

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 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 ('the Listing Regulations') and the Companies Act, 2013 ('the 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 2017-18 and at the last Annual General Meeting (AGM), the number of directorships and committee positions held by them in other public limited companies as on March 31, 2018 are as under:

Name and DIN of the Directors	Category	No. of Board Meetings		Attendance at the last AGM held on August 2, 2017	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)	5	5	Yes	2	Nil	Nil
Mr. Venkatchalam Ramaswamy (DIN No. 00008509)	Executive (Promoter)	5	4	Yes	4	1	Nil
Ms. Vidya Shah (DIN No. 00274831)	Non-Executive, Non-Independent (Promoter)	5	5	Yes	2	2	Nil
Mr. Himanshu Kaji (DIN No. 00009438)	Executive	5	5	Yes	3	1	Nil
Mr. Rujan Panjwani (DIN No. 00237366)	Executive	5	5	Yes	3	1	Nil
Mr. P. N. Venkatachalam (DIN No. 00499442)	Independent	5	5	Yes	9	4	3

Corporate Governance Report (Continued)

Name and DIN of the Directors	Category	No. of Board Meetings		Attendance at the last AGM held on August 2, 2017	No. of directorships in other Public Limited Companies [§]	Committee Position*	
		Held	Attended			Member	Chairman
Mr. Berjis Desai (DIN No. 00153675)	Independent	5	5	Yes	9	2	2
Mr. Sanjiv Misra (DIN No. 03511635)	Independent	5	4	Yes	Nil	Nil	Nil
Mr. Navtej S. Nandra (DIN No. 02282617)	Independent	5	4	Yes	2	2	Nil
Mr. Kunnasagaran Chinniah (DIN No. 01590108)	Independent	5	5	Yes	4	2	1
Mr. Biswamohan Mahapatra (DIN No. 06990345)	Independent	5	4	Yes	4	3	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.

Mr. Sunil Mitra did not offer himself for re-appointment for the second term at the Annual General Meeting held on August 2, 2017. He attended the last AGM held on August 2, 2017 and two Board Meetings during the year before his cessation.

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 5 times during the financial year 2017-18 i.e. on: May 17, 2017; August 2, 2017; September 26, 2017; November 3, 2017; and January 23, 2018.

Except for Mr. Rashesh Shah and Ms. Vidya Shah, who are related to each other as spouse, none of the other Directors are related to each other.

COMMITTEES OF THE BOARD:

A) Audit Committee

Composition and attendance as at March 31, 2018:-

Name of the Member	No. of meetings	
	Held	Attended
Mr. P. N. Venkatachalam - Chairman	4	4
Mr. Berjis Desai - Member	4	2
Mr. Sanjiv Misra - Member	4	3
Mr. Biswamohan Mahapatra - Member	4	3*

* Mr. Biswamohan Mahapatra was inducted as a member of Audit Committee on May 17, 2017.

Mr. Sunil Mitra attended two Meetings during the year before his cessation.

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

Meetings held

During the financial year 2017-18, the Committee met 4 times on May 16, 2017; August 1, 2017; November 3, 2017 and January 23, 2018.

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 2, 2017.

B) Nomination and Remuneration Committee

Composition and attendance as at March 31, 2018:

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

Meetings held:

During the Financial Year 2017-18, a Meeting of the Committee was held on May 17, 2017.

Brief Description of the Terms of Reference of the Committee

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, 2018.

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 its functions, etc.

Familiarization Programme

The Independent Directors are familiarized with their roles, rights, responsibilities etc. in relation to the nature of the financial services sector and the business model of the Company. The details are uploaded on the website of the Company at <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 paid to the Non-executive Directors inter alia based on their attendance, contribution etc. at the Board and various Committee Meetings. An amount of ₹ 13 lakhs was paid to each of the Independent Directors as commission for the year ended March 31, 2018.

Executive Directors

The details of the remuneration paid to the Managing Director and the Executive Directors during the financial year ended March 31, 2018 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	11.69	1.20	11.40	1.30
Perquisites	0.04	-	0.03	0.04
Bonus*	52.50	-	40.00	30.00
Total	64.23	1.20	51.43	31.34
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	N.A.	N.A.	120,000	40,000
Notice Period	N.A.	N.A.	N.A.	N.A.
Severance Fee	N.A.	N.A.	N.A.	N.A.

* Relates to financial year 2016-17

The Stock Options are granted under 'Edelweiss Employees Stock Incentive Plan 2011'. The vesting of the options and the exercise period are as per the said Plan. None of the Options are granted at a discount.

The shareholding of the Directors in the Company as on March 31, 2018 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	15.87
2.	Mr. Venkatchalam Ramaswamy	5,80,26,560	6.34
3.	Mr. Himanshu Kaji	30,37,500	0.33
4.	Mr. Rujan Panjwani	1,27,13,630	1.39
5.	Ms. Vidya Shah	3,50,31,200	3.83
6.	Mr. P. N. Venkatachalam	2,70,000	0.03
7.	Mr. Berjis Desai	100,000	0.01
8.	Mr. Navtej S. Nandra	79,61,680	0.87
9.	Mr. Sanjiv Misra	62,500	0.01
10.	Mr. Kunnasagaran Chinniah	-	-
11.	Mr. Biswamohan Mahapatra	-	-

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

C) Stakeholders' Relationship Committee

Composition and attendance as at March 31, 2018:

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

Meetings held:

During the financial year 2017-18, the committee met twice on: May 17, 2017 and November 3, 2017.

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 18 requests/complaints during the year ended March 31, 2018 which were satisfactorily resolved/replied. As on March 31, 2018 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 risk and hedging 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
2016-2017	August 2, 2017	3.00 p.m	Edelweiss House, Off C.S.T. Road, Kalina, Mumbai- 400 098	7
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

Corporate Governance Report (Continued)

Postal Ballot

During the year, Special Resolutions on the following matters were passed with the requisite majority through Postal Ballot on November 1, 2017 by the members of the Company:

1. Issue of Securities; and
2. Increase in the limits of Equity holdings of Foreign Portfolio Investors (“FPIs”) and Foreign Institutional Investors (“FIIs”) upto an aggregate limit of 49% of the paid-up equity share capital of the Company.

Mr. B. Narasimhan, Practicing Company Secretary, Proprietor of M/s. B.N. & Associates, Company Secretaries, was appointed as the Scrutinizer for conducting the Postal Ballot and E-voting process in a fair and transparent manner.

Details of Voting Pattern for above mentioned Resolutions are as under:

Resolutions	Votes cast in favour		Votes cast against	
	Number	%	Number	%
1	52,77,35,280	99.9956	23,091	0.0044
2	52,77,48,383	99.9957	22,582	0.0043

The Company follows the procedure as prescribed under the Companies Act, 2013, the Rules framed thereunder and other applicable statutes, if any, for conducting the postal ballot.

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 a 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	Thursday, July 26, 2018 at 1.30 p.m. at Edelweiss House, Off C.S.T. Road, Kalina, Mumbai – 400 098.
ii.	Financial Year:	April 1, 2017 to March 31, 2018
iii.	Book Closure dates:	July 20, 2018 to July 25, 2018 (Both days inclusive)
iv.	Dividend payment date:	July 28, 2018 to August 2, 2018

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 Stock 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

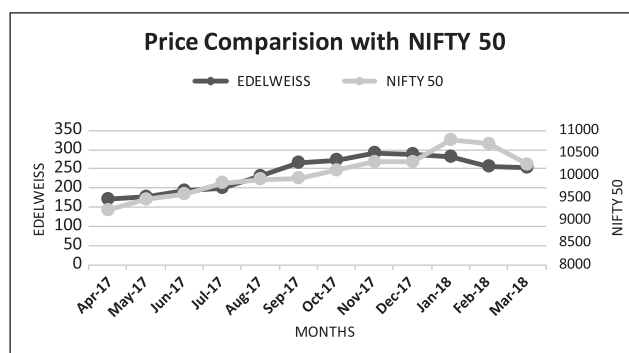
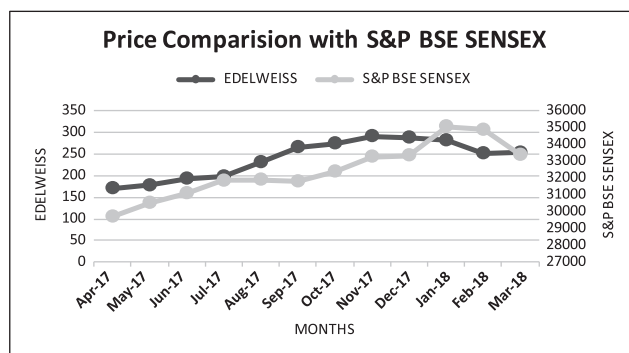
The Company has paid the listing fees, to the Stock Exchanges for the financial year 2018-2019.

ISIN with NSDL and CDSL (Equity): INE532F01054

IV. Market Price Data: Stock Market price data for the financial year 2017-18 and the High/ Low of market price of the Company's shares traded at BSE and NSE during each month in the financial year ended March 31, 2018, are as under:

Months	BSE			NSE		
	High (₹)	Low (₹)	No. of shares traded	High (₹)	Low (₹)	No. of shares traded
Apr-17	185.30	156.80	1,24,45,511	186.00	156.60	5,44,41,732
May-17	191.80	163.25	1,35,86,359	192.05	162.20	5,96,83,085
Jun-17	214.60	171.85	1,29,53,511	214.65	171.75	5,51,04,310
Jul-17	208.00	188.30	85,84,669	231.10	169.50	2,79,92,495
Aug-17	261.35	201.00	1,05,59,862	261.30	201.00	7,89,15,278
Sep-17	296.60	235.35	1,23,99,921	296.90	235.00	8,65,06,698
Oct-17	300.65	248.70	1,39,91,723	301.00	245.00	6,94,75,765
Nov-17	309.40	273.40	90,25,069	309.10	273.55	6,41,09,418
Dec-17	303.30	273.00	89,47,940	303.40	273.00	3,52,93,828
Jan-18	300.65	262.70	67,49,197	300.50	262.50	5,19,73,127
Feb-18	288.35	215.05	40,64,674	288.60	224.10	4,68,88,585
Mar-18	280.00	226.55	55,11,403	280.65	226.10	3,62,72,226

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



Price: Average of High & Low

Corporate Governance Report (Continued)

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, 2018:

No. of Equity Shares	No. of Shareholders	% of Share holders	Total no. of shares held	% of Shares held
1 - 500	1,39,032	89.4361	1,46,61,145	1.6014
501 - 1000	7,568	4.8683	59,15,466	0.6461
1001 - 2000	3,753	2.4142	56,47,563	0.6169
2001 - 3000	1,407	0.9051	36,09,192	0.3942
3001 - 4000	680	0.4374	24,41,112	0.2666
4001 - 5000	545	0.3506	25,85,955	0.2825
5001 - 10000	947	0.6092	69,61,829	0.7604
10001 and above	1,522	0.9791	87,36,76,665	95.4318
Total	1,55,454	100.00	91,54,98,927	100.00

SHAREHOLDING PATTERN AS ON MARCH 31, 2018

Sr. No.	Category	No. of Shares	% of Holding
1.	Promoters and Promoters Group	30,73,85,690	33.58
2.	Mutual Funds / FIs / Banks / Insurance Companies	3,91,34,156	4.27
3.	FIIIs/FPIs	25,52,94,790	27.89
4.	NRIs / Foreign Nationals / Foreign Bodies Corporate	2,28,01,229	2.49
5.	Public and Others	24,59,86,282	26.87
6.	Non Promoter - Non Public	4,48,96,780	4.90
	Total	91,54,98,927	100.00

IX. Dematerialisation of shares: As on March 31, 2018, 91,46,82,432 Equity Shares representing 99.91% of the issued share capital of the Company were held in dematerialised form and 8,16,495 Equity Shares representing 0.09% 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 Practicing 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 Requirements) 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	97	7,770
2	Number of shareholders who approached the Company for transfer of shares from the suspense account during the year	1	80
3	Number of shareholders to whom shares were transferred from the suspense account during the year	1	80
4	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year	96	7,690

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

XII. Plant locations – Not Applicable

Other Disclosures

- i. The Company did not enter into any materially significant related party transactions having a potential conflict with the interest of the Company at large. Transactions with the related parties are disclosed in the 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 an Adjudication Order passed by SEBI 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.
- iv. The Company has a Whistle Blower Policy for the 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://edelweissfn.com/Home/InvestorRelations/CorporateGovernance.aspx>

Corporate Governance Report (*Continued*)

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 on 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 issued by BNP & Associates, Company Secretaries, certifying the compliance by the Company with the provisions of the Corporate Governance forms a 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
Unit: Edelweiss Financial Services Limited
C 101, 247 Park, L.B.S Marg,
Vikhroli (West), Mumbai - 400 083.
Tel: +91 22 4918 6270
Fax: +91 22 4918 6060
e-mail: rnt.helpdesk@linkintime.co.in
Website: www.linkintime.co.in

The Company Secretary
Edelweiss Financial Services Limited
Edelweiss House, Off C.S.T. Road,
Kalina, Mumbai – 400 098.
Tel: +91 022 – 4009 4400
Fax: +91 022 – 4086 3759
E-mail: efsl.shareholders@edelweissfin.com
Website: www.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, it is hereby confirmed that for the financial year ended March 31, 2018, the Directors and the Senior Management Personnel of the Company have affirmed compliance with the Edelweiss Code of Conduct.

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

May 23, 2018

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, 2018, 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').

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 aforesaid provisions of LODR.

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

For BNP Associates
Company Secretaries
Firm Registration No. P2014MH037400

Prakash K. Pandya
Partner
FCS No. 3901
CP No. 2311

Mumbai
May 23, 2018