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

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

(Currency : Indian rupees in millions)

### I. Details of contracts or arrangements or transactions not at arm's length basis: Not Applicable

| Sr. No. | Name(s) of the related party and nature of relationship | Nature of contracts/ arrangements/ transactions | Duration of the contracts/ arrangements/ transactions | Salient terms of the contracts or arrangements or transactions including the value, if any | Justification for entering into such contracts or arrangements or transactions | Date of approval by the Board | Amount paid as advances, if any | Date on which the special resolution was passed in general meeting as required under first proviso to section 188 |
|---|---|---|---|---|---|---|---|---|

### II. Details of material contracts or arrangement or transactions at arm's length basis:

| Sr. No. | Name(s) of the related party and nature of relationship | Nature of contracts/ arrangements/transactions | Duration of the contracts/ arrangements/ transactions | Salient terms of the contracts or arrangements or transactions including the value, if any | Date(s) of approval by the Board, if any | Amount paid as advances, if any |
|---|---|---|---|---|---|---|
| 1 | Edelweiss Commodities Services Limited<br>Subsidiary | Unsecured Loan<br>Loan Given<br>Loan repayment | One year | Repayable at demand<br>₹ 39,093.19<br>₹ 39,393.77 | January 20, 2016 | Nil |
| 2 | EC International Limited<br>Subsidiary | Unsecured Loan<br>Loan Given<br>Loan repayment | One year | Repayable at demand<br>₹ 6,511.80<br>₹ 5,926.90 | January 20, 2016 | Nil |
| 3 | Edelweiss Commodities Services Limited<br>Subsidiary | Unsecured Loan<br>Loan Taken | One year | Repayable at demand<br>₹ 10,397.01 | January 20, 2016 | Nil |
| 4 | Edelweiss Commodities Services Limited<br>Subsidiary | Commercial paper redeemed | One year | Commercial paper redeemed<br>₹ 10,823.88 | January 20, 2016 | Nil |
| 5 | Edelweiss Commodities Services Limited<br>Subsidiary | Corporate Guarantee given | More than one year | Corporate Guarantee given<br>₹ 14,337.50 | January 20, 2016 | Nil |
| 6 | Edelweiss Asset Reconstruction Company Limited<br>Subsidiary | Corporate Guarantee given | More than one year | Corporate Guarantee given<br>₹ 9,000.00 | January 20, 2016 | Nil |
| 7 | Edelweiss Finvest Private Limited<br>Subsidiary | Corporate Guarantee given | More than one year | Corporate Guarantee given<br>₹ 6,223.20 | January 20, 2016 | Nil |
| 8 | Edelweiss Custodial Services Limited<br>Subsidiary | Corporate Guarantee given | More than one year | Corporate Guarantee given<br>₹ 10,900.00 | January 20, 2016 | Nil |

**For and on behalf of the Board of Directors**

| | | |
|---|---|---|
| **Rashesh Shah** | *Chairman, Managing Director & CEO* | DIN: 00008322 |
| **Himanshu Kaji** | *Executive Director* | DIN: 00009438 |
| **S Ranganathan** | *Chief Financial Officer* | |
| **B Renganathan** | *EVP & Company Secretary* | |

Mumbai
17 May 2017

# Notice

**NOTICE IS HEREBY GIVEN THAT THE 22ND ANNUAL GENERAL MEETING OF THE MEMBERS OF EDELWEISS FINANCIAL SERVICES LIMITED WILL BE HELD ON WEDNESDAY, AUGUST 2, 2017 AT 3:00 P.M. AT THE REGISTERED OFFICE OF THE COMPANY AT EDELWEISS HOUSE, OFF C.S.T. ROAD, KALINA, MUMBAI – 400 098 TO TRANSACT THE FOLLOWING BUSINESSES:**

**ORDINARY BUSINESS:**

**1**. To consider and adopt:-

a. the audited Financial Statement of the Company for the financial year ended March 31, 2017, together with the Report of the Board and the Auditors thereon; and

b. the audited Consolidated Financial Statement of the Company for the financial year ended March 31, 2017, together with the Report of the Auditors thereon.

2. To declare dividend on Equity Shares.

3. To appoint a Director in place of Mr. Rujan Panjwani (DIN 00237366) who retires by rotation and, being eligible, offers himself for re-appointment.

**4. Appointment of the Auditors**

**To consider and, if thought fit, to pass, the following resolution as an Ordinary Resolution:**

**"RESOLVED** that pursuant to the provisions of Section 139 and all other applicable provisions, if any, of the Companies Act, 2013 (the Act) and the Rules framed thereunder and as amended from time to time, M/s. Price Waterhouse, Chartered Accountants LLP (Firm Registration No. 012754N/N500016) be and are hereby appointed as the Auditors of the Company for a term of five years from the conclusion of this Annual General Meeting till the conclusion of the 27th Annual General Meeting to be held in the year 2022 (subject to ratification of their appointment by the members at every Annual General Meeting), at such remuneration as may be mutually agreed upon between the Board of Directors and the Auditors."

**SPECIAL BUSINESS:**

**5. Re-appointment of Mr. Rashesh Shah as the Managing Director & Chief Executive Officer**

**To consider and, if thought fit, to pass the following resolution as a Special Resolution:**

**"RESOLVED** that pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 (the Act) the Rules, Regulations, Guidelines and Circulars issued in this regard and subject to necessary approvals, if any , consent of the members of the Company be and is hereby accorded for the re-appointment of Mr. Rashesh Shah (DIN 00008322) as the Managing Director & Chief Executive Officer of the Company for a period of 5 years with effect from April 1, 2017, on the terms and conditions set out below:-

i) Salary Limit: Not exceeding ₹ 3 crores per annum.

ii) Bonus: Not exceeding ₹ 6 crores per annum.

iii) Perquisites: Not exceeding ₹ 3 crores per annum.

**FURTHER RESOLVED** that where in any financial year during the tenure of Mr. Rashesh Shah as the Managing Director & Chief Executive Officer, the Company has no profits or the profits are inadequate, approval of the members of the Company be and is hereby accorded to pay him the maximum remuneration in accordance with the provisions of the Act.

**FURTHER RESOLVED** that the Board be and is hereby authorized to vary the terms of re-appointment and to do all such acts, deeds, matters and things, as it may, in its absolute discretion, deem necessary and with the power on behalf of the Company to settle questions, difficulties or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the members of the Company."

**6. Re-appointment of Mr. Venkatchalam Ramaswamy as an Executive Director**

**To consider and, if thought fit, to pass the following resolution as a Special Resolution:**

**"RESOLVED** that pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 (the Act) the Rules, Regulations, Guidelines and Circulars issued in this regard and subject to necessary approvals, if any , consent of the members of the Company be and is hereby accorded for the re-appointment of Mr. Venkatchalam Ramaswamy (DIN 00008509) as an Executive Director of the Company for a period of 5 years with effect from April 1, 2017, on the terms and conditions set out below:-

i) Salary Limit: Not exceeding ₹ 3 crores per annum.

ii) Bonus: Not exceeding ₹ 6 crores per annum.

ii) Perquisites: Not exceeding ₹ 3 crores per annum.

**FURTHER RESOLVED** that where in any financial year during the tenure of Mr. Venkatchalam Ramaswamy as an Executive Director, the Company has no profits or the profits are inadequate, approval of the members of the Company be and is hereby accorded to pay him the maximum remuneration in accordance with the provisions of the Act.

**FURTHER RESOLVED** that the Board be and is hereby authorized to vary the terms of re-appointment and to do all such acts, deeds, matters and things, as it may, in its absolute discretion, deem necessary and with the power on behalf of the Company to settle questions, difficulties or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the members of the Company.**"**

**7. Re-appointment of Mr. P. N. Venkatachalam as an Independent Director**

**To consider and, if thought fit, to pass the following resolution as a Special Resolution:**

**"RESOLVED** that pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (the Act) and the Rules framed thereunder, Mr. P. N. Venkatachalam (DIN 00499442), a Non-Executive Director of the Company, who has given a declaration that he meets the criteria of independence as provided in Section 149(6) of the Act and who holds office till the conclusion of this Annual General Meeting and being eligible, be and is hereby re-appointed as an Independent Director of the Company till the conclusion of the 27th Annual General Meeting of the Company to be held in the year 2022.**"**

**8. Re-appointment of Mr. Berjis Desai as an Independent Director**

**To consider and, if thought fit, to pass the following resolution as a Special Resolution:**

**"RESOLVED** that pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (the Act) and the Rules framed thereunder, Mr. Berjis Desai (DIN 00153675), a Non-Executive Director of the Company, who has given a declaration that he meets the criteria of independence as provided in Section 149(6) of the Act and who holds office till the conclusion of this Annual General Meeting and being eligible, be and is hereby re-appointed as an Independent Director of the Company till the conclusion of the 27th Annual General Meeting of the Company to be held in the year 2022.**"**

**9. Re-appointment of Mr. Sanjiv Misra as an Independent Director**

**To consider and, if thought fit, to pass the following resolution as a Special Resolution:**

**"RESOLVED** that pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (the Act) and the Rules framed thereunder, Mr. Sanjiv Misra (DIN 03511635), a Non-Executive Director of the Company, who has given a declaration that he meets the criteria of independence as provided in Section 149(6) of the Act and who holds office till the conclusion of this Annual General Meeting and being eligible, be and is hereby re-appointed as an Independent Director of the Company till the conclusion of the 27th Annual General Meeting of the Company to be held in the year 2022.**"**

**10. Re-appointment of Mr. Navtej S. Nandra as an Independent Director**

**To consider and, if thought fit, to pass the following resolution as a Special Resolution:**

**"RESOLVED** that pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (the Act) and the Rules framed thereunder, Mr. Navtej S. Nandra (DIN 02282617), a Non-Executive Director of the Company, who has given a declaration that he meets the criteria of independence as provided in Section 149(6) of the Act and who holds office till the conclusion of this Annual General Meeting and being eligible, be and is hereby re-appointed as an Independent Director of the Company till the conclusion of the 27th Annual General Meeting of the Company to be held in the year 2022."

**11. Re-appointment of Mr. Kunnasagaran Chinniah as an Independent Director**

**To consider and, if thought fit, to pass the following resolution as a Special Resolution:**

**"RESOLVED** that pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (the Act) and the Rules framed thereunder, Mr. Kunnasagaran Chinniah (DIN 01590108), a Non-Executive Director of the Company, who has given a declaration that he meets the criteria of independence as provided in Section 149(6) of the Act and who holds office till the conclusion of this Annual General Meeting and being eligible, be and is hereby re-appointed as an Independent Director of the Company till the conclusion of the 27th Annual General Meeting of the Company to be held in the year 2022."

**For and on behalf of the Board of Directors**
**EDELWEISS FINANCIAL SERVICES LIMITED**

**B. Renganathan**
**Executive Vice President & Company Secretary**
**(FCS2922)**

**May 17, 2017**

Registered Office:
Edelweiss House, Off C.S.T. Road, Kalina, Mumbai – 400 098.
CIN No.: L99999MH1995PLC094641
Email: efsl.shareholders@edelweissfin.com

**NOTES:**

1. The Statement pursuant to Section 102 of the Companies Act, 2013 (the Act), in respect of the Special Business to be transacted at the Annual General Meeting (AGM/Meeting) is annexed hereto.

2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.**

   A person can act as a proxy on behalf of Members not exceeding fifty (50) and holding in aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.

3. Members/Proxies should bring the enclosed attendance slip duly filled in, for attending the Meeting, along with the Annual Report.

4. Pursuant to Regulation 36 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India ('ICSI'), information in respect of the Directors seeking re-appointment at the Annual General Meeting is furnished as an Annexure to the Notice.

5. All the documents referred to in the Notice and Statement pursuant to Section 102 of the Companies Act, 2013, are open for inspection between 2.00 p.m. to 4.00 p.m. on all working days upto the date of the AGM at the Registered Office of the Company and will also be available at the venue of the AGM.

6. **Book Closure**

   The Register of Members and the Share Transfer Books of the Company will remain closed from July 24, 2017 to August 1, 2017 (both days inclusive).

7. **Nomination Facility**

   The members holding the shares in physical form may obtain the Nomination Form from the Company's Registrar & Share Transfer Agent.

8. Members are requested to note that dividends not claimed or encashed within 7 years from the date of transfer to the Company's Unpaid Dividend Account, will, as per Section 124 of the Companies Act, 2013, be transferred to the Investor Education and Protection Fund.

9. Members desirous of getting any information in respect of the contents of the Annual Report are requested to forward the same to the Company at least 10 days prior to the AGM so that the required information can be made available.

10. **Green Initiative**

    a) copies of the Annual Report of the Company for the financial year ended March 31, 2017 are being sent by electronic mode only to those Members whose e-mail addresses are registered with the Company/Depository Participant(s) unless any Member has requested for a hard copy of the same. For Members who have not registered their e-mail addresses, physical copies of the Annual Report are being sent by the permitted mode. Members may also note that Notice and Explanatory Statement are also available on the website of the Company i.e. www.edelweissfin.com. Members intending to correspond with the Company in physical form may write to us on efsl.shareholders@edelweissfin.com.

b) the Members who have not updated their e-mail addresses are requested to update the same with their respective Depository Participant(s) or communicate their e-mail addresses to the Registrar and Share Transfer Agent or the Company, so that the Company can send future communications to these Members in electronic mode. Members are requested to send a signed letter, communicating their Name, Folio No./DP ID Client ID and e-mail address either by e-mail (scanned copy) to rnt.helpdesk@linkintime.co.in or send a hard copy thereof to them. Alternatively, the Members can also update their e-mail addresses with Company by sending an e-mail to efsl.shareholders@edelweissfin.com.

**11. National Electronic Clearing Services (NECS) facility**

To avoid loss of dividend warrants in transit and undue delay in respect of receipt thereof,the dividend will be credited through NECS facility at the locations identified by the Reserve Bank of India and the members holding shares in physical form and who are desirous of availing this facility are requested to contact the Registrar & Share Transfer Agent of the Company and the members holding shares in electronic form are requested to contact their respective Depository Participants.

**12. Bank Mandates**

In order to avoid fraudulent encashment of the dividend warrants, members holding shares in physical form are requested to intimate the Registrar & Share Transfer Agent under the signature of the Sole/First holder, the following information to be incorporated on the Dividend Warrants:

I Name of the Sole/First holder and the folio number

II. Particulars of Bank Account viz.,

a) Name of the Bank

b) Name of the Branch

c) Complete address of the Branch with Pin code

d) Bank Account Number allotted by the Bank.

**13.** In respect of the matters pertaining to Bank details, NECS mandates, nomination, power of attorney, change in name/address, etc., the members are requested to approach:

- the Company's Registrar & Share Transfer Agent, in case of shares held in physical form; and
- the respective Depository Participants, in case of shares held in electronic form.

In any correspondence with the Company/Registrar & Share Transfer Agent, members are requested to quote their account/ Folio numbers or DP ID and Client ID in respect of physical or electronic holdings,respectively.

**14. E-voting**

**Voting through electronic means:**

I. In compliance with provisions of Section 108 of the Companies Act, 2013,Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules,2015 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations,2015,the Company is pleased to provide its members facility to exercise their right to vote on resolutions proposed to be considered at the Annual General Meeting (the AGM) by electronic means and the business may be transacted through e-Voting services. The facility of casting votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by Central Depository Services (India) Limited (CDSL).

II. The facility for casting vote through ballot/polling paper shall be made available at the Meeting and the members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their voting right at the meeting.

III. The members who had cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.

**The process and the manner for remote e-voting are as under:**

(i) The voting period begins on July 29, 2017 at 9:00 a.m. and ends on August 1, 2017 at 5:00 p.m. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. July 26, 2017 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(ii) The shareholders should log on to the e-voting website www.evotingindia.com.

(iii) Click on Shareholders / Members

(iv) Now Enter your User ID

a. For CDSL: 16 digits beneficiary ID,

b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

(v) Next enter the Image Verification as displayed and Click on Login.

(vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

(vii) If you are a first time user follow the steps given below:

| | **For Members holding shares in Demat Form and Physical Form** |
|---|---|
| PAN | Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)<br>• Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Postal Ballot / Attendance Slip indicated in the PAN field. |
| Dividend Bank Details OR Date of Birth (DOB) | Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.<br>• If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv). |

(viii) After entering these details appropriately, click on "SUBMIT" tab.

(ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xi) Click on the EVSN of Edelweiss Financial Services Limited to vote.

(xii) On the voting page,you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xiv) After selecting the resolution you have decided to vote on,click on "SUBMIT". A confirmation box will be displayed.If you wish to confirm your vote,click on "OK",else to change your vote,click on "CANCEL" and accordingly modify your vote.

(xv) Once you "CONFIRM" your vote on the resolution,you will not be allowed to modify your vote.

(xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

(xvii) If a de mat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xviii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles.The m-Voting app can be downloaded from Google Play Store.Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.

(xix) Note for Non -Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals,HUF, NRI etc.) and Custodian are required to log on to www. evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk. evoting@cdslindia.com.
- After receivingthe login details a Compliance User should be created using the admin login and password.The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xx) In case you have any queries or issues regarding e-voting,you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com,under help section or write an email to helpdesk.evoting@cdslindia.com.

(xxi) The voting rights of members shall be in proportion to their shares held in the paid up equity share capital of the Company as on the cut-off date i.e. July 26, 2017.

(xxiii) A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the Depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting or voting at the AGM through ballot paper.

(xxiv) Mr. B. Narasimhan, Company Secretary, M/s. B.N. & Associates, Company Secretaries, failing him, Mr. Prakash K. Pandya, Partner of M/s. BNP & Associates, Company Secretaries have been appointed as the Scrutinizer for providing facility to the members of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.

(xxv) The Chairman shall, at the AGM, allow voting with the assistance of scrutinizer, by use of "Ballot/Polling Paper" for all those members who are present at the AGM but have not cast their votes through the remote e-voting facility.

(xxvi) The Scrutinizer shall after the conclusion of voting at the AGM, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make, not later than three days of the conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

(xxvii) The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company www.edelweissfin.com and on the website of CDSL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to BSE Limited and National Stock Exchange of India Limited.

**ANNEXURE TO THE NOTICE DATED MAY 17, 2017**

**EXPLANATORY STATEMENT PURSUANT TO THE PROVISIONS OF SECTION 102 OF THE COMPANIES ACT, 2013**

**Item No. 4**

(The explanation for this item is given for the information of the members, though strictly not required as per Section 102 of the Companies Act, 2013)

In accordance with the provisions of Section 139 of the Companies Act, 2013 (the Act), M/s. B S R & Associates LLP, Chartered Accountants (BSR), (Firm's Registration No. 116231W), were appointed as the Auditors of the Company at the 19th Annual General Meeting (AGM) held on July 25, 2014 to hold office till the conclusion of this AGM who shall complete their tenure as provided in the Act.

Based on the recommendation of the Audit Committee and the confirmation received from M/s. Price Waterhouse, Chartered Accountants LLP (FRN: 012754N/N500016) on their eligibility, the Board at its meeting held on May 17, 2017 has recommended the appointment of M/s. Price Waterhouse, Chartered Accountants LLP, as the Auditors of the Company from the conclusion of this AGM till the conclusion of the 27th AGM to be held in the year 2022 (subject to ratification of their appointment at every AGM).

None of the Directors, Key Managerial Personnel and their relatives are concerned or interested in Item No. 4 of the Notice.

**ITEM NOs. 5 & 6:-**

The tenure of appointment of Mr. Rashesh Shah as the Managing Director & Chief Executive Officer and Mr. Venkatchalam Ramaswamy as an Executive Director ended on March 31, 2017. The Board of Directors at their meeting held on February 9, 2017 had, subject to the approval of the members re-appointed Mr. Rashesh Shah as the Managing Director & Chief Executive Officer and Mr. Venkatchalam Ramaswamy as an Executive Director for a period of five years w. e. f. April 1, 2017. The details of the proposed appointees are as under:

**(a) Mr. Rashesh Shah:**

Mr. Rashesh Shah, co-founder of the Company, has over 26 years of diverse experience in the financial markets sector. He has been instrumental in building Edelweiss into one of India's leading diversified financial services conglomerates. As the Managing Director & Chief Executive Officer he overseas the functioning and performance of the Company, its subsidiaries and associates. He is involved in formulating strategy and providing vital inputs for the effective functioning of the Group. He was recently appointed as Senior Vice President of FICCI, and also serves as Chairman of Maharashtra State Council of FICCI. He is an MBA from IIM Ahmedabad, and holds a Diploma in International Trade from the Indian Institute of Foreign Trade, New Delhi.

**(b) Mr. Venkatchalam Ramaswamy:**

Mr. Venkatchalam Ramaswamy, co-founder of the Company, has over 25 years of experience in the financial markets. He is widely recognised as one of India's finest deal makers. He co-heads two of the Group's most strategic businesses – Distress Assets & Resolution Business and Global Asset Management, while continuing to play a mentorship role with the Investment Banking business. Using his skills at building and maintaining large institutional relationships including with International Pension Funds and Insurance companies, the Edelweiss Global Asset Management team has been able to build one of the fastest growing Multi category Alternative Asset Management businesses in India. He brings significant experience and expertise on client relationships to Edelweiss and devotes substantial time for the subsidiaries. He is an MBA from the University of Pittsburgh, USA and also has a Bachelor's Degree in Electronics Engineering.

The Company alongwith its subsidiaries provides wide range of financial services which *inter-alia* includes investment banking, institutional equities, securities broking, private client brokerage, asset management, wealth management, client advisory services, wholesale financing, housing finance, securitisation, alternative asset managment business and treasury operation. The net profit of the Company for the financial year ended March 31, 2017 was ₹ 1,290.06 million and the consolidated profit was ₹ 5,632.37 million. The remuneration proposed to be paid to Mr. Rashesh Shah and Mr. Venkatchalam Ramaswamy is commensurate with the nature of business of the Company.

Considering the experience and expertise of Mr. Rashesh Shah and Mr. Venkatchalam Ramaswamy, the Board recommends passing the Special Resolutions set out in Item Nos. 5 and 6 of the Notice.

None of the Directors, Key Managerial Personnel and their relatives, except Mr. Rashesh Shah, Ms. Vidya Shah and Mr. Venkatchalam Ramaswamy are concerned or interested in Item Nos. 5 and 6 of the Notice.

**Item Nos. 7 to 11**

The Members of the Company had appointed Mr. P. N. Venkatachalam, Mr. Berjis Desai, Mr. Sanjiv Misra, Mr. Navtej Nandra and Mr. Kunnasagaran Chinniah as Independent Directors at the Annual General Meeting of the Company held on July 25, 2014 to hold office till the conclusion of this Annual General Meeting.

Pursuant to Section 149(10) of the Companies Act, 2013, Independent Directors can be re-appointed by passing a Special Resoultion.

The brief profile of the aforesaid Directors are as under:

**Mr. P. N. Venkatachalam**

Mr. P. N. Venkatachalam joined State Bank of India in 1967 and retired in 2004 as its Managing Director. He was a member of the Interim Pension Fund Regulatory Authority of India. He holds a Master's Degree in Economics and is a Certified Associate from the Indian Institute of Bankers. He also serves on the Board of various other companies.

**Mr. Berjis Desai**

Mr. Berjis Desai, a renowned lawyer retired as the Managing Partner of J S Associates. A Master of Law from the University of Cambridge, Berjis is now an independent legal counsel engaged in Private Client Practice. He has varied experience in the legal field with specialization in corporate laws, securities & financial laws. He is an independent director of leading listed and non-listed public companies in India.

**Mr. Sanjiv Misra**

Mr. Sanjiv Misra has a rich and varied experience in the financial services industry, having worked with various organisations including Goldman Sachs and Citigroup. Mr. Misra is the President of Phoenix Advisers Pte. Ltd., an advisory and principal investing firm and Chairman, Asia Pacific Advisory Board with Apollo Management.

**Mr. Navtej S. Nandra**

Mr. Navtej S. Nandra, a veteran of the global financial services industry, is senior advisor to Insight Guru, and a distinguished Visiting Fellow at the National University of Singapore. He served on the Board of Morgan Stanley Huaxin Fund Management Company, Morgan Stanley International Ltd., and Morgan Stanley & Co. International plc.

**Mr. Kunnasagaran Chinniah**

Mr. Kunnasagaran Chinniah retired as the Managing Director/Global Head of Portfolio, Strategy & Risk Group with GIC Special Investments ("GIC SI"), the Private Equity arm of the Government of Singapore Investment Corporation ("GIC") in 2013. He serves on the Boards of various Companies in India and abroad.

Based on the recommendation of the Nomination and Remuneration Committee and considering the qualifications, experience and the valuable contribution being made by these Independent Directors, the Board recommends the re-appointment of Mr. P. N. Venkatachalam, Mr. Berjis Desai, Mr. Sanjiv Misra, Mr. Navtej S. Nandra, and Mr. Kunnasagaran Chinniah as Independent Directors for a further term of 5 years, who shall hold office until the conclusion of the 27th Annual General Meeting of the Company to be held in the year 2022 as mentioned in Item No. 7 to 11 of the Notice.

The Board recommends passing the Special Resolutions set out in Item Nos. 7 to 11 of the Notice.

None of the Directors, Key Managerial Personnel and their relatives except Mr. P. N. Venkatachalam, Mr. Berjis Desai, Mr. Sanjiv Misra, Mr. Navtej S. Nandra, and Mr. Kunnasagaran Chinniah are concerned or interested in Item Nos. 7 to 11 of the Notice.

**Details of Directors (as on March 31, 2017) seeking appointment/re-appointment at the Annual General Meeting pursuant to Regulation 36 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings (SS-2)**

| Particulars | Mr. Rashesh Shah | Mr. Venkatchalam Ramaswamy | Mr. Rujan Panjwani |
|---|---|---|---|
| Age | 53 years | 50 years | 54 years |
| Qualifications | • B. Sc., MBA from IIM, Ahmedabad<br>• Diploma in International Trade from the Indian Institute of Foreign Trade, New Delhi | • B.E. (Electronics & Communication)<br>• MBA from the University of Pittsburgh | • Electrical Engineer |
| Experience in functional Area | Has diverse experience in financial markets sector | Has experience in venture capital, private equity advisory, fund raising and Investment Banking, Distress Asset & Resoultion Business | Has over 26 years of experience in the financial services industry working across all asset classes |
| Date of first Appointment | November 21, 1995 | February 20, 1996 | June 24, 2013 |
| Terms and conditions of appointment / re-appointment | Refer to the explanatory statement annexed to this Notice | Refer to the explanatory statement annexed to this Notice | Have appointed for a period of 5 years w.e.f. June 24, 2016 |
| Remuneration | Refer to the explanatory statement annexed to this Notice | Refer to the explanatory statement annexed to this Notice | Entitled for payment of Salaries perquisites and bonus as approved by the members at the Annual General Meeting of the Company held on August 9, 2016 |
| Remuneration last drawn | Please refer Corporate Governance Report forming part of the Annual Report | Please refer Corporate Governance Report forming part of the Annual Report | Please refer Corporate Governance Report forming part of the Annual Report |
| No. of meetings attended during the year | 4 | 4 | 4 |
| Directorship in other Companies (Public Limited Companies) | • ECL Finance Limited<br>• Edelweiss Tokio Life Insurance Company Limited<br>• Edelweiss Asset Reconstruction Company Limited | • Edelweiss Finance & Investments Limited<br>• Edelweiss Tokio Life Insurance Company Limited<br>• Prime Urban Development India Limited<br>• Edelweiss Asset Reconstruction Company Limited | • Edelweiss Commodities Services Limited<br>• Edel Land Limited<br>• Edelweiss Asset Management Limited |
| Chairmanship in Committees of other public limited companies (Audit Committee and shareholders/ Investors Grievance Committee only) | Nil | Nil | Nil |
| Membership of Committees of other public limited companies (Audit Committee and shareholders/ Investors Grievance Committee only) | Nil | Nil | • Edelweiss Asset Management Limited |
| No. of shares held in the Company | 14,53,01,730 | 58,026,560 | 12,316,380 |
| Disclosure of relationships between directors inter-se | Mr. Rashesh Shah and Ms. Vidya Shah are related to each other | None | None |

| Particulars | Mr. P. N. Venkatachalam | Mr. Berjis Desai | Mr. Sanjiv Misra |
|---|---|---|---|
| Age | 73 years | 60 years | 56 years |
| Qualification | • M.A. in Economics<br>• Certified Associate from Indian Institute of Bankers | • Masters in Law from the University of Cambridge | • Bachelors of Arts degree in economics from St. Stephen's College, Delhi University<br>• PGDM from IIM, Ahmedabad<br>• Master of Management from J. L. Kellogg Graduate School of Management |
| Experience in functional Area | Has more than 40 years of experience in the banking sector, non-banking financial services and allied industry | Has rich and varied experience of more than 3 decades in the legal field | Has rich and varied experience of more than 25 years in financial services sector |
| Date of first Appointment | August 9, 2007 | November 18, 2009 | May 16, 2011 |
| Terms and conditions of appointment/ re-appointment | Refer to the explanatory statement annexed to this Notice | Refer to the explanatory statement annexed to this Notice | Refer to the explanatory statement annexed to this Notice |
| Remuneration | Independent directors are entitled to sitting fees for attending meetings of the Board & Committees thereof and also commission | Independent directors are entitled to sitting fees for attending meetings of the Board & Committees thereof and also commission | Independent directors are entitled to sitting fees for attending meetings of the Board & Committees thereof and also commission |
| Remuneration last drawn | Refer Corporate Governance Report forming part of the Annual Report | Refer Corporate Governance Report forming part of the Annual Report | Refer Corporate Governance Report forming part of the Annual Report |
| No. of meetings attended during the year | 4 | 3 | 3 |
| Directorship in other Companies (Public Limited Companies) | • ECL Finance Limited<br>• Edelweiss Finance & Investments Limited<br>• Sundaram Finance Limited<br>• UTI Asset Management Company Limited<br>• UTI Retirement Solutions Limited<br>• Edelweiss Commodities Services Limited<br>• Edelweiss Tokio Life Insurance Company Limited<br>• Sundaram BNP Paribas Home Finance Limited<br>• Edelweiss Housing Finance Limited | • Emcure Pharmaceuticals Limited<br>• Praj Industries limited<br>• The Great Eastern Shipping Company Limited<br>• Greatship (India) Limited<br>• Man Infraconstruction Limited<br>• Adani Enterprises Limited<br>• 63 Moons Technologies Limited<br>• Himatsingka Seide Limited<br>• Nuvoco Vistas Corporation Limited | Nil |
| Chairmanship in Committees of other public limited companies (Audit Committee and shareholders/ Investors Grievance Committee only) | • ECL Finance Limited<br>• Edelweiss Finance & Investments Limited<br>• Edelweiss Commodities Services Limited<br>• UTI Asset Management Company Ltd. | • Praj Industries Limited<br>• Man Infraconstruction Limited | Nil |
| Membership of Committees of other public limited companies (Audit Committee and shareholders/ Investors Grievance Committee only) | • ECL Finance Limited<br>• UTI Retirement Solutions Limited<br>• Edelweiss Housing Finance Limited | • The Great Eastern Shipping Company Limited<br>• Greatship (India) Limited<br>• Emcure Pharmaceuticals Limited<br>• Himatsingka Seide Limited | Nil |
| No. of shares held in the Company | 207,500 | 62,500 | 37,500 |
| Disclosure of relationships between directors inter-se | None | None | None |

| Particulars | Mr. Navtej S. Nandra | Mr. Kunnasagaran Chinniah |
|---|---|---|
| Age | 50 years | 60 years |
| Qualification | • MBA from IIM Ahemdabad<br>• Bachelor's degree in Commerce (Honors) from the University of Delhi | • B.E. (Electrical) National University of Singapore<br>• MBA degree from the University of California (Berkeley)<br>• Chartered Financial Analysts |
| Experience in functional Area | Wide experience in global financial services and strategy and execution | Has more than 4 decades of experience in the financial sector |
| Date of first Appointment | May 15, 2013 | October 1, 2013 |
| Terms and conditions of appointment / re-appointment | As mentioned in the explanatory statement annexed to this Notice | As mentioned in the explanatory statement annexed to this Notice |
| Remuneration | Independent directors are entitled to sitting fees for attending meetings of the Board & Committees thereof and also commission | Independent directors are entitled to sitting fees for attending meetings of the Board & Committees thereof and also commission |
| Remuneration last drawn | Refer Corporate Governance Report forming part of the Annual Report | Refer Corporate Governance Report forming part of the Annual Report |
| No. of meetings attended during the year | 4 | 4 |
| Directorship in other Companies (Public Limited Companies) | • Edelweiss Tokio Life Insurance Company Limited | • Edelweiss Commodities Services Limited<br>• Edelweiss Agri Value Chain Limited<br>• Nirlon Limited |
| Chairmanship in Committees of other public limited companies (Audit Committee and shareholders/ Investors Grievance Committee only) | Nil | Nil |
| Membership of Committees of other public limited companies (Audit Committee and shareholders/ Investors Grievance Committee only) | • Edelweiss Tokio Life Insurance Company Limited | • Edelweiss Commodities Services Limited<br>• Edelweiss Agri Value Chain Limited |
| No. of shares held in the Company | 7,949,180 | Nil |
| Disclosure of relationships between directors inter-se | None | None |

**For and on behalf of the Board of Directors**
**EDELWEISS FINANCIAL SERVICES LIMITED**

**B. Renganathan**
**Executive Vice President & Company Secretary**
**(FCS2922)**

**May 17, 2017**

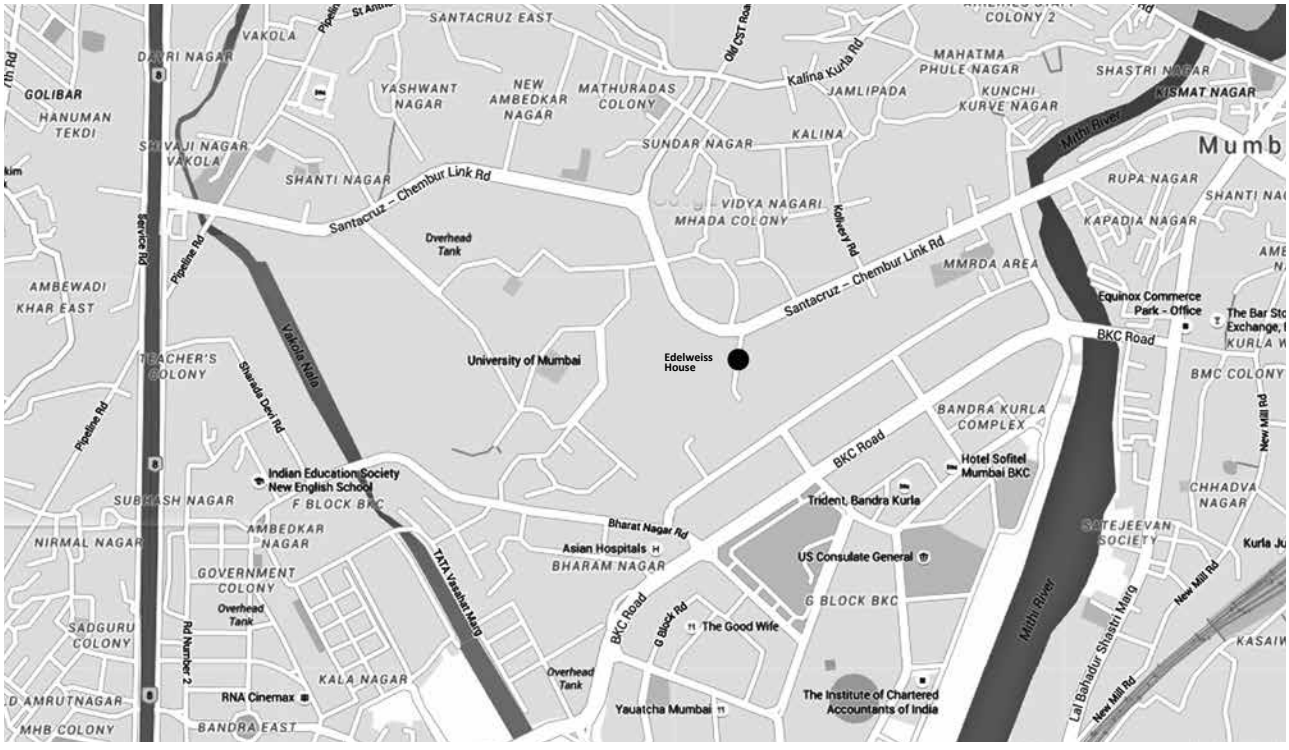
Registered Office:
Edelweiss House, Off C.S.T. Road, Kalina, Mumbai – 400 098.
CIN No.: L99999MH1995PLC094641
Email: efsl.shareholders@edelweissfin.com

Edelweiss
Ideas create, values protect

## ROUTE MAP OF THE VENUE OF THE 22nd ANNUAL GENERAL MEETING - AUGUST 2, 2017

**AGM Venue:**
**Edelweiss Financial Services Limited**
Edelweiss House,
Off C.S.T. Road,
Kalina, Mumbai – 400 098

Prominent Landmark: University of Mumbai, Kalina



# EXTERNAL CONNECTS



- *Edelweiss Chairman & CEO, Mr. Rashesh Shah with the Honourable Finance Minister Arun Jaitley at the FICCI India delegation meeting in Japan*



- *Vidya Shah, CEO, EdelGive Foundation, signed a MoU with the Department of Education, Govt. of Maharashtra, in the presence of Education Minister Shri. Vinod Tawde*




- *Adi Godrej, Chairman, Godrej Group, Rashesh Shah and Vikas Khemani, President & CEO, Edelweiss Securities, unveil the 'This Time It's Different' coffee table book at the Edelweiss India Conference 2017*




- *Rashesh Shah and CDPQ's President & CEO, Michael Sabia, join hands to create one of the largest diversified credit platforms in India, buying a 20% stake in Edelweiss Group's asset reconstruction company*



- *The official Indian Olympic Contingent send-off party by Edelweiss (#iAmTeamIndia)*



- *Edelweiss Tokio Life Insurance proudly insures the Paralympic Medal winners with a cover of ₹1 crore*




- *Rashesh Shah delivers the welcome address at FICCI's 13th Annual Capital Market Conference*




- *Power-packed panel discussion on India's macroeconomic and credit outlook at the Edelweiss Credit Conclave 2017*




- *Vidya Shah talks about the value of giving back at the Mint Wealth Creators Summit*




- *Venkat Ramaswamy, Executive Director, Edelweiss Financial Services in an engaging panel discussion at the Mint Stressed Assets Summit*



- *Nitin Jain, CEO, Edelweiss Global Asset & Wealth Management talks about technology as an enabler at Dun & Bradstreet's-India's Leading BFSI Companies & Awards 2017*




- *Siby Antony, MD & CEO, Edelweiss ARC with Dr. M.S. Sahoo, Chairperson, Insolvency & Bankruptcy Board of India at the ASSOCHAM India New Corporate Insolvency Regime International Conference 2017*




Nilesh Parmar, COO, Edelweiss Tokio Life Insurance speaks about nurturing a healthy distribution ecosystem at the Businessworld Life Insurance Summit




Radhika Gupta, CEO, Edelweiss AMC addresses delegates at Cafemutual CIFA Summit 2017 on the art & science of asset allocation




Edelweiss Brand Ambassador, Saina Nehwal, felicitates Olympics School contest winners



Rashesh Shah felicitates PV Sindhu at an OGQ India event

# INTERNAL ENGAGEMENT



The senior leadership team commemorates 21 years of Edelweiss




Team Edelweiss with the Paralympic Medalists at Edelweiss Titans 2016




- *Edelweiss celebrates Customer Centricity Day with a panel discussion and oath to keep customers first*



- *Women Empowered INK Salon empowers Edelweiss employees with real life experiences*



- *Team Edelweiss take home the Brain Bout inter-corporate quiz trophy after competing with 150+ companies across the country*



- *Edelweiss Risk & Compliance Awards 2017*



- *Edelweiss Employees run for EdelGive Foundation at the Mumbai Marathon 2017*



- *The Edelweiss cycling club pedals off for a joyful ride*

# AWARDS

### CHARTING A NEW PATH

**Ranked amongst India's Best Corporate Brands 2016**
The Economic Times Consumer Survey

**Best Corporate Governance – India**
CFI.co Corporate Governance Awards 2016

**Golden Peacock Award for Risk Management**
Golden Peacock Awards 2016

**EdelGive recognised for its efforts towards Women Empowerment**
FICCI CSR Awards 2016

**EdelGive recognised for its efforts towards optimally channelising CSR Budgets**
CNBC TV18 Financial Inclusion Awards 2016

### RAISING THE BAR

**Best Distributor - South and Southeast Asia; Best Performance - Asia-Pacific; Best Distributor - India; Best Performance - India**
SRP Asia Pacific Awards 2017

**Wealth Management Excellence Award**
Economic Times Premium Brands 2017

**Best Broker Award**
FinanceAsia Country Awards 2017

**Best Life Insurer – Edelweiss Tokio Life Insurance**
Outlook Money Awards 2016

**Best NBFC Award (Runner-up)**
MSME Banking & NBFC Excellence Awards 2016

**Ranked #3 in four categories – best local brokerage, best execution, best overall sales trading and best overall for roadshows and company visits**
AsiaMoney Brokers Poll 2016

### BREAKING THROUGH THE CLUTTER

**Silver for the best integrated campaign – Edelweiss Olympic Campaign**
India PR and Corporate Communications Awards 2016

**Recognised for Marketing Excellence in the BFSI sector**
World Marketing Congress, Mumbai 2016

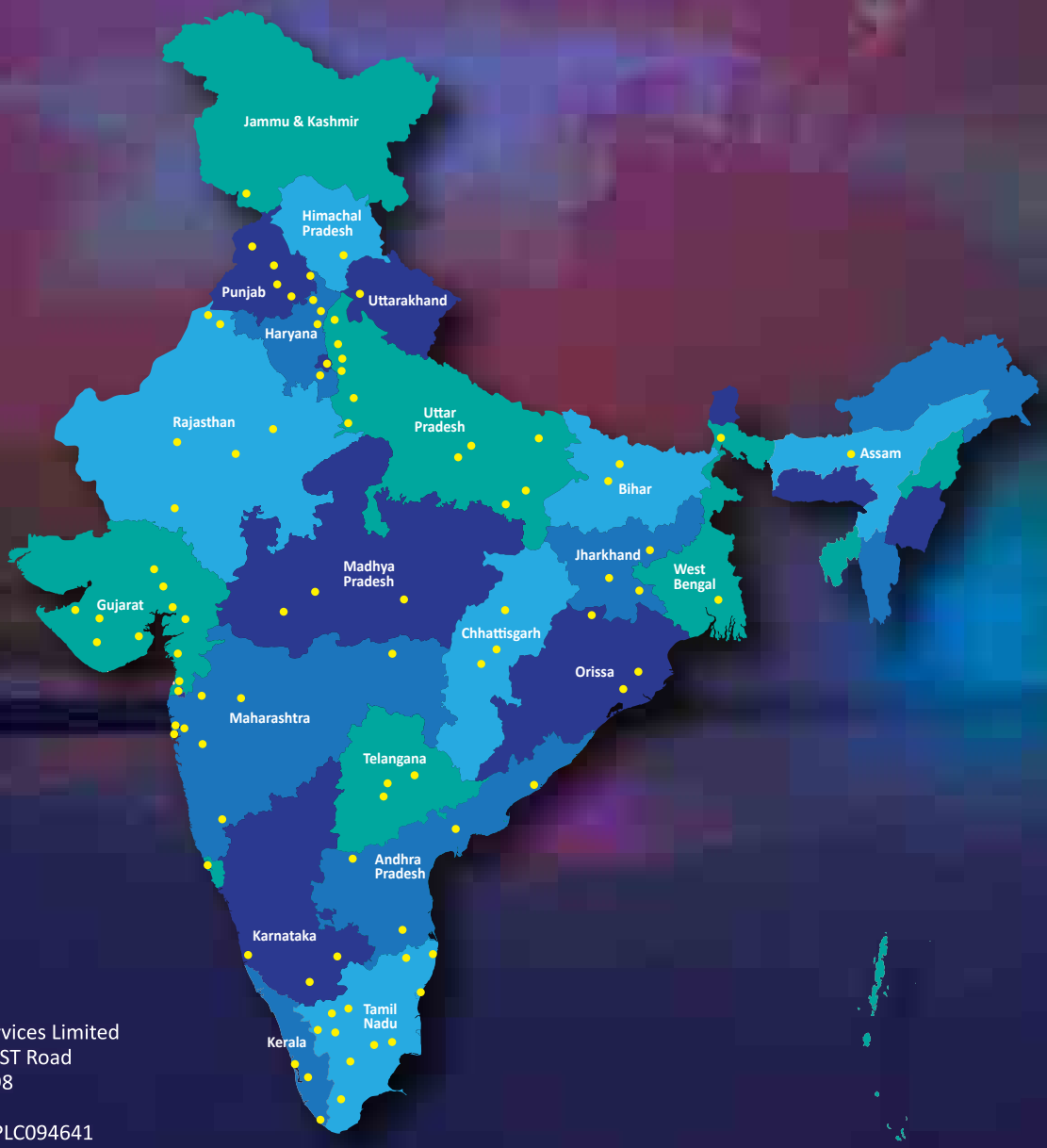
**Awarded Marketing Campaign of the Year – Edelweiss Olympic Campaign**
CMO Asia Awards 2016



Concept: quadrum & Edelweiss Team

# EDELWEISS GROUP

| 6972 | 277 | 120 | 7 |
|---|---|---|---|
| EMPLOYEES | OFFICES | DOMESTIC LOCATIONS | INTERNATIONAL LOCATIONS |




**Registered Office:**
Edelweiss Financial Services Limited
Edelweiss House, Off CST Road
Kalina, Mumbai 400 098
Maharashtra, India
CIN - L99999MH1995PLC094641
Tel: 022 - 4009 4400 Fax: 022 - 4086 3759
Email: efsl.shareholders@edelweissfin.com
www.edelweissfin.com

EdelweissGroup EdelweissFin Company/EdelweissFin

Edelweiss
Ideas create, values protect

Graphic representation, not to scale