

Edelweiss Financial Services Limited

**Abridged Consolidated Financial Statements
for the year ended 31 March 2018**

Independent Auditors' Report

To the Board of Directors of Edelweiss Financial Services Limited

Report on the abridged consolidated financial statements

1. The accompanying abridged consolidated financial statements of Edelweiss Financial Services Limited, its subsidiaries and associate companies, comprise the abridged consolidated balance sheet as at March 31, 2018, the abridged consolidated Statement of Profit and Loss and abridged consolidated Cash Flow Statement related for the year then ended together with the related notes, which we have signed under reference to this report.
2. These abridged consolidated financial statements are derived from the consolidated audited financial statements of the Company for the year ended March 31, 2018 prepared by the Company's Management in accordance with the accounting principles generally accepted in India, covered by our attached report of even date to the Board of Directors of the Company, in which we have expressed an unmodified audit opinion. Those consolidated financial statements and the abridged consolidated financial statements do not reflect the effects of events that have occurred subsequent to the date of our report on those consolidated financial statements.
3. The abridged consolidated financial statements do not contain all the disclosures required by Accounting Standard ("AS") 21 – 'Consolidated Financial Statements' and AS 23 – 'Accounting for Investments in Associates in Consolidated Financial Statements', applied in the preparation of the audited consolidated financial statements of the Company. Reading the abridged consolidated financial statements, therefore, is not a substitute for reading the audited consolidated financial statements of the Company.

Management's Responsibility for the Abridged Consolidated Financial Statements

4. The Company's Management is responsible for the preparation of the abridged consolidated financial statements in accordance with Rule 10 of the Companies (Accounts), Rules, 2014 (the "Rules"). The Company's Management (including Directors) are ultimately responsible for the designing, implementing and maintaining internal control relevant to the preparation and presentation of the abridged consolidated financial statements that are consistent with the audited consolidated financial statements and are free from material misstatement, whether due to fraud or error; and also includes appropriate interpretation and application of the relevant provisions of the Rules and the Act
5. The Company's Management (including directors) are also responsible for ensuring that the Company complies with the requirements of the Rules.

Auditors' Responsibility

6. Our responsibility is to express an opinion on the abridged consolidated financial statements based on our procedures, which were conducted in accordance with Standard on Auditing (SA) 810, 'Engagements to Report on Summary Financial Statements', issued by the Institute of Chartered Accountants of India

Opinion

7. In our opinion, the accompanying abridged consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements of the Company as at and for the year ended March 31, 2018 prepared in accordance with the requirements of Accounting Standard ("AS") 21 – 'Consolidated Financial Statements' and AS 23 – 'Accounting for Investments in Associates in Consolidated Financial Statements', and covered by our attached report of even date to the Board of Directors of the Company, in accordance with the Rules.

Other Matters

8. We did not audit the financial statements of forty five subsidiaries whose financial statements reflect total assets of ₹ 149,945.85 million and net assets of ₹ 27,403.25 million as at March 31, 2018, total revenue of ₹ 28,178.06 million, net loss of ₹ 1,776.13 million and net cash flows amounting to ₹ 924.27 million for the year ended on that date, as considered in the abridged consolidated financial statements. The abridged consolidated financial statements also include the Group's

Independent Auditors' Report (*Continued*)

share of net profit of ₹ 51.48 million for the year ended March 31, 2018 as considered in the abridged consolidated financial statements in respect of four associate companies, 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 the Management, and our opinion on the abridged consolidated financial statements insofar as it relates to the amounts and disclosures included in respect of these subsidiaries and associate companies and our report in terms of sub-section (3) of Section 143 of the Act insofar as it relates to the aforesaid subsidiaries and associates, is based solely on the reports of the other auditors..

9. The abridged consolidated financial statements include the Group's share of net loss of ₹ 12.07 million for the period April 01, 2017 to August 22, 2017 as considered in the abridged consolidated financial statements, in respect of one associate company whose financial statements have not been audited by us. These financial statements are unaudited and have been furnished to us by the Management, and our opinion on the abridged consolidated financial statements insofar as it relates to the amounts and disclosures included in respect of the associate company and our report in terms of sub-section (3) of Section 143 of the Act insofar as it relates to the aforesaid associate company, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, this financial statement is not material to the Group.
10. 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 March 31, 2018 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 March 31, 2018 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 of India (the 'IRDAI' or 'Authority') and the Institute of Actuaries of India in concurrence with the Authority. 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 in financial statements of ETLICL".

Our opinion on the abridged consolidated financial statements is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

11. The abridged consolidated financial statements of the Company, its subsidiaries and associate companies as at March 31, 2017 and for the year then ended were audited by another firm of chartered accountants who, vide their report dated May 17, 2017, expressed an unmodified opinion on those financial statements.

Our opinion is not modified in respect of this matter.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016
Chartered Accountants

Mumbai
May 03, 2018

Russell I Parera
Partner
Membership Number: 42190

Independent Auditors' Report

To the Members of Edelweiss Financial Services Limited

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of Edelweiss Financial Services Limited (hereinafter referred to as the "Company" or "Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), its associate companies; (refer Note 1.2 to the attached consolidated financial statements), comprising of the consolidated Balance Sheet as at March 31, 2018, the consolidated Statement of Profit and Loss, the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information prepared based on the relevant records (hereinafter referred to as "the Consolidated Financial Statements").

Management's Responsibility for the Consolidated Financial Statements

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its associates in accordance with 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 Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of Consolidated Financial Statements. The respective Board of Directors of the companies 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 its associates respectively and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which has been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

3. 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 and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.
4. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements 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 material misstatement.
5. 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 auditors' judgement, 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 the 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.
6. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph 8 of the Other Matters paragraph below, other than the unaudited financial statements as certified by the management and referred to in sub-paragraph 9 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Independent Auditors' Report (*Continued*)

Opinion

7. 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 March 31, 2018, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Other Matters

8. We did not audit the financial statements of forty five subsidiaries whose financial statements reflect total assets of ₹ 149,945.85 million and net assets of ₹ 27,403.25 million as at March 31, 2018, total revenue of ₹ 28,178.06 million, net loss of ₹ 1,776.13 million and net cash flows amounting to ₹ 924.27 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 ₹ 51.48 million for the year ended March 31, 2018 as considered in the consolidated financial statements in respect of four associate companies, 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 the Management, and our opinion on the consolidated financial statements insofar as it relates to the amounts and disclosures included in respect of these subsidiaries and associate companies and our report in terms of sub-section (3) of Section 143 of the Act insofar as it relates to the aforesaid subsidiaries and associate companies, is based solely on the reports of the other auditors.
9. The consolidated financial statements include the Group's share of net loss of ₹ 12.07 million for the period April 01, 2017 to August 22, 2017 as considered in the consolidated financial statements, in respect of one associate company whose financial statements have not been audited by us. These financial statements are unaudited and have been furnished to us by the Management, and our opinion on the consolidated financial statements insofar as it relates to the amounts and disclosures included in respect of the associate company and our report in terms of sub-section (3) of Section 143 of the Act insofar as it relates to the aforesaid associate company, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, this financial statement is not material to the Group.
10. 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 March 31, 2018 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 March 31, 2018 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 of India (the 'IRDAI' or 'Authority') and the Institute of Actuaries of India in concurrence with the Authority. 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 in financial statements of ETLICL".

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 matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

11. The consolidated financial statements of the Company as at March 31, 2017 and for the year then ended were audited by another firm of chartered accountants who, vide their report dated May 17, 2017, expressed an unmodified opinion on those financial statements.

Our opinion is not modified in respect of these matters.

Independent Auditors' Report (*Continued*)

Report on Other Legal and Regulatory Requirements

12. 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 maintained by the Holding Company, its subsidiaries included in the Group and associate companies incorporated in India including relevant records relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and records of the Holding Company 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 by the Holding Company, its subsidiaries included in the Group and associate companies incorporated in India including relevant records relating to the 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 the written representations received from the directors of the Holding Company as on March 31, 2018 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 associate companies incorporated in India is disqualified as on March 31, 2018 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 with reference to financial statements of the Holding Company, its subsidiary companies and associate companies incorporated in India and the operating effectiveness of such controls, refer to our separate Report in Annexure A.
- (g) With respect to the other matters to be included in the Auditors' 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, if any, of pending litigations as at March 31, 2018 on the consolidated financial position of the Group and its associates – Refer Note 2.40 to the consolidated financial statements.
 - ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts as at March 31, 2018– Refer (a) Note 2.6, 2.10 and 2.56 to the consolidated financial statements in respect of such items as it relates to the Group and its associates and (b) the Group's share of net profit in respect of its associates.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company. Further, there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the subsidiaries and associate companies incorporated in India during the year ended March 31, 2018.
 - iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Group for the year ended March 31, 2018.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016
Chartered Accountants

Russell I Parera

Partner

Membership Number: 42190

Mumbai
May 03, 2018

Annexure A to Independent Auditors' Report

Referred to in paragraph 12(f) of the Independent Auditors' Report of even date to the members of Edelweiss Financial Services Limited on the Consolidated Financial Statements for the year ended March 31, 2018

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

1. In conjunction with our audit of the Consolidated Financial Statements of the Company as of and for the year ended March 31, 2018, 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 associate companies, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

2. The respective Board of Directors of the Holding company, its subsidiary companies and its associate companies, to whom reporting under clause (i) of sub section 3 of Section 143 of the Act in respect of the adequacy of the internal financial controls over financial reporting is applicable, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on "internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (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, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

3. 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 on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing deemed to be prescribed under section 143(10) of the Companies Act, 2013, 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.
4. 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph 9 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

6. 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

Annexure A to Independent Auditors' Report (*Continued*)

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

7. 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

8. In our opinion, read with other matters paragraph 9 and 10 stated below, the Holding Company, its subsidiary companies and its associate companies, 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 March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

9. 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 insofar as it relates to 23 subsidiary companies and 4 associate companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India. Our opinion is not modified in respect of this matter.
10. As stated in paragraph 9 of our main audit report, the report on the internal financial controls over financial reporting, insofar as it relates to an associate entity which was disposed off during the year, is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, this financial information is not material to the Group.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016
Chartered Accountants

Mumbai
May 03, 2018

Russell I Parera
Partner
Membership Number: 42190

Abridged Consolidated Balance Sheet as at 31 March 2018

(Statement containing salient features of Consolidated Balance Sheet as per proviso to Section 136(1) of the Companies Act, 2013 and Rule 10 of Companies (Accounts) Rules, 2014)

(Currency: Indian rupees in millions)		As at 31 March 2018	As at 31 March 2017
I	EQUITY AND LIABILITIES		
1	Shareholders' funds		
(a)	Share capital		
	Equity	915.50	832.57
(b)	Reserves and surplus		
(i)	Capital reserves	12,309.13	10,224.20
(ii)	Securities premium account	29,373.39	13,460.15
(iii)	Statutory reserves	6,248.99	4,785.07
(iv)	General reserves	916.82	916.82
(v)	Surplus in statement of profit and loss (Refer note 2.14)	16,942.64	13,034.78
		66,706.47	43,253.59
2	Share application money pending allotment (Refer note 2.4)	25.08	40.94
3	Minority interest	10,892.78	9,584.56
4	Non-current liabilities		
(a)	Long-term borrowings	2,73,060.50	1,69,874.07
(b)	Other long term liabilities	8,200.27	3,061.42
(c)	Long-term provisions	15,760.88	10,417.48
		2,97,021.65	1,83,352.97
5	Current liabilities		
(a)	Short-term borrowings	1,49,248.63	1,18,394.14
(b)	Trade payables		
(i)	total outstanding dues of micro enterprises and small enterprises	-	1.50
(ii)	total outstanding dues of creditors other than micro enterprises and small enterprises	21,879.79	20,852.14
(c)	Other current liabilities	83,574.91	68,167.09
(d)	Short-term provisions	5,786.04	4,587.03
		2,60,489.37	2,12,001.90
	TOTAL - EQUITY AND LIABILITIES (1+2+3+4+5)	6,35,135.35	4,48,233.96
II	ASSETS		
6	Non-current assets		
(a)	Fixed assets		
(i)	Property, Plant and Equipment (original cost less depreciation)	5,731.83	5,258.41
(ii)	Intangible assets (original cost less depreciation/amortisation)	1,384.61	1,109.53
(iii)	Capital work-in-progress	10.83	951.21
(iv)	Intangible assets under development	410.82	58.35
(b)	Non-current investments (Refer note 2.12)	66,991.21	60,413.90
(c)	Deferred tax assets (net)	1,740.37	2,109.09
(d)	Long-term loans and advances	1,64,953.07	1,06,127.61
(e)	Other Non-Current assets	7,913.89	8,365.64
		2,49,136.63	1,84,393.74
7	Current assets		
(a)	Current investments (Refer note 2.12)	23,763.08	8,362.93
(b)	Stock-in-trade (Refer note 2.12)	1,61,919.70	1,06,524.04
(c)	Trade receivables	26,252.40	10,982.38
(d)	Cash and bank balances	39,258.82	26,181.91
(e)	Short-term loans and advances	1,08,555.05	94,867.79
(f)	Other current assets	26,249.67	16,921.17
		3,85,998.72	2,63,840.22
	TOTAL ASSETS (6+7)	6,35,135.35	4,48,233.96

The accompanying notes are an integral part of the Consolidated Financial Statements 1&2

Compiled from the audited consolidated financial statements of the Company referred to in our report dated 03 May 2018

Complete Balance Sheet, Statement of Profit and Loss, other statements and notes thereto prepared as per the requirements of Schedule III to the Companies Act, 2013 are available at the Company's website - www.edelweissfin.com

This is the Abridged Consolidated Balance Sheet referred to in our report of even date

For Price Waterhouse Chartered Accountants LLP

Chartered Accountants

Firm's Registration No.: 012754N / N500016

Russell I Parera

Partner

Membership No.: 42190

For and on behalf of the Board of Directors

Rashesh Shah

Himanshu Kaji

Chairman, Managing Director & CEO

Executive Director

DIN: 00008322

DIN: 00009438

S Ranganathan

B Ranganathan

Chief Financial Officer

EVP & Company Secretary

Mumbai

3 May 2018

Mumbai

3 May 2018

Abridged Consolidated Statement of Profit and Loss for the year ended 31 March 2018

(Statement containing salient features of Consolidated Statement of Profit and Loss as per proviso to Section 136(1) of the Companies Act, 2013 and Rule 10 of Companies (Accounts) Rules, 2014)

(Currency: Indian rupees in millions)	For the year ended 31 March 2018	For the year ended 31 March 2017
I Income		
Revenue from operations		
(a) Fee and commission income	21,340.60	12,480.82
(b) Income from treasury	5,780.28	6,893.77
(c) Interest income	50,740.86	41,015.44
(d) Premium from insurance business	6,188.92	4,258.92
(e) Other operating revenue	1,759.24	1,271.98
Net Revenue from operations	85,809.90	65,920.93
II Other income	376.18	267.49
III Total revenue (I+II)	86,186.08	66,188.42
IV Expenditure		
(a) Employee benefits expense	13,549.11	11,021.54
(b) Finance costs	35,295.22	28,096.99
(c) Depreciation and amortisation expenses	1,116.85	1,064.36
(d) Change in insurance policy liability	4,975.67	4,263.32
(e) Other expenses	17,066.96	12,310.11
Total expenses	72,003.81	56,756.32
V Profit before tax (III-IV)	14,182.27	9,432.10
VI Tax expense		
(a) Current tax	5,583.57	4,565.64
(b) Minimum alternate tax (MAT)	(316.30)	(143.82)
(c) Deferred tax	331.25	(474.54)
VII Profit for the year (V-VI)	8,583.75	5,484.82
VIII Share in profit / (loss) of associate companies (net)	39.38	147.55
IX Share of minority interest	(278.17)	(460.69)
X Profit for the year after minority interest (VII+VIII-IX)	8,901.30	6,093.06
XI Earnings per share (₹) (Face value ₹ 1 each) (Refer note 2.3)		
(a) Basic	10.11	7.26
(b) Diluted	9.80	6.92

The accompanying notes are an integral part of the Consolidated Financial Statements 1&2

Compiled from the audited consolidated financial statements of the Company referred to in our report dated 03 May 2018

This is the Abridged Consolidated Statement of Profit and Loss referred to in our report of even date

For Price Waterhouse Chartered Accountants LLP
Chartered Accountants
Firm's Registration No.: 012754N / N500016

For and on behalf of the Board of Directors

Russell I Parera
Partner
Membership No.: 42190

Rashesh Shah
Himanshu Kaji

Chairman, Managing Director & CEO
Executive Director

DIN: 00008322
DIN: 00009438

S Ranganathan
B Renganathan

Chief Financial Officer
EVP & Company Secretary

Mumbai
3 May 2018

Mumbai
3 May 2018

Abridged Consolidated Cash Flow Statement for the year ended 31 March 2018

(Statement containing salient features of Consolidated Cash Flow Statement as per proviso to Section 136(1) of the Companies Act, 2013 and Rule 10 of Companies (Accounts) Rules, 2014)

(Currency: Indian rupees in millions)	For the year ended 31 March 2018	For the year ended 31 March 2017
I Cash flow used in operating activities	(1,11,374.88)	(4,971.46)
II Cash flow used in investing activities	(23,283.49)	(43,359.74)
III Cash flow generated from financing activities	1,48,346.29	51,123.60
IV Change in foreign exchange translation reserve	(179.40)	(131.84)
V Net increase in cash and cash equivalents (I + II + III + IV)	13,508.52	2,924.24
VI Cash and cash equivalents at the beginning of the year	10,503.62	7,579.38
VII Cash and cash equivalents at the end of the year (Refer note 2.11)	24,012.14	10,503.62

The accompanying notes are an integral part of the Consolidated Financial Statements 1&2

Compiled from the audited consolidated financial statements of the Company referred to in our report dated 03 May 2018

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

For Price Waterhouse Chartered Accountants LLP
Chartered Accountants
Firm's Registration No.: 012754N / N500016

For and on behalf of the Board of Directors

Russell I Parera
Partner
Membership No.: 42190

Rashesh Shah
Himanshu Kaji

Chairman, Managing Director & CEO DIN: 00008322
Executive Director DIN: 00009438

S Ranganathan
B Renganathan

Chief Financial Officer
EVP & Company Secretary

Mumbai
3 May 2018

Mumbai
3 May 2018

Notes to the abridged consolidated financial statements for the year ended 31 March 2018

1 Significant accounting policies

1.1 Basis of preparation of abridged consolidated financial statements

The accompanying abridged consolidated financial statements are prepared pursuant to first proviso to sub section (1) of Section 136 of the Act and Rule 10 of Companies (Accounts) Rules, 2014 and are based on the annual accounts for the year ended 31 March 2018. The abridged consolidated 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 subsidiaries, 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 period/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 period/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 period/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.

Notes to the abridged 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:

Sr. No.	Name of the Entity	Country of Incorporation	Proportion of ownership interest as at 31 March 2018
Subsidiaries			
1	Edelweiss Securities Limited	India	100.00%
2	Edelweiss Finance & Investments Limited	India	100.00%
3	ECL Finance Limited	India	100.00%
4	Edelweiss Global Wealth Management Limited	India	100.00%
5	EC Global Limited ⁷	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	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%

Notes to the abridged 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 2018
34	Edel Finance Company Limited	India	100.00%
35	Edelweiss Capital Markets Limited ⁵	India	100.00%
36	EFSL Trading Limited ¹⁰	India	100.00%
37	EFSL Comtrade Limited ⁵	India	100.00%
38	Edelweiss Retail Finance Limited ¹²	India	100.00%
39	Edelweiss Securities (Hong Kong) Private Limited ¹	Hong Kong	100.00%
40	Edelweiss Financial Services Inc ¹	United States of America	100.00%
41	Cross Border Synergy Pte. Limited ¹³ (formerly known as Edelweiss Commodities Pte. Limited) (upto December 06, 2017)	Singapore	100.00%
42	Edelweiss Agri Value Chain Limited ⁵	India	100.00%
43	Edelweiss Multi Strategy Funds Management Private Limited	India	100.00%
44	Edelweiss India Capital Management ⁹	Mauritius	100.00%
45	Edelweiss Multi Strategy Fund Advisors LLP ⁹	India	100.00%
46	Edelweiss Wealth Advisors LLP ⁵	India	100.00%
47	EFSL International Limited ⁷	Mauritius	100.00%
48	Edelweiss Financial Services (UK) Limited ¹	United Kingdom	100.00%
49	Edelweiss Holdings Limited	India	100.00%
50	Edelweiss Tarim Urunleri Anonim Sirketi ¹³ (upto February 27, 2018)	Turkey	100.00%
51	Edelweiss AIF Fund I - EW Clover Scheme - 1 ¹²	India	100.00%
52	Edelweiss General Insurance Company Limited	India	100.00%
53	Edelweiss Finvest Private Limited ⁴	India	100.00%
54	Edelweiss Asset Reconstruction Company Limited ¹¹	India	74.80%
55	Edelweiss Private Equity Tech Fund ⁴	India	88.90%
56	Edelweiss Value and Growth Fund ⁴	India	88.90%
57	Edelweiss Securities (IFSC) Limited	India	100.00%
58	EW SBI Crossover Advisors LLC (upto July 27, 2017)	India	100.00%
59	Alternative Investment Market Advisors Private Limited ⁴	India	100.00%
Associates			
60	Allium Finance Private Limited ⁵	India	46.13%
61	Edelweiss Fund Advisors Private Limited	India	40.00%
62	Dahlia Commodities Services Private Limited ¹	India	50.00%
63	Magnolia Commodities Services Private Limited ¹	India	50.00%
64	Aeon Credit Services India Private Limited (upto August 22, 2017)	India	25.00%

Notes to the abridged 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*):
- 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 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 01 April 2017, Auris Corporate Centre Limited, Burlington Business Solutions Limited, Eternity Business Centre Limited, Olive Business Centre Limited and Serenity Business Park Limited have been merged with Ecap Equities Limited, a wholly owned subsidiary of the Company, pursuant to the scheme of arrangement approved by National Company Law Tribunal.
- f) With effect from 05 April 2017, Alternative Investment Market Advisors Private Limited became a subsidiary of the Company and has been consolidated from the said date.
- g) EW SBI Crossover Advisors LLC a subsidiary has been wound up on 27 July 2017 and has not been consolidated from the said date.
- h) With effect from 22 August 2017, Aeon Credit Services India Private Limited ceased to be an associate of the Company and has not been consolidated from the said date.
- i) With effect from 05 September 2017, Edelweiss Value and Growth Fund became a subsidiary of the Company and has been consolidated from the said date.
- j) The Company acquired 7.8% stake in ECL Finance Limited (a 92.2% subsidiary) from the minority stakeholders on 20 September 2017. Consequently, ECL Finance Limited has become a wholly owned subsidiary of the Company and accordingly consolidated.
- k) With effect from 06 December 2017, Cross Border Synergy Pte. Limited (formerly known as Edelweiss Commodities Pte. Limited) ceased to be a subsidiary of the Company and has not been consolidated from the said date.
- l) Edelweiss Tarim Urunleri Anonim Sirketi a subsidiary has been wound up on 27 February 2018 and has not been consolidated from the said date.

Notes to the abridged 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 period of seven years 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.

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

1 Significant accounting policies (*Continued*)

1.5 Revenue recognition (*Continued*)

- d) Investment management fees are recognised net of service tax / goods and service tax ("GST") 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/GST.
- 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 are measured at fair value as at each Balance Sheet date. Fair value of derivatives 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, a valuation technique is used to determine the fair value. In most cases, the valuation techniques used as input parameters are observable market data 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.

In respect of currency derivatives, realised profit/loss on maturity/termination of contract is recognised as 'Profit/loss on currency derivatives' in the statement of profit and loss. Positions open as on Balance sheet date are marked to market and profit / (loss) is recognised in the statement of profit and loss.

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

1 Significant accounting policies (*Continued*)

1.5 Revenue recognition (*Continued*)

- 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.

In accordance with 'Guidance Note on Accounting for Derivative Contracts' issued by the Institute of Chartered Accountants of India effective from 1 April 2016, the Company recognises all mark to market gains or losses on derivative contracts in the statement of profit and loss.

- v) Profit/loss on error trades in broking business is included in "Income from treasury".
- i) Interest income is recognised on accrual basis. Interest income in case of lending business is recognised on accrual basis except in case of non-performing assets, wherein it is accounted on realisation, as per RBI guidelines and National Housing Bank (NHB) guidelines. In case of commercial papers, deep discount bonds and certificate of deposits, the difference between the acquisition cost and redemption value are amortised 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.

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

1 Significant accounting policies (*Continued*)

1.5 Revenue recognition (*Continued*)

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.

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.

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

1 Significant accounting policies (*Continued*)

1.5 Revenue recognition (*Continued*)

r) In case of Life Insurance business:

i) **Premium Income**

Premium Income for non-linked policies is recognised as income when due from policyholders. For unit linked policies, premium is recognised as income when the associated units are created. Premium on lapsed policies is recognised as income as and when such policies are reinstated. Top up premiums paid by unit linked policyholders' are considered as single premium and recognised as income when the associated units are created.

ii) **Reinsurance Premium Ceded**

Reinsurance premium ceded is accounted in accordance with the terms and conditions of the relevant treaties with the reinsurer.

iii) **Income from Investment**

Interest Income on investments is recognised on accrual basis. Dividend Income is recognised on 'ex-dividend date'. Profit or loss on sale/redemption of debt securities is calculated as the difference between net sale proceeds/redemption proceeds and the weighted average amortised cost. Profit or loss on sale/redemption of equity shares/ equity exchange traded funds (ETFs) and mutual fund units is the difference between the sale consideration net of expenses and the weighted average book cost as on the date of sale. Gain/Yield on Security Receipts is accounted for, based on the redemption advice received from the trust. Lease rentals on investment property is recognised on accrual basis and include only the realised rent and does not include any notional rent, as prescribed by IRDA (Preparation of Financial Statements and Auditors' Report of Insurance Companies) Regulations 2002. Costs related to operating and maintenance of investment property are recognised as expense in the Revenue Account or P&L Account, as applicable. Fees received on lending of equity shares under Securities Lending and Borrowing scheme (SLB) is recognised as income over the period of the lending on straight- line basis.

iv) **Income from unit linked policies**

Income from unit linked policies, which include fund management charges, policy administration charges, mortality charges and other charges, wherever applicable, are recovered from the unit linked funds in accordance with the terms and conditions of the policies issued and are recognised as and when due. Fees and other charges are recognised on receipt basis.

v) **Interest Income on policy loan**

Interest Income on policy loans is recognised on accrual basis.

vi) Fees and other charges are recognised when recovered.

vii) Acquisition costs such as commission, medical fees, etc. are costs that vary with and are primarily related to the acquisition of insurance contracts and are expensed in the period in which they are incurred.

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

1 Significant accounting policies (*Continued*)

1.5 Revenue recognition (*Continued*)

viii) **Benefits Paid**

Benefit paid consists of the policy benefit and claim settlement costs, if any.

Non Linked Business

Death, Rider, Withdrawals and Surrender claims are accounted for on receipt of written intimation.

Maturity and survival benefit are accounted when due.

Linked Business

Death and Rider are accounted for on receipt of intimation when associated units are de-allocated. Maturity and survival benefit are accounted when due. Maturity claims are accounted for on due basis when the associated units are de-allocated. Surrenders and withdrawals are accounted for on receipt of intimation when associated units are de-allocated. Amount payable on lapsed/discontinued policies are accounted for on expiry of lock in period of these policies. Surrenders, withdrawals and lapsation are disclosed at net of charges recoverable.

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

- ix) The policyholder liabilities are calculated in accordance with the following Acts, Regulations & Actuarial Practice Standards –

Insurance Laws (Amendment) Act 2015, IRDA Act 1999, Insurance Regulatory and Development Authority of India (Assets, Liabilities, and Solvency Margin of Life Insurance Business) Regulations 2016, IRDA (Distribution of Surplus) Regulations 2002, Insurance Regulatory and Development Authority of India (Actuarial Report and Abstract for Life Insurance Business) Regulations 2016 and Actuarial Practice Standard including APS-1, APS-2, APS-5, APS-7 (issued by Institute of Actuaries of India)

- s) In case of General Insurance business:

i) **Premium Income**

Premium including reinsurance accepted (net of goods and service tax), is recognized as income at the commencement of risk over the contract period or the period of risk, whichever is appropriate, on a gross basis and for installment cases, it is recognized on installment due dates. Reinstatement premium is recorded as and when such premiums are recovered. Any subsequent revisions to premium are recognized in the year in which they occur over the remaining period of risk or contract period, as applicable. Adjustments to premium income arising on cancellation of policies are recognized in the period in which they are cancelled. Premium received in advance represents premium received prior to the commencement of the risk.

ii) **Commission income from reinsurance ceded**

Commission on reinsurance ceded is recognized as income on ceding of reinsurance premium in the period of ceding of risk. Profit commission under reinsurance treaties, wherever applicable, is recognized as income in the year of final determination of profits as confirmed by reinsurers and combined with commission on reinsurance ceded.

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

1 Significant accounting policies (*Continued*)

1.5 Revenue recognition (*Continued*)

iii) Income from Investment

Interest and rental income on investments are recognized on an accrual basis. Accretion of discount and amortization of premium relating to debt securities and non-convertible preference shares is recognized over the holding/maturity period on a constant yield to maturity basis. Dividend income is recognized when the right to receive dividend is established. Dividend income in respect of listed equity shares is recognized on ex-dividend date. The net realized gains or losses on the debt securities are the difference between the net sale consideration and the amortized cost, which is computed on a weighted average basis and recognized as on the date of sale. In case of listed equity shares and mutual fund units the profit or loss on sale of investments also includes the accumulated changes in the fair value previously recognized under "Fair value change account". The difference between the acquisition price and the maturity value of treasury bills is recognized as income in the revenue accounts or the profit and loss account, as the case may be, over the remaining term of these instruments on a yield to maturity basis. Sale consideration for the purpose of realized gain/loss is net of brokerage and taxes, if any, and excludes interest received on sale.

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 Borrowing Costs

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Interest cost in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan.

1.8 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 period/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.

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

1 Significant accounting policies (*Continued*)

1.9 Securitisation/ Assignment

The Company enters into securitization/assignment 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/assignment 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/assignment transactions based on the Guidance Note on Accounting for Securitisation issued by the Institute of Chartered Accountants of India.

1.10 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.

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 and 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.

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

1 Significant accounting policies (*Continued*)

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

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.

1.11 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, demand deposits with banks and other fixed deposits with bank with original maturities of three months or less.

1.12 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.

1.13 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.

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

1 Significant accounting policies (*Continued*)

1.14 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.

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.

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

1 Significant accounting policies (*Continued*)

1.14 Investments (*Continued*)

a) Investments of Life Insurance Business (*Continued*)

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.

In case the equity exchange traded Funds (ETFs) are not traded either on the Primary or the Secondary Exchange on the Balance Sheet date, then the equity ETFs are valued at the latest available Net Asset Value (NAV).

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.

In case the equity exchange traded Funds (ETFs) are not traded either on the Primary or the Secondary Exchange on the Balance Sheet date, then the equity ETFs are valued at the latest available NAV.

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.

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

1 Significant accounting policies (*Continued*)

1.14 Investments (*Continued*)

a) Investments of Life Insurance Business (*Continued*)

AIFs

Investments in Alternate Investment Funds (AIFs) are valued at latest available NAV. Unrealised gains or losses arising due to change in the fair value of Alternate Investment Funds (AIFs) are recognised in the Balance Sheet under "Fair value change 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 at least 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.

b) Investments of General Insurance Business

Investments are made and accounted for in accordance with the Insurance Act, 1938, as amended by Insurance Laws (Amendment) Act, 2015, the Insurance Regulatory and Development Authority (Investment) Regulations, 2016 as amended and various other circulars / notifications issued by the IRDAI in this context.

Investments are recorded at cost on trade date and include brokerage, taxes, transfer charges etc. as applicable and exclude interest accrued up to the date of purchase.

Classification

Investments maturing within twelve months from balance sheet date and investments made with the specific intention to be disposed off within twelve months from balance sheet date are classified as 'short term investments'. Investments other than 'short term investments' are classified as 'long term investments'.

The investments funds are segregated into Policyholders' and Shareholders' fund on security level basis in compliance with IRDAI circular no. IRDA/F&A/CIR/CPM/056/03/2016 dated April 04, 2016 and circular no. IRDA/F&A/CIR/CPM/010/01/2017 dated January 12, 2017.

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

1 Significant accounting policies (*Continued*)

1.14 Investments (*Continued*)

b) Investments of General Insurance Business (*Continued*)

Debt securities and Non-convertible preference shares

All debt securities including government securities, non-convertible preference shares and Additional Tier 1 perpetual bonds are considered as 'held to maturity' and accordingly stated at amortized cost determined after amortization of premium or accretion of discount on a constant yield basis in the revenue account and profit and loss account over the holding period/maturity.

The realized gain or loss is the difference between the sale consideration and the amortized cost in the books of the Company as on the date of sale determined on weighted average cost basis.

Equity shares and Convertible preference shares

Listed equities and convertible preference shares at the balance sheet date are stated at fair value, being the last quoted closing price on the National Stock Exchange and in case these are not listed on National Stock Exchange, then based on the last quoted closing price on the Bombay Stock Exchange.

The realized gain or loss on the listed and actively traded equities is the difference between the sale consideration and the carrying cost as on the date of sale, determined on a weighted average cost basis and includes the accumulated changes in the fair value previously taken to the fair value change account, in respect of the particular security; such gain or loss is transferred to revenue account and profit and loss account on the trade date.

Mutual funds (Other than venture capital fund)

Mutual fund investments are stated at fair value, being the closing net asset value at balance sheet date.

The realized gain or loss on the mutual fund units is the difference between the sale consideration and the carrying cost as on the date of sale, determined on a weighted average cost basis and includes the accumulated changes in the fair value previously taken to the fair value change account, in respect of the particular security; such gain or loss is transferred to revenue account and profit and loss account on the trade date.

Investment Properties – Real Estate

Investment Properties- Real Estate are stated at historical cost less accumulated depreciation.

Investments other than those mentioned above are valued at cost.

Fair Value Change Account

In accordance with the Regulations, unrealized gain/loss arising due to changes in fair value of listed equity shares, convertible preference shares and mutual fund investments are taken to the 'fair value change account'. This balance in the fair value change account is not available for distribution, pending realization.

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

1 Significant accounting policies (*Continued*)

1.14 Investments (*Continued*)

b) Investments of General Insurance Business (*Continued*)

Impairment of Investments

The Company assesses at each Balance Sheet date whether any impairment has occurred in respect of investment in equity, units of mutual fund and investment properties. The impairment loss, if any, is recognized in the profit and loss account and the carrying value of such investment is reduced to its recoverable value. If on the assessment at balance sheet date a previously impaired loss no longer exists, then such loss is reversed to the profit & loss account and the asset is restated to that extent.

Equity/ Preference shares

c) Investments of Asset Reconstruction Business

Investments in Security Receipts (SR) are accounted in accordance with the guidelines issued by Reserve Bank of India ("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.

d) Investments other than 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.

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

1 Significant accounting policies (*Continued*)

1.15 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 period/year are recognised in the statement of profit and loss for the period.

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.

1.16 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.

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. The costs of providing annual leave benefits are determined using the projected unit credit method.

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).

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

1 Significant accounting policies (*Continued*)

1.17 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.

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 with convincing evidence 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.

1.18 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.

1.19 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 period.

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 period. Diluted earnings per share is computed by dividing the net profit after tax attributable to the equity shareholders for the period 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.

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

1 Significant accounting policies (*Continued*)

1.20 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.

1.21 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 National Housing Bank ("NHB").

Provision for standard assets is made on the basis of prudential norms laid down by RBI and NHB.

1.22 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.

1.23 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.

1.24 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.

1.25 Presentation of financial assets and liabilities

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.

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

(Currency: Indian rupees in millions)

2.1 Segment reporting (*Corresponding to note 2.30 of the complete financial statements*)

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
Insurance Business	Represents results of Edelweiss Tokio Life Insurance Company Limited and Edelweiss General 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 2018	31 March 2017
I Segment Revenue		
a) Agency business	14,101.10	10,210.32
b) Capital based business	64,228.70	50,316.88
c) Insurance business	7,858.50	5,768.36
d) Unallocated	37.16	40.41
Total Income	86,225.46	66,335.97
II Segment Results		
a) Agency business	4,623.35	1,834.17
b) Capital based business	12,460.40	10,103.64
c) Insurance business	(2,599.90)	(2,158.31)
d) Unallocated	(262.20)	(199.85)
Profit before taxation	14,221.65	9,579.65
Less : Provision for taxation	5,598.52	3,947.28
Profit after taxation before minority interest	8,623.13	5,632.37

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

(Currency: Indian rupees in millions)

2.1 Segment reporting (*Corresponding to note 2.30 of the complete financial statements*) (*Continued*)

Particulars	31 March 2018	31 March 2017
III Segment Assets		
a) Agency business	44,758.80	34,072.60
b) Capital based business	554,291.90	390,443.51
c) Insurance business	29,508.50	17,912.76
d) Unallocated	6,576.15	5,805.09
Total	635,135.35	448,233.96
IV Segment Liabilities		
a) Agency business	41,201.60	31,779.63
b) Capital based business	498,305.20	351,429.37
c) Insurance business	16,550.60	10,578.68
d) Unallocated	1,453.62	1,567.19
Total	557,511.02	395,354.87
V Capital Expenditure (Including Capital Work-In-Progress and Intangible assets under development)		
a) Agency business	464.48	323.93
b) Capital based business	451.79	1,416.41
c) Insurance business	471.53	564.06
d) Unallocated	-	-
Total	1,387.80	2,304.40
VI Depreciation and Amortization		
a) Agency business	222.99	183.89
b) Capital based business	734.12	787.32
c) Insurance business	159.74	93.15
d) Unallocated	-	-
Total	1,116.85	1,064.36
VII Significant Non-Cash Expenses Other than Depreciation and Amortization		
a) Agency business	129.91	89.72
b) Capital based business	5,980.76	3,714.42
c) Insurance business	4,979.71	4,264.49
d) Unallocated	-	-
Total	11,090.38	8,068.63

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

(Currency: Indian rupees in millions)

2.2 Related parties (*Corresponding to note 2.31 of the complete financial statements*)

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. Venkatchalam Ramaswamy

Ms. Vidya Shah

Ms. Aparna T.C.

(B) **Key Management Personnel**

Mr. Rashesh Shah - Chairman, Managing Director & CEO

Mr. Venkatchalam 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 Fund Advisors Private Limited

Dahlia Commodities Services Private Limited

Magnolia Commodities Services Private Limited

Allium Finance Private Limited

Aeon Credit Services India Private Limited (upto August 22, 2017)

(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

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

(Currency: Indian rupees in millions)

2.2 Related parties (*Corresponding to note 2.31 of the complete financial statements*) (*Continued*)

(H) Transactions and balances with Related Parties:

Sr. No.	Nature of Transaction	Related Party Name	31 March 2018	31 March 2017
Transactions with related parties				
1	Equity share capital issued by subsidiary (including securities premium)	Tokio Marine & Nichido Fire Insurance Co. Limited	4,349.97	-
2	Long term loans repaid by	Edelweiss Asset Reconstruction Company Limited	-	2,000.00
3	Short term loans taken from	Dahlia Commodities Services Private Limited	-	4,000.00
		Magnolia Commodities Services Private Limited	-	3,000.00
4	Short term loans taken repaid to	Magnolia Commodities Services Private Limited	-	3,000.00
		Dahlia Commodities Services Private Limited	1,600.00	2,400.00
5	Short term loans given to	Magnolia Commodities Services Private Limited	12,095.86	10,184.45
		Dahlia Commodities Services Private Limited	4,545.22	9,302.39
		Mr. Nalin Kaji	500.00	500.00
		Mabella Investment Adviser LLP	-	246.98
		Edelweiss Asset Reconstruction Company Limited	-	46.47
		Ms. Aparna T. C.	-	27.31
		Ms. Vidya Shah	-	0.17
		Mr. Rujan Panjwani	6.00	-
6	Short term loans given repaid by	Magnolia Commodities Services Private Limited	12,116.13	8,863.61
		Dahlia Commodities Services Private Limited	5,842.08	7,941.41
		Edelweiss Asset Reconstruction Company Limited	-	6,616.12
		Mr. Nalin Kaji	500.00	500.00
		Mabella Investment Adviser LLP	-	300.00
		Ms. Aparna T. C.	44.66	14.66
		Ms. Vidya Shah	-	0.17
7	Margin received from	Magnolia Commodities Services Private Limited	1,055.93	3,801.89
		Dahlia Commodities Services Private Limited	228.48	295.36
8	Margin repaid to	Magnolia Commodities Services Private Limited	65.22	3,773.77
		Dahlia Commodities Services Private Limited	270.61	247.64
9	Reimbursement recovered from	Magnolia Commodities Services Private Limited	16.76	9.32
		Dahlia Commodities Services Private Limited	16.00	3.15
		Allium Finance Private Limited	3.41	-
		Edelweiss Fund Advisors Private Limited	0.11	-

Notes to the abridged consolidated financial statements (Continued)

(Currency: Indian rupees in millions)

2.2 Related parties (Corresponding to note 2.31 of the complete financial statements) (Continued)

Sr. No.	Nature of Transaction	Related Party Name	31 March 2018	31 March 2017
10	Dividend paid	Mr. Rashesh Shah	196.16	145.30
		Mr. Venkatchalam Ramaswamy	78.34	58.03
		Ms. Vidya Shah	47.29	35.03
		Shah Family Discretionary Trust	52.31	-
		Spire Investment Advisors LLP	4.32	41.95
		Ms. Aparna T. C.	16.42	12.00
		Ms. Kaavya Venkat	15.92	12.00
		Mr. Rujan Panjwani	17.03	12.32
		Mr. Himanshu Kaji	4.10	1.99
		Ms. Sneha Sripad Desai	1.38	1.03
		Ms. Shilpa Mody	1.35	1.00
		Ms. Sejal Premal Parekh	1.35	1.00
		Ms. Shabnam Panjwani	0.53	0.22
		Mr. A V Ramaswamy	0.07	0.05
11	Rating fee earned from	Edelweiss Asset Reconstruction Company Limited	-	0.77
12	Rental income from	Edelweiss Asset Reconstruction Company Limited	-	12.10
		Allium Finance Private Limited	-	0.42
13	Interest income on loan from	Edelweiss Asset Reconstruction Company Limited	-	708.52
		Magnolia Commodities Services Private Limited	386.86	280.06
		Dahlia Commodities Services Private Limited	141.59	166.39
		Mr. Nalin Kaji	2.86	6.61
		Ms. Aparna T. C.	-	3.93
		Mabella Investment Adviser LLP	-	2.04
		Ms. Vidya Shah @	-	0.00
		Mr. Rujan Panjwani	0.01	-
14	Interest income on debentures	Edelweiss Asset Reconstruction Company Limited	-	132.21
15	Interest expenses on loan from	Dahlia Commodities Services Private Limited	92.37	10.59
		Magnolia Commodities Services Private Limited	-	7.56
16	Interest expense on margin placed by	Magnolia Commodities Services Private Limited	9.34	5.38
		Dahlia Commodities Services Private Limited	4.91	0.98
17	Purchase of securities from	Magnolia Commodities Services Private Limited	570.62	-
		Dahlia Commodities Services Private Limited	392.60	-
18	Sale of securities to	Mabella Investment Adviser LLP	-	602.60
		Magnolia Commodities Services Private Limited	782.57	-
		Dahlia Commodities Services Private Limited	392.47	-
19	Redemption of Securities	Mabella Investment Adviser LLP	-	20.12

Notes to the abridged consolidated financial statements (Continued)

(Currency: Indian rupees in millions)

2.2 Related parties (Corresponding to note 2.31 of the complete financial statements) (Continued)

Sr. No.	Nature of Transaction	Related Party Name	31 March 2018	31 March 2017
20	Brokerage earned from	Magnolia Commodities Services Private Limited	71.07	33.93
		Mabella Investment Adviser LLP	7.96	5.54
		Dahlia Commodities Services Private Limited	0.98	1.11
		Spire Investment Advisors LLP	-	0.39
		Shah Family Discretionary Trust	-	0.37
		Ms. Aparna T. C.	0.17	0.09
		Mr. Nalin Kaji	-	0.09
		Ms. Vidya Shah	-	0.07
		Mr. Rujan Panjwani	-	0.02
		Mr. Rashesh Shah	-	0.01
		Ms. Shabnam Panjwani	-	0.01
		Mr. Himanshu Kaji @	-	0.00
		Mr. A V Ramaswamy	0.01	-
		Ms. Kavya Venkat	0.03	-
21	Clearing income from	Dahlia Commodities Services Private Limited	0.29	0.22
		Magnolia Commodities Services Private Limited	0.33	0.21
22	Processing fees earned from	Edelweiss Asset Reconstruction Company Limited	-	0.04
23	Remuneration to	Mr. Rashesh Shah	131.73	105.66
		Mr. Rujan Panjwani	73.69	60.83
		Mr. Himanshu Kaji	71.43	58.49
		Mr. Venkatchalam Ramaswamy	60.08	49.82
		Ms. Shabnam Panjwani	17.36	39.47
		Ms. Vidya Shah	7.25	5.02
24	Contribution towards corporate social responsibility	Edelgive Foundation	177.85	113.90
25	Cost reimbursements recovered from	Edelweiss Asset Reconstruction Company Limited	-	1.95
		Dahlia Commodities Services Private Limited	7.29	0.50
		Magnolia Commodities Services Private Limited	7.25	0.50
		Edelweiss Fund Advisors Private Limited	0.40	-
		Allium Finance Private Limited	2.40	0.07

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

(Currency: Indian rupees in millions)

2.2 Related parties (*Corresponding to note 2.31 of the complete financial statements*) (*Continued*)

Sr. No.	Nature of Transaction	Related Party Name	31 March 2018	31 March 2017
Balances with related parties				
26	Investments in equity shares of	Aeon Credit Service India Private Limited	-	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
27	Investments in preference shares of	Allium Finance Private Limited	123.88	123.88
28	Short term loans taken from	Dahlia Commodities Services Private Limited	-	1,600.00
29	Short term loans given to	Magnolia Commodities Services Private Limited	2,209.63	2,229.90
		Dahlia Commodities Services Private Limited	489.79	1,786.65
		Ms. Aparna T. C.	-	44.66
		Mr. Rujan Panjwani	6.00	-
30	Debentures held by	Mr. Rujan Panjwani	10.00	10.00
31	Preference shares held by	Mr. Rujan Panjwani	2.30	2.30
		Ms. Shabnam Panjwani	1.00	1.00
32	Trade receivables from	Magnolia Commodities Services Private Limited	3.87	-
		Dahlia Commodities Services Private Limited	3.87	-
		Edelweiss Fund Advisors Private Limited	0.09	-
		Allium Finance Private Limited	1.11	-
33	Accrued interest income on loans given to	Dahlia Commodities Services Private Limited	0.25	17.49
		Magnolia Commodities Services Private Limited	5.79	-
		Mr. Rujan Panjwani	0.01	-
34	Accrued interest expense on loans taken from	Dahlia Commodities Services Private Limited	-	9.53
		Magnolia Commodities Services Private Limited	-	6.81
35	Accrued interest expense on margin received from	Magnolia Commodities Services Private Limited	1.02	0.35
		Dahlia Commodities Services Private Limited	0.14	0.04

Notes to the abridged consolidated financial statements (Continued)

(Currency: Indian rupees in millions)

2.2 Related parties (Corresponding to note 2.31 of the complete financial statements) (Continued)

Sr. No.	Nature of Transaction	Related Party Name	31 March 2018	31 March 2017
36	Margin payable to clients	Dahlia Commodities Services Private Limited	85.23	127.36
		Magnolia Commodities Services Private Limited	1,102.17	111.46
37	Trade payables to	Dahlia Commodities Services Private Limited	1.47	0.36
		Magnolia Commodities Services Private Limited	0.87	0.33
		Allium Finance Private Limited	0.01	-

@ ₹ 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 and provision made for bonus which are provided for group of employees on an overall basis. These are included on cash basis.

2.3 Earnings per share (Corresponding to note 2.32 of the complete financial statements)

In accordance with Accounting Standard 20 - Earnings Per Share, the computation of earnings per share is set out below:

	2018	2017
a) Shareholders earnings (as per statement of profit and loss)	8,901.30	6,093.06
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	8,801.55	5,993.31
b) Calculation of weighted average number of equity shares of ₹ 1 each:		
– Number of shares at the beginning of the year	832,569,089	814,036,630
– Number of shares issued during the year	82,929,838	18,532,459
Total number of equity shares outstanding at the end of the year	915,498,927	832,569,089
Weighted average number of equity shares outstanding during the year (based on the date of issue of shares)	870,326,846	826,052,403
c) Number of dilutive potential equity shares	27,921,341	40,055,553
d) Basic earnings per share (in ₹) {a/b}	10.11	7.26
e) Diluted earnings per share (in ₹) {a/(b+c)}	9.80	6.92

2.4 Share Application money pending allotment (Corresponding to note 2.38 of the complete financial statements)

The Company has received ₹ 25.08 million (Previous year: ₹ 40.94 million) towards share application on exercise of ESOPs which will result in an issue of 584,190 shares (Previous year: 1,133,100 shares). Of the total receipts ₹ 24.50 million (Previous year: ₹ 39.81 million) have been received towards share premium. These shares have since been allotted.

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

(Currency: Indian rupees in millions)

2.5 Capital commitment (*Corresponding to note 2.39 of the complete financial statements*)

- Uncalled liabilities on non-current investments ₹ Nil as at balance sheet date (Previous year: ₹ 21.67 million).
- Undrawn committed credit lines subject to meeting of conditions, ₹ 50,877.36 million as at balance sheet date (Previous year: ₹ 26,403.42 million).
- Estimated amount of contracts remaining to be executed on capital account and not provided for ₹ 817.11 million (Previous year: ₹ 780.79 million).

2.6 Contingent liabilities (*Corresponding to note 2.40 of the complete financial statements*)

- Taxation matters in respect of which appeal is pending ₹ 1,081.91 million (Previous year: ₹ 1,021.46 million).
- Litigation pending against company amounts to ₹ 119.60 million (Previous year: ₹ 17.37 million).
- Claims not acknowledged as debt ₹ 60.48 million (Previous year: ₹ 48.36 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.

2.7 Policy Liabilities (*Corresponding to note 2.44 of the complete financial statements*)

(Forming part of the Policyholders' Funds)

Particulars	As at 31 March 2018				As at 31 March 2017			
	Par	Non Par	Unit Linked	Total	Par	Non Par	Unit Linked	Total
Policyholders Liabilities at end of the year *	2,671.02	7,500.91	4,001.66	14,173.59	1,947.41	5,044.07	2,217.22	9,208.70
Assets held to cover Policyholders Liabilities								
Investments - Schedule 8A	2,722.72	7,764.07	136.25	10,623.04	1,874.67	4,717.36	0.67	6,592.70
Investments - Schedule 8B	-	-	3,864.91	3,864.91	-	-	2,143.16	2,143.16
Net Investments	2,722.72	7,764.07	4,001.16	14,487.95	1,874.67	4,717.36	2,143.83	8,735.86
Loans	8.46	10.61	0.50	19.57	3.54	1.91	0.55	6.00
Fixed Assets	156.20	435.04	-	591.24	51.14	196.42	-	247.56
Net Current Assets	(216.36)	(708.81)	-	(925.17)	18.06	128.38	72.84	219.28
Total Assets	2,671.02	7,500.91	4,001.66	14,173.59	1,947.41	5,044.07	2,217.22	9,208.70

* Includes fair value change account

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

(Currency: Indian rupees in millions)

2.8 Long term borrowing (including current maturities of long term debt) secured by charge on loan receivables (*Corresponding to note 2.45 of the complete financial statements*)

Following is the repayment terms of term loans:

Term Loans – Secured as at 31 March 2018

Maturities	> 3 years	1-3 years	<1 year	Total
Rate of interest				
6.00 - 6.99%	105.43	57.88	28.94	192.25
8.00 - 8.99%	9,098.10	67,120.39	22,039.69	98,258.18
9.00 - 9.99%	7,627.41	17,102.81	7,054.60	31,784.82
10.00 - 10.99%	-	2,000.00	-	2,000.00
11.00 - 11.99%	-	62.50	250.00	312.50
Total	16,830.94	86,343.58	29,373.23	132,547.75

Term Loans – Secured as at 31 March 2017

Maturities	> 3 years	1-3 years	<1 year	Total
Rate of interest				
6.00 - 6.99%	34.15	11.60	5.80	51.55
8.00 - 8.99%	4,218.06	7,708.84	3,599.42	15,526.32
9.00 - 9.99%	15,898.67	19,957.95	7,589.60	43,446.22
10.00 - 10.99%	1,518.56	10,613.22	5,318.48	17,450.26
12.00 - 12.99%	-	482.50	357.50	840.00
Total	21,669.44	38,774.11	16,870.80	77,314.35

2.9 Details of Non-convertible Debentures (*Corresponding to note 2.46 of the complete financial statements*)

Non-convertible Debentures – Secured as at 31 March 2018

Maturities	> 3 years	1-3 years	<1 year	Total
Rate of interest				
8.00 - 8.99%	17,716.83	45,042.53	-	62,759.36
9.00 - 9.99%	19,850.65	22,049.91	2,175.00	44,075.56
10.00 - 10.99%	4,373.14	13,603.99	3,964.50	21,941.63
11.00 - 11.99%	-	820.00	1,640.79	2,460.79
Zero Coupon Debentures	484.66	591.85	-	1,076.51
Various (benchmark linked)	13,411.67	11,014.24	13,563.39	37,989.30
Total	55,836.95	93,122.52	21,343.68	170,303.15

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	125,053.19

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

(Currency: Indian rupees in millions)

2.9 Details of Non-convertible Debentures (*Corresponding to note 2.46 of the complete financial statements*) (*Continued*)

Non-convertible Debentures – Unsecured as at 31 March 2018

Maturities	> 3 years	1-3 years	<1 year	Total
Rate of interest				
9.00 - 9.99%	2,760.00	-	-	2,760.00
10.00 - 10.99%	5,950.00	-	-	5,950.00
11.00 - 11.99%	4,000.00	4,700.00	-	8,700.00
Various (benchmark linked)	2,614.15	902.36	207.26	3,723.77
Total	15,324.15	5,602.36	207.26	21,133.77

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

2.10 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. (*Corresponding to note 2.47 of the complete financial statements*)

2.11 Details of Cash and Cash Equivalents (*Corresponding to note 2.49 of the complete financial statements*)

Particulars	As at 31 March 2018	As at 31 March 2017
Cash in hand	43.47	43.02
Cheques in hand	1,723.83	179.22
Balances with banks	21,959.34	9,940.90
Short term deposits with bank	285.50	340.48
Total	24,012.14	10,503.62

2.12 Details of Investments (*Corresponding to note 2.17 and 2.50 of the complete financial statements*)

Particulars	As at 31 March 2018	As at 31 March 2017
Book value of quoted current investments	8,014.10	3,041.95
Market value of quoted current investments	8,014.83	3,041.95
Book value of un-quoted current investments	15,748.98	5,320.98
Book value of quoted non-current investments	1,922.13	4,768.07
Market value of quoted non-current investments	2,335.01	5,260.36
Book value of un-quoted non-current investments	65,069.08	55,645.83
Book value of quoted securities held in stock in trade	60,277.21	45,333.37
Market value of quoted securities held in stock in trade	60,294.26	45,563.89
Book value of un-quoted securities held in stock in trade	100,214.02	58,503.17

Notes to the abridged consolidated financial statements (Continued)

(Currency: Indian rupees in millions)

2.13 Encumbrance on fixed deposits (Corresponding to note 2.51 of the complete financial statements)

- Pledged fixed deposits aggregating to ₹ 2,773.83 million (Previous year: ₹ 14,041.95 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.
- Pledged fixed deposits aggregating to ₹ 1,035.95 million (Previous year: ₹ 8,382.07 million) with Exchanges for meeting Margin requirements.
- Pledged fixed deposits aggregating to ₹ 20.51 million (Previous year: ₹ 10.46 million) with VAT, CST & Excise authorities for meeting deposit requirements.
- Pledged fixed deposits aggregating to ₹ 23.38 million (Previous year: ₹ 19.88 million) with Exchanges towards arbitration.
- Pledged fixed deposits aggregating to ₹ 30.99 million (Previous year: ₹ 27.39 million) with Agriculture Produce Market Committee for obtaining Mandi License.

2.14 The Board of Directors at their meeting held on 03 May 2018, 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 2018. (Corresponding to note 2.53 of the complete financial statements)

2.15 The Edelweiss Asset Reconstruction Company Limited ("EARC"), a subsidiary of the Company, offered, issued and allotted 44,00,000 (Previous year: 2,00,00,000) 0.001% Non – Cumulative, Participating, Compulsorily Convertible Preference Shares (CCPS) of ₹ 10 each at a premium of ₹ 136.06 each (Previous year: ₹ 143.17) 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. (Corresponding to note 2.54 of the complete financial statements)

2.16 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: (Corresponding to note 2.42 of the complete financial statements)

Particulars	SBNs	Other	Total
		Denomination Notes	
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.

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

(Currency: Indian rupees in millions)

2.17 Additional Information, as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as Subsidiary or Associates (*Corresponding to note 2.55 of the complete financial statements*)

Sr. No.	Name of the Entity	Net Assets i.e. Total assets minus Total Liabilities		Share in Profit or Loss	
		As % of consolidated net assets	Amount (₹ in Million)	As % of consolidated profit or loss	Amount (₹ in Million)
Parent					
	Edelweiss Financial Services Limited	43.28	33,597.07	16.02	1,426.60
Subsidiaries					
Indian					
1	EC Commodity Limited	0.53	409.91	0.15	13.51
2	Ecap Equities Limited	2.50	1,942.33	3.92	348.74
3	ECL Finance Limited	37.87	29,393.79	51.91	4,620.48
4	Edel Commodities Limited	(0.86)	(671.38)	0.43	38.42
5	Edel Finance Company Limited	1.61	1,249.96	(0.05)	(4.83)
6	Edel Investments Limited	0.51	397.00	3.23	287.76
7	Edel Land Limited	0.21	160.60	0.10	8.56
8	Edelcap Securities Limited	4.59	3,560.24	6.53	581.42
9	Edelweiss Alternative Asset Advisors Limited	(0.61)	(473.43)	(1.37)	(122.35)
10	Edelweiss Asset Management Limited	1.44	1,120.01	(2.12)	(188.67)
11	Edelweiss Broking Limited	1.87	1,448.10	0.08	6.74
12	Edelweiss Capital Markets Limited	0.38	291.95	2.30	204.43
13	Edelweiss Commodities Services Limited	7.41	5,754.30	5.80	516.06
14	Edelweiss Comtrade Limited	0.08	64.09	(0.64)	(56.90)
15	Edelweiss Custodial Services Limited	1.29	999.56	5.55	493.59
16	Edelweiss Finance & Investments Limited	2.97	2,308.39	2.38	212.26
17	Edelweiss Global Wealth Management Limited	0.03	24.94	3.04	270.74
18	Edelweiss Housing Finance Limited	6.57	5,098.81	7.90	702.86
19	Edelweiss Insurance Brokers Limited	0.40	308.98	0.74	65.61
20	Edelweiss Agri Value Chain Limited	2.09	1,623.38	1.01	90.02
21	Edelweiss Investment Adviser Limited	(1.23)	(952.40)	(6.10)	(542.79)
22	Edelweiss Retail Finance Limited	5.60	4,346.74	3.56	316.86
23	Edelweiss Securities Limited	5.84	4,529.99	4.10	365.05
24	Edelweiss Tokio Life Insurance Company Limited	14.89	11,555.48	(26.14)	(2,326.96)
25	Edelweiss Trustee Services Limited	0.02	14.74	0.02	1.47
26	Edelweiss Trusteeship Company Limited	0.00	3.39	-	-
27	Edelweiss Business Services Limited	0.09	68.69	1.71	151.78
28	EFSL Trading Limited	(0.03)	(19.54)	0.16	14.57
29	EFSL Comtrade Limited	(0.09)	(71.06)	0.63	55.82
30	Edelweiss Multi Strategy Fund Advisors LLP	0.01	6.15	0.07	6.04
31	Edelweiss Multi Strategy Funds Management Private Limited	0.11	84.93	0.45	39.71
32	Edelweiss Wealth Advisors LLP	-	1.66	0.49	43.85
33	EW Clover Scheme-1	0.83	646.63	1.52	135.35

Notes to the abridged consolidated financial statements (Continued)

(Currency: Indian rupees in millions)

2.17 Additional Information, as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as Subsidiary or Associates (Corresponding to note 2.55 of the complete financial statements) (Continued)

Sr. No.	Name of the Entity	Net Assets i.e. Total assets minus Total Liabilities		Share in Profit or Loss	
		As % of consolidated net assets	Amount (₹ in Million)	As % of consolidated profit or loss	Amount (₹ in Million)
34	Edelweiss Holdings Limited	0.21	161.74	0.07	6.34
35	Edelweiss Finvest Private Limited	10.80	8,384.33	14.97	1,332.20
36	Edelweiss General Insurance Company Limited	1.81	1,402.40	(3.07)	(272.93)
37	Edelweiss Asset Reconstruction Company Limited	13.88	10,774.85	20.03	1,783.27
38	Edelweiss Private Equity Tech Fund	0.32	252.10	(0.01)	(1.06)
39	Edelweiss Securities (IFSC) Limited	0.17	134.36	(0.09)	(8.45)
40	Edelweiss Value and Growth Fund	0.91	707.29	(0.04)	(3.56)
41	Alternative Investment Market Advisors Private Limited	0.02	19.05	(0.01)	(0.95)
Foreign					
1	Aster Commodities DMCC	2.00	1,551.57	(3.91)	(347.69)
2	EAAA LLC	0.24	188.45	1.32	117.49
3	EC Global Limited	3.48	2,698.68	1.54	137.47
4	EC International Limited	(3.07)	(2,383.86)	1.34	119.41
5	Edelweiss Alternative Asset Advisors Pte. Limited	0.09	67.64	(2.00)	(177.99)
6	Edelweiss Capital (Singapore) Pte. Limited	0.15	112.80	0.10	8.65
7	Cross Border Synergy Pte. Limited (formerly known as Edelweiss Commodities Pte. Limited)	-	-	0.02	2.21
8	Edelweiss Financial Services Inc.	0.09	70.15	0.19	17.01
9	Edelweiss International (Singapore) Pte. Limited	2.24	1,735.48	(4.22)	(375.98)
10	Edelweiss Investment Advisors Private Limited	0.12	89.60	0.07	6.38
11	Edelweiss Securities (Hong Kong) Private Limited	0.02	18.09	(0.12)	(10.59)
12	EW India Special Assets Advisors LLC	0.01	5.01	-	0.15
13	EW SBI Crossover Advisors LLC	-	-	-	-
14	EW Special Opportunities Advisors LLC	0.01	7.58	-	0.09
15	Edelweiss India Capital Management	0.02	18.78	0.04	3.30
16	EFSL International Limited	(0.43)	(334.12)	(1.82)	(162.20)
17	Edelweiss Tarim Urunleri Anonim Sirketi	-	-	(0.02)	(1.46)
18	Edelweiss Financial Services (UK) Limited	0.03	23.82	0.01	0.57
Minority Interests in all subsidiaries		14.03	10,892.78	(3.13)	(278.17)
Associates (Investments as per the equity method)					
Indian					
1	Aeon Credit Services India Private Limited	-	-	(0.14)	(12.07)
2	Allium Finance Private Limited	0.38	293.32	-	0.16
3	Dahlia Commodities Services Private Limited	0.24	182.98	0.59	52.45
4	Edelweiss Fund Advisors Private Limited	-	1.02	(0.01)	(1.16)
5	Magnolia Commodities Services Private Limited	-	(0.09)	-	-

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

(Currency: Indian rupees in millions)

2.18 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. (*Corresponding to note 2.56 of the complete financial statements*)

2.19 Previous year figures have been regrouped and rearranged wherever necessary confirm to current year's presentation/ classification. (*Corresponding to note 2.57 of the complete financial statements*)

Signature to Notes forming part of the Consolidated Financial Statements

For Price Waterhouse Chartered Accountants LLP

Chartered Accountants

Firm's Registration No.: 012754N / N500016

Russell I Parera

Partner

Membership No.: 42190

Mumbai
3 May 2018

For and on behalf of the Board of Directors

Rashesh Shah

Himanshu Kaji

S Ranganathan

B Renganathan

Mumbai
3 May 2018

Chairman, Managing Director & CEO DIN: 00008322

Executive Director DIN: 00009438

Chief Financial Officer

EVP & Company Secretary