

Edelweiss Housing Finance Limited

Corporate Identity Number: U65922MH2008PLC182906

Financial Statement for the year ended March 31, 2020

Edelweiss Housing Finance Limited

Financial Statement for the year ended March 31, 2020

Details as on July 3, 2020

Board of Directors

Mr. Deepak Mittal	- Non- Executive Director
Mr. P. N. Venkatachalam	- Independent Director
Mr. Sunil Phatarphekar	- Independent Director

Chief Executive Officer

Mr. Rajat Avasthi

Chief Financial Officer

Mr. Manish Dhanuka

Company Secretary

Ms. Riddhi Parekh

Statutory Auditors

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

Registered Office

Edelweiss House,
Off C.S.T. Road, Kalina,
Mumbai - 400 098
Corporate Identity No.:
U65922MH2008PLC182906
Tel: +91 22 4009 4400;
Fax: +91 22 4019 4925.
Email: CS.CBG@edelweissfin.com

Registrar & Transfer Agent

LINK INTIME INDIA PRIVATE LIMITED
C- 101 1st Floor 247 Park
L.B.S. Marg, Vikhroli (West)
Mumbai 400083 Maharashtra, India
Tel: +91 22 4918 6200;
Fax: +91 22 4918 6195

Kfin Technologies Private Limited
Karvy Selenium Tower B, Plot 31-32,
Gachibowli, Financial District,
Nanakramguda,
Hyderabad - 500 032
Tel: +91 40 6716 222; Fax: +91 40 2300 1153

BOARD'S REPORT

To the Members of Edelweiss Housing Finance Limited,

The Directors hereby present their 12th Annual Report on the business, operations and the state of affairs of the Company together with the audited financial statement for the year ended March 31, 2020:

Financial Highlights

Particulars	(Rs. in million)	
	2019-2020	2018-2019
Total Income	6,073.90	6,658.95
Total Expenditure	6,090.27	5,682.31
Profit before tax	(16.37)	976.64
Provision for tax (including Deferred Tax)	(31.92)	352.05
Profit after tax	15.55	624.59
Add: Profit and Loss account balance brought forward from previous year	1,880.34	1,619.38
Income tax charge on ESOP	-	(63.45)
Transition impact of Ind AS 116 (net of tax)	(12.68)	-
Other comprehensive income for the year	(1.08)	(1.38)
Profit available for appropriation	1,882.13	2,179.14
Appropriations		
- Transfer to special reserve under Section 29C of the National Housing Bank Act, 1987	3.12	124.92
- Transfer to Debenture redemption reserve	-	173.88
Surplus carried to Balance Sheet	1,879.01	1,880.34
Networth (net of intangibles & deferred tax)	7,664.58	7683.62

Results from operations and Information on the state of affairs of the Company

During the year ended March 31, 2020, the Company earned revenues of Rs. 6,073.90 million as against Rs. 6,658.95 million in the previous year and the Profit after tax for the year ended March 31, 2020 stood at Rs. 15.55 million as compared to a profit after tax of Rs. 624.59 million in the previous year.

Of the total income earned during the year, income from fees and commission stood at Rs. 357.15 million and income from lending activities stood at Rs. 5,654.40 million.

During the year under review, the loan sanctions (in-principal approvals) and the loan disbursements were Rs. 8,766.98 million and Rs. 7,700.47 million respectively. Cumulatively, loan approvals (including in-principal approvals) and disbursements as at March 31, 2020 were Rs. 159,710.38 million and Rs. 127,319.67 million, respectively.

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During the year under review, there has been no change in nature of business of the Company.

The Company has made an application dated March 12, 2019 to NHB, seeking its approval for transfer of entire shareholding of its existing shareholders viz. EFSL (holding 30.35%), Edelweiss Rural & Corporate Services Limited (holding 55.23%) and Edel Finance Company Limited (holding 14.42%) to ECL Finance Limited (ECLF) such that ECLF would become the holding company of the Company. Considering the transfer of regulatory powers over the Housing Finance Companies from the National Housing Bank to the Reserve bank of India with effect from August 9, 2019 pursuant to the provisions of the Finance Act 2019, the approval of RBI in this regard is awaited.

Transfer to Reserves:

Out of profit for the year, Rs 3.12 million and Rs. Nil has been transferred to special reserve under Section 29C of the National Housing Bank Act, 1987 and Debenture redemption reserve respectively.

Share Capital:

As at March 31, 2020, Authorised Share Capital and Paid up Share capital of the Company stands at Rs. 750 million and Rs. 693.5 million respectively. During the year under review, there was no change in the Authorised Share Capital and Paid up Share Capital of the Company.

Change in Regulatory powers

The Finance Act, 2019 amended the National Housing Bank Act, 1987 and transferred certain powers for regulation of Housing Finance Companies to the Reserve Bank of India (RBI) from National Housing Bank (NHB) with effect from August 09, 2019 bringing housing finance companies (HFCs) under its ambit and deepening its governance of non-banking finance companies (NBFCs).

Finance & Resource Mobilisation

Your Company continued to borrow long-term funds from Banks and various financial institutions in line with the Asset-Liability Management requirements.

Considering the prevailing market conditions and the lack of interest evinced by the investors, it was not possible to raise funds by way of issuance of debt securities, during the year under review. Further, the Company has borrowing lines from Banks and during the FY 2019-2020, it borrowed Rs. 600 crores from Banks. Apart from these, your Company had assigned retail pool of assets amounting to Rs. 597.59 crores.

In terms of para 15 of the Housing Finance Companies issuance of non-convertible Debentures on private placement basis (NHB) Directions, 2014, the total number of non-convertible debentures which have not been claimed by the investors or not paid by the

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housing finance company after the date on which the non-convertible debentures became due for redemption were 142, and the total amount in respect of such debentures remained unclaimed or unpaid beyond the date referred hereinbefore was Rs. 171,622/-.

Change in credit rating:

The Company enjoys credit rating from various Rating Agencies. During the year under review, the credit rating agencies downgraded the ratings and/or revised its outlook. The details of the credit ratings are more particularly provided in the Notes to the Financial Statements.

Subsidiaries, Joint Ventures and Associate Company:

Your Company does not have any Subsidiary or Associate Company, nor has it entered into any Joint Venture Agreement.

Loans, Investments and Guarantees

The Company is engaged in the business of providing loans and making investments as part of treasury activities, particulars of which are provided in the Notes to Financial Statements. Except as disclosed in the financial statements, during the year under review, the Company has not given any guarantee.

Updates post March 31, 2020

- The impact of COVID 19 pandemic is as more particularly covered in the Management Discussion & Analysis and the notes to financial statements.
- The following were the changes in the Credit Rating for various instruments of the Company after the end of the financial year ended March 31, 2020 and till the date of this report:
 - a. ICRA Ratings revised the ratings on Long Term Debt from AA- to A+ in May'2020 while keeping the outlook unchanged at Negative and also the Short term ratings from ICRA A1+ to ICRA A1.
 - b. CARE Ratings revised the outlook on Long Term Debt ratings from Stable to Negative in May'2020.
 - c. CRISIL Ratings revised the outlook on Long term Debt ratings from Stable to Negative in May'2020.

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

Except as disclosed in the notes to accounts, if any, there has been no Material changes and Commitments, if any, affecting the financial position of the Company which have occurred

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between the end of the financial year of the Company to which the financial statement relates (i.e. March 31, 2020) and the date of this report.

Extract of Annual Return

In accordance with the provisions of Section 92 of the Companies Act, 2013 and the Rules framed thereunder, an extract of the annual return in Form No. MGT 9 is available on the website of the Company at <https://www.edelweisshousingfin.com>

Management Discussion and Analysis Report

Management discussion analysis report for the year under review as stipulated under Housing Finance Companies - Corporate Governance (National Housing Bank) Directions, 2016 is enclosed.

Related Party Transactions

All the Related Party Transactions entered by the Company are on arm's length basis and in the ordinary course of business. Particulars of contracts or arrangements with the related Parties as referred to in sub-section (1) of Section 188 and forming part of this report is provided in the financial statement and also annexed as **Annexure IV** (Form AOC-2). All the Related Party Transactions as required under Ind AS-24 are reported in the Notes to the financial statement.

The Company has formulated Related Party Transactions Policy. The Policy is uploaded on <https://www.edelweisshousingfin.com> and is also annexed as **Annexure V**.

Directors and Key Managerial Personnel

i) Independent Directors

In accordance with the provisions of Section 149 of the Companies Act, 2013, the Independent Directors have submitted declarations that each of them meet the criteria of independence as provided in the said section. Based on the same, the Board confirms that they meet the criteria of independence as prescribed in Section 149(6) of the Companies Act, 2013 and that they are independent of the management.

On the recommendation of Nomination & Remuneration Committee of the Company, the Board appointed Mr. Sunil Phatarphekar (DIN: 00005164) as an Independent Director (Additional Director) w.e.f. April 13, 2020 and that he shall hold office as an Independent Director till the conclusion of the Annual General Meeting of the Company to be held in the year 2024. Accordingly, he holds office up to the date of the ensuing Annual General Meeting (AGM) and accordingly motion with respect to his appointment/ confirmation as an Independent Director till the conclusion of the Annual General Meeting of the Company to be held in the year

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2024, is being placed in the Notice of the forthcoming AGM for approval of the shareholders.

Mr. P. Vaidyanathan (DIN: 00029503) resigned from the Board of Directors with effect from February 4, 2020.

ii) Non-Independent Directors

a. Non-executive Director

The Board of the Company has 3 (three) Non-Executive Directors as on the date of this report.

Mr. Deepak Mittal (DIN: 00010337) was appointed on the Board as an Additional Director (Non-Executive), subject to approval of National Housing Bank (NHB). NHB approved the appointment of Mr. Deepak Mittal and his appointment is effective from October 14, 2019. Accordingly, motion to the effect of regularizing his appointment as a Director liable to retire by rotation is being placed in the Notice of the forthcoming AGM for approval of the shareholders.

Ms. Shalinee Mimani (DIN: 07404075) and Mr. Vineet Mahajan (DIN: 07404075) resigned from the Board of the Company with effect from September 16, 2019 and close of business hours on March 16, 2020 respectively.

On the recommendation of NRC, the Board, at its meeting/by passing resolution by circulation, on September 18, 2019, April 13, 2020 and June 2, 2020, approved the appointment of Ms. Shilpa Gattani (DIN: 05124763), Mr. Deepak Mundra (DIN: 06733120) and Mr. Phanindranath Kakarla (DIN: 02076676) as Additional (Non-Executive) Directors of the Company, with effect from the date of receipt of approval of NHB/Reserve Bank of India (RBI). The approval of RBI in respect thereto is awaited.

b. Executive Director

In accordance with NHB/ND/DRS/ Policy Circular No. 95/2018-19 dated May 29, 2019, the Board at its meeting held on September 18, 2019 approved the appointment of Mr. Krishnaswamy Siddharth as Chief Risk Officer of the Company for a period of 2 years with effect from October 1, 2019.

Further, on the recommendations of the Nomination and Remuneration Committee, the Board approved the appointment of Mr. K. Siddharth (DIN - 02463804), who had been acting as a Non-Executive Director of the Company with effect from July 20, 2015, as the Executive Director of the Company for a period of 1 (one) year, with effect from October 1, 2019. The shareholders at the Extra-Ordinary General meeting held on September 30, 2019 approved the appointment

of Mr. K. Siddharth (DIN - 02463804) as the Executive Director of the Company for a period of 1 (one) year.

Mr. K. Siddharth (DIN: 02463804) resigned as Executive Director from the Board of the Company and as CRO with effect from the close of business hours on May 15, 2020.

Further, on the recommendations of the Nomination and Remuneration Committee, the Board at its meeting held on September 18, 2019, approved the appointment of Mr. Rajat Avasthi (DIN - 07969623), who had been appointed as the Chief Executive Officer of the Company with effect from October 25, 2018, as Additional Director and Managing Director & CEO of the Company, for a period of three years, with effect from the date of approval of NHB. The approval of RBI in respect thereto is awaited. The shareholders at the Extra-Ordinary General meeting held on September 30, 2019 deferred the appointment of Mr. Rajat Avasthi (DIN - 07969623) as Director and Managing Director & Chief Executive Officer of the Company, till the approval of the sectoral regulator was obtained.

c. Directors retiring by rotation

No director retires by rotation at the forthcoming Annual General Meeting (AGM).

d. Key Managerial Personnel

During the year under review and until the date of this report, there were following changes in the Key Managerial Personnel of the Company:

Sr. No	Name of the KMP	Nature of Change	Effective Date
1.	Mr. Manjeet Bijlani	Appointed as Chief Financial Officer	April 22, 2019
2.	Mr. Sagar Tawre	Appointed as Company Secretary	April 22, 2019
3.	Mr. Sagar Tawre	Resigned as Company Secretary	Close of business hours on July 12, 2019
4.	Ms. Riddhi Parekh	Appointed as Company Secretary	January 3, 2020
5.	Mr. Manjeet Bijlani	Resigned as Chief Financial Officer (CFO)	Close of business hours on April 14, 2020
6.	Mr. Manish Dhanuka	Appointed as Chief Financial Officer (CFO)	July 3, 2020

Number of Board Meetings held

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During the year ended March 31, 2020, the Board met 7 (Seven) times on April 22, 2019, May 13, 2019, August 13, 2019, September 18, 2019, November 11, 2019, January 3, 2020 and February 13, 2020.

Remuneration Policy:

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

Evaluation of the performance of the Board

The Board has framed an Evaluation Policy (“the Policy”) for evaluating the performance of the Board, Chairman, Executive Directors, Independent Directors, Non-executive Directors and Committees of the Board. Based on the same, the performance was evaluated for the financial year ended March 31, 2020.

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

Internal Control Systems and their adequacy

The internal control systems are supported by an internal audit process. The internal audit process reviews the adequacy and efficacy of the Company’s internal controls, including its systems and processes and compliance with regulations and procedures. Internal Audit Reports are discussed with the management team and are reviewed by the Audit Committee of the Board which also reviews the adequacy and effectiveness of the internal controls in the Company.

Internal Financial Controls

The internal financial controls adopted by the Company are in accordance with the criteria established under the Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organisations of the Tredway Commission. Based on its internal evaluation and as confirmed by the Statutory Auditors of the Company, the management team believes that adequate internal financial controls exist in relation to its Financial Statements.

Further details relating to the Company’s internal control systems and internal financial controls and their adequacy are covered in the Management Discussion and Analysis.

Risk Management

Risk management is an integral part of the Company’s business strategy. The Risk Management Committee oversees the risk management framework of the Company through

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regular and proactive intervention by senior management personnel. In accordance with the Corporate Governance Policy of the Company, the Risk Management Committee consist of at least three members which are either Directors or the persons from senior management. Further, the Company appointed Mr. K. Siddharth as Chief Risk Officer (CRO) of the Company with effect from October 1, 2019 who was entrusted with such duties and responsibilities as prescribed by the sectoral regulator including under Policy circular no. 95 /2018-19 applicable to Housing Finance Companies (HFCs). Pursuant to resignation of Mr. K Siddharth with effect from the close of business hours on May 15, 2020, Company has appointed Mr. Ajeet Lodha as the CRO with effect from June 1, 2020.

The Company adopts a conservative and forward-looking risk management practices while lending. The risk management framework ensures that the Company underwrites to prudent risk standards, focuses on its target segment and delivers sustainable profitability. The senior management is responsible for ensuring that appropriate methodology, processes and systems are in place for monitoring, identifying and reviewing the risks associated with the business of the Company, with due support and guidance from the risk management team. The Company leverages analytics to design relevant application level scorecards and also ensures dashboards for effective dynamic portfolio monitoring.

Audit Committee

In accordance with the provisions of Section 177 of the Companies Act, 2013, (the Act), the Board of Directors of the Company has constituted the Audit Committee. During the year ended March 31, 2020, the Audit Committee met 4 (Four) times on May 13, 2019, August 13, 2019, November 11, 2019 and February 13, 2020.

The constitution and the changes in the constitution of the Audit Committee during the FY 2019-2020 and upto the date of this report is given below:

Member	Category	Meetings held#	Meetings attended
Mr. P. N. Venkatachalam	Independent Director	4	4
Mr. P. Vaidyanathan**	Independent Director	3	3
Mr. K. Siddharth**	Executive Director & CRO	4	4
Mr. Deepak Mittal*	Non-Executive Director	1	1
Mr. Sunil Phatarphekar*	Independent Director	N.A.	N.A.

No of meetings held during the tenure of the Member in the Committee in FY 2019-20.

*Mr. Deepak Mittal was inducted in the Audit Committee effective February 13, 2020 and Mr. Sunil Phatarphekar was inducted in the Audit Committee effective April 13, 2020.

** Mr. P. Vaidyanathan ceased to be a Member in the Audit Committee effective February 4, 2020 and Mr. K. Siddharth ceased to be a Member in the Audit Committee effective April 13, 2020.

Nomination and Remuneration Committee (NRC)

In accordance with the provisions of Section 178 of the Act, the Board of Directors of the Company have constituted the Nomination and Remuneration Committee. During the year

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ended March 31, 2020, the Nomination and Remuneration Committee met 4 (Four) times on April 22, 2019, May 13, 2019, September 18, 2019 and January 3, 2020.

The constitution and the changes in the constitution of the NRC during the FY 2019-2020 and upto the date of this report is given below:

Member	Category	Meetings held#	Meetings attended
Mr. P. N. Venkatachalam	Independent Director	4	4
Mr. P. Vaidyanathan\$	Independent Director	4	4
Mr. K. Siddharth\$^	Executive Director & CRO	3	3
Mr. Vineet Mahajan^	Non-Executive Director	1	1
Mr. Deepak Mittal^	Non-Executive Director	0	0
Mr. Sunil Phatarphekar^	Independent Director	N.A.	N.A.

No of meetings held during the tenure of the Member in the Committee in FY 2019-20.

\$ Mr. K. Siddharth ceased to be a Member in the NRC effective September 18, 2019 and April 13, 2020, Mr. P. Vaidyanathan ceased to be a Member in the NRC Committee effective February 4, 2020 and Mr. Vineet Mahajan ceased to be a Member in the NRC effective March 16, 2020.

^Mr. Vineet Mahajan was inducted in the NRC effective September 18, 2019, Mr. Deepak Mittal was inducted in the NRC effective February 13, 2020, Mr. K. Siddharth was inducted as a Member in the NRC effective April 13, 2020 and Mr. Sunil Phatarphekar was subsequently inducted in the NRC effective April 13, 2020.

Corporate Social Responsibility Committee (CSR Committee)

In accordance with the provisions of Section 135 of the Act, the Board of Directors of the Company has constituted the Corporate Social Responsibility Committee ("the CSR Committee"). During the year ended March 31, 2020, the CSR Committee met 3 (Three) times on May 13, 2019, August 13, 2019 and January 3, 2020.

The constitution and the changes in the constitution of the CSR Committee during the FY 2019-2020 and upto the date of this report is given below:

Member	Category	Meetings held#	Meetings attended
Mr. K. Siddharth@	Executive Director & CRO	3	3
Ms. Shalinee Mimani@	Non-Executive Director	2	2
Mr. P.N. Venkatachalam	Independent Director	3	3
Mr. Vineet Mahajan@^	Non-Executive Director	1	1
Mr. Deepak Mittal^	Non-Executive Director	0	0
Mr. Sunil Phatarphekar^	Independent Director	N.A.	N.A.

No of meetings held during the tenure of the Member in the Committee in FY 2019-20.

^Mr. Vineet Mahajan was inducted in the CSR Committee effective September 18, 2019, Mr. Deepak Mittal was inducted in the CSR Committee effective January 3, 2020 and Mr. Sunil Phatarphekar was inducted in the CSR Committee effective June 2, 2020.

@ Ms. Shalinee Mimani ceased to be a Member in the CSR Committee effective September 18, 2019, Mr. Vineet Mahajan ceased to be a Member in the CSR Committee effective March 16, 2020 and Mr. K. Siddharth ceased to be a Member in the CSR Committee effective January 3, 2020,

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The CSR Policy of the Company is uploaded on the website i.e. <https://www.edelweishousingfin.com>. Further, report on the CSR activities for the FY 2019-2020 are annexed as **Annexure II**.

Stakeholders Relationship Committee (SRC)

In accordance with the provisions of Section 178 of the Act, the Board of Directors of the Company have constituted the Stakeholders Relationship Committee ('SRC Committee'). During the year ended March 31, 2020, the SRC Committee met once on February 13, 2020.

The constitution and the changes in the constitution of the SRC Committee during the FY 2019-2020 and upto the date of this report is given below:

Member	Category	Meetings held#	Meetings attended
Mr. K. Siddharth\$	Executive Director & CRO	0	0
Mr. Vineet Mahajan\$	Non-Executive Director	1	1
Ms. Shalinee Mimani\$	Non-Executive Director	0	0
Mr. P. Vaidyanathan\$^	Independent Director	0	0
Mr. P.N. Venkatachalam^	Independent Director	1	1
Mr. Deepak Mittal^	Non-Executive Director	1	1
Ms. Riddhi Parekh^	Company Secretary	N.A.	N.A.

No of meetings held during the tenure of the Member in the Committee in FY 2019-20.

\$ Ms. Shalinee Mimani ceased to be a Member in the SRC Committee effective September 18, 2019, Mr. K. Siddharth and Mr. P. Vaidyanathan ceased to be a Member of SRC effective January 3, 2020 and Mr. Vineet Mahajan ceased to be a Member in the SRC effective March 16, 2020.

^Mr. P. Vaidyanathan was inducted as a Member in the SRC Committee effective September 18, 2019, Mr. P.N. Venkatachalam and Mr. Deepak Mittal were inducted in the SRC effective January 3, 2020 and Ms. Riddhi Parekh was inducted in the SRC effective June 2, 2020.

Statutory Auditors

In accordance with the provisions of Section 139 of the Companies Act, 2013 and the Rules framed thereunder (the Act), M/s. S. R. Batliboi & Co. LLP, are appointed as the Auditors of the Company to hold office till the conclusion of 15th Annual General Meeting of the Company.

Internal Auditors

The Board had appointed M/s. M.M. Nissim & Co. as the Internal Auditors for the financial year ended March 31, 2020.

Secretarial Audit

The Board had appointed M/s. Sanjay Grover & Associates, Company Secretaries, as Secretarial Auditor of the Company for the financial year ended March 31, 2020. A report issued by the Secretarial Auditors is annexed as **Annexure III**. The Secretarial Audit Report does not contain any qualifications, reservations and adverse remarks.

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Prevention of Sexual harassment of Women at Workplace

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

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

A. Conservation of Energy

The Company operates from the premises of its holding Company and has entered into an agreement with the holding Company viz. Edelweiss Rural and Corporate Services Limited, to share resources. The operations of the Company are not energy intensive. The Company jointly with its holding Company, takes various measures to reduce energy consumption as given below:

- i) Steps taken or impact on conservation of energy -:
 - changed the HVAC schedule running operation which reduces the unnecessary running of Air conditioner;
 - Replaced the normal lighting fixture with LED fixtures with low kw rating with same Lux level which reduced the lighting load.
 - Quarterly /Periodic maintenance of Air Conditioners for better performance and to control power consumption across branches.
 - Electrical Planned Preventive Maintenance is performed at the branches to ensure that the health of the Electrical set-up is maintained which in turn conserves energy.
- ii) the steps taken by the Company for utilizing alternate source of energy - Though the operations of the Company are not energy intensive, the Company will endeavor to explore alternative source of energy, as and when it is technically and commercially viable.
- iii) the capital investment on energy conservation equipment - Nil

B. Technology Absorption

- (i) Efforts made towards technology absorption:
 - The Company is continually working towards streamlining & optimizing the business workflows via technology absorption for most of the business functions & operations of the Company;
 - Over 30% of legacy applications have been, either consolidated, or decommissioned; & have been replaced with digital workflows & modern technology solutions;

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- Engineering of better technology solutions & elimination of fragmented applications, legacy applications, or applications functioning in silos; a continuous process; shall continue in-parallel; so that there are no outages & zero business continuity risks;
 - The Company is continually working towards digitization & digitalization across various business verticals;
 - The Company has adopted a cloud-first approach, for all of its existing & future applications; with a keen intent of optimizing technology spends & embracing cutting-edge tech stack.
- (ii) Benefits derived like product improvement, cost reduction, product development or import substitution:
- Reduction of data-loss during customer onboarding;
 - Consolidation of digital assets, storage & speedy retrieval;
 - Various product enhancements; and
 - Cost & resource optimization of ownership & upkeep of multiple applications relating to manpower, infrastructure, support and maintenance.
- (iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) - Not Applicable
- (a) the details of technology imported;
 - (b) the year of import;
 - (c) whether the technology been fully absorbed;
 - (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and
- (iv) Expenditure incurred on Research and Development (R&D):

The Company does not have a dedicated R&D division. However, the Company has been adopting cutting edge technology stack (low-code / no-code development platform, etc.) and unconventional models for solution engineering; for fastest go-to-market product deliveries.

C. Foreign Exchange Earnings and Outgo

There were no foreign exchange earnings during the year under review. There was outgo of Rs. Nil (previous year: Rs. Nil).

Other Disclosures

No disclosure is required in respect of the details relating to the deposits covered under

Edelweiss Housing Finance Limited

Corporate Identity Number: U65922MH2008PLC182906

Registered Office: Edelweiss House, Off. C.S.T Road, Kalina, Mumbai-400098, Maharashtra ☎ +91 22 40094400 Fax: +91 22 4019 4925

Website: www.edelweisshousingfin.com email id: homeservice@edelweissfin.com

Chapter V of the Companies Act, 2013, issue of Equity Shares with differential rights as to dividend, voting or otherwise, sweat equity shares, as there were no transactions on these matters during the year ended March 31, 2020. There were no significant or material order passed by any regulator or court or tribunal which would impact the status of the Company as a going concern and the operations in future. No material changes have occurred between the end of financial year i.e. March 31, 2020 and the date of this report affecting the financial position of your Company. The Company is in compliance with applicable Secretarial Standards issued by Institute of Company Secretaries of India.

Deposits

The Company neither held any public deposits at the beginning of the year nor has it accepted any public deposits during the year under review.

Geographical presence

During the year under review, the Company opened 2 (two) new branch offices and closed 13 (thirteen) of its branches and as at March 31, 2020, the Company operates through a wide network of 99 branches (excluding its registered office). The reach of the Company's branches allows it to service its existing customers and attract new customers. The Company services multiple products through each of its offices and the Company's spread out office network reduces its reliance on any one region in India. Overall the company has expanded nationwide its business in 16 states. The geographical details are as under:

States	Branch Counts
Tamil Nadu	26
Maharashtra	19
Gujarat	19
Andhra Pradesh	8
Telangana	7
Karnataka	7
Madhya Pradesh	3
Delhi	2
Chandigarh, Chhattisgarh, Kerala, Orissa, Pondicherry, Punjab, Rajasthan, West Bengal	1 branch each

Regulatory Guidelines

The Company has complied with all the provisions of Housing Finance Companies (NHB) Directions, 2010 prescribed by NHB from time to time regarding accounting standards, prudential norms for asset classification, income recognition, provisioning, capital adequacy, concentration of credit, credit rating, etc. The Company has been maintaining capital adequacy as prescribed by the NHB from time to time. The capital adequacy based on Ind AS financial statements was at a comfortable level of 28.57% and as per IGAAP stood at 24.96% as on March 31, 2020, as against 13% stipulated by NHB.

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Whistle Blower Policy/Vigil Mechanism

The Company has established Vigil Mechanism ('Whistle-blower Mechanism') which envisages reporting by directors and employees about their genuine concerns or grievances. The policy is uploaded on <https://www.edelweishousingfin.com/> The vigil mechanism is overseen by the Audit Committee.

Particulars of Employees

In terms of provisions of Section 197 of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, forms part of this report. Disclosures as required under Rule 5(1) of the aforesaid Rules are provided as **Annexure VI** to this report. In terms of provisions of Section 136 of the Companies Act, 2013, any member interested in obtaining a copy of information under Rule 5(2) of the aforesaid rules, may write to the Company Secretary of the Company at the Registered Office address.

Debenture Trustees

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

Directors' Responsibility Statement

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

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- (ii) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2020 and of the profit of the Company for the financial year ended on that date;
- (iii) proper and sufficient care have been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding

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the assets of the Company and for preventing and detecting fraud and other irregularities;

- (iv) the annual accounts have been prepared on a going concern basis;
- (v) internal financial controls have been laid down and the same are adequate and were operating effectively; and
- (vi) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Acknowledgments

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

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

Sd/-

Deepak Mittal
Director
DIN: 00010337

Sd/-

Sunil Phatarphekar
Director
DIN: 00005164

Mumbai
July 3, 2020

Edelweiss Housing Finance Limited (EHFL) FY2019-20

Management Discussion & Analysis

MACRO ECONOMY: REVIEW AND OUTLOOK

From 'moment of excitement' (2000-10) – as John Keynes would have put it - to lingering 'uncertainty' (2011-19), Emerging Markets (EM) have seen a remarkable reversal of fortunes and their growth models changed from being export-led to domestic demand-led. Fed's repeated attempts at tightening (2013, 2015, 2018) were met with EM turmoil, India being no exception. However, when Fed started its Balance sheet expansion from October 2019, global economy was eyeing at a modest uptick, only to face a speed breaker in the form of COVID-19 Pandemic. However, this too has a silver lining – COVID-19 has resulted in a unified monetary and fiscal expansion across developed economies.

Against this backdrop, how is India stacked up? Indian economy was stabilizing post the economic slowdown owing to large liquidity injections from the RBI. Systemic liquidity has been running in surplus for last ~12 months. On the reforms front, India made considerable progress with corporate tax rates reduction.

On the monetary policy front, RBI has been accommodative by cutting policy rates by 250 bps since April 2019. It indicated in its announcement on May 22, 2020 that post the Pandemic, real GDP is likely to contract in FY21 and hinted that if inflation progresses as per expectation, more room for rate cuts will open up.

On the fiscal front, government maintained fiscal prudence in FY20 though the recent stimulus package would cause a dent. This has resulted in India's macro stability being significantly anchored. From being a current account deficit country, India is on the path of having a current account surplus.

Now, with the COVID-19 crisis, operating conditions are challenging in the near term with the FY20 GDP growth at 4.2% which is likely to slip into negative territory in early part of FY21. Bringing back the economy on a growth path would be arduous.

However, such crises also present opportunities. We see two big opportunities for India. First, the sharp fall in oil prices. Second, the narrative today globally is to diversify facilities from China. In this context, given India's large size it should benefit from the same and it is important we capitalize on these opportunities.

Overall Outlook

While near-term outlook post lockdown is clouded with challenges, we believe that the medium term looks brighter. As developed markets continue with fiscal and monetary expansion, EMs will benefit significantly on the exports front. India could potentially be a big winner of these. On the flip side, however, a prolonged COVID-19 crisis across the world has the potential to play the spoil sport.

Therefore, it is expected that while economic activity will remain muted in FY21, it should start to gain traction gradually afterwards.

INDUSTRY STRUCTURE AND DEVELOPMENTS

Commercial Credit Markets

Banking Industry

FY20 has been a tough year for banks. Coming out of softer 9MFY20, the impact of COVID-19 did not help the cause either. The system credit growth fell sub-7% levels for FY20 given the muted fourth quarter, which is usually the strongest quarter.

FY20 also saw volatile asset quality in banks with incremental stress remaining higher and witnessed the bail out of a private sector bank. Going forward we see our prognosis of systemic asset quality rather bleak, and we believe that long-term costs of the current economic dislocation remain a known unknown.

The developments over past few months which led to liquidity crunch resulted in risk aversion towards NBFCs/HFCs as incremental liquidity became expensive. Even while to an extent the banks benefitted from softened competition, the overall demand scenario suffered, and credit outlook remains vulnerable.

NBFC Industry

Past few quarters have been tough for NBFCs which, coming out of difficult 9MFY20, faced COVID-19 related uncertainty. We believe, this will not only reflect in the current liquidity challenges but will also get manifested in the form of formidable asset side challenges.

Fresh funding did become more expensive in this backdrop, especially for players dependent on debt market. As a result, risk appetite waned impacting growth of the NBFC sector as they focused more on liquidity management rather than chasing asset growth. The recovery we believe will take considerable time and will have to be drawn via support from regulator and government.

Going forward, while the segment remains highly vulnerable, capital position, asset quality and liquidity management practices hold key. Within NBFCs, well run business models with stronger balance sheets and prudent risk management practices will emerge as winners.

Retail Finance

India has one of the lowest credit penetration among larger economies and retail credit presents a large growth opportunity driven by long term trends in democratisation of credit, rising household incomes and increased consumption. However, current challenges turn consumption driven story on its head. We expect growth will remain challenging with players also tightening risk metrics to reflect the ground realities.

Retail focus areas for the banks and NBFCs/HFCs have been mortgages and Mudra Finance or MSME finance. There were three key challenges faced in these businesses - Economy slowing down, Liquidity crunch and impairment in customer credit quality. Business environment was exacerbated towards the end of FY20 due to the Pandemic because of which MSME supply chain has been affected and payments/liquidity has dried up. Hence the performance of NBFCs/HFCs in these sectors was muted during FY20. While we firmly believe in longer

term potential for NBFCs/HFCs to scale up these portfolios, near to medium term will be challenging before they embark upon growth trajectory again.

Housing Finance Industry in India

The Indian housing finance market continues to grow significantly year on year on the back of young demographic profile that India enjoys and the fact that it is the aspiration of every Indian to own a home. In addition, migration of working class from rural to semi-urban and urban cities will also drive demand for housing in these cities.

Going forward, with increasing purchasing power, rapid growth in population, rising aspirations, increasing number of nuclear families, rapid urbanization, Government's intervention to provide easy loans and its push on affordable housing including "Housing for all by 2022", and so on, the housing sector in India is expected to register a strong growth in the coming years. While the current crisis in the real estate industry, liquidity crunch for NBFCs/HFCs and COVID-19 related impact have slowed down new home purchases, we remain convinced that the need for housing finance in India in medium to long term is bound to increase greatly.

Over the years, the Housing Finance Industry has moved significantly from being majorly run by the government to being run by Banks, Non-Banking Financial Companies (NBFCs) and Housing Finance Companies (HFCs). Within the housing finance sector, affordable housing is receiving special attention currently. The housing finance market in India can expand and take in borrowers who currently are not being helped by financial institutions i.e., the borrowers who fall in low to middle income group or want small ticket housing loans and do not have formal proof of the income they earn. Various state governments, to increase housing in the country, have provided incentives to builders and real estate developers to launch projects in affordable housing places for the people who have a lower purchasing power.

Thus, non-bank credit availability through the medium of HFCs will continue to be an effective channel for meeting credit requirements of retail clients going forward. Housing Finance business, therefore, presents exciting and large opportunity to

Edelweiss for long-term growth together with designed diversification in the revenue streams. This business, including Loan against Property, is also an integral part of our strategy to diversify our asset classes and cover a larger retail footprint together with significant opportunities to cross-sell our other products to retail clients. Having started the housing finance business in FY11, during FY13 we also forayed into grant of Small Ticket Housing Loans in five cities in Tamil Nadu as a part of our strategy to serve all sections of society.

EDELWEISS HOUSING FINANCE OVERVIEW

Edelweiss Housing Finance Limited (EHFL) was incorporated on May 30, 2008 as a public limited company under the provisions of the Companies Act, 1956 as a wholly owned subsidiary of Edelweiss Financial Services Limited. EHFL is carrying on business of housing finance (without acceptance of public deposits) under the Certificate of Registration No. 03.0081.10, dated March 18, 2010 issued by National Housing Bank (NHB) under section 29A of the National Housing Bank Act, 1987, subject to the conditions mentioned in the Certificate of Registration.

EHFL has made an application dated March 12, 2019 to NHB, seeking its approval for transfer of entire shareholding of its existing shareholders viz. EFSL (holding 30.35%), Edelweiss Rural & Corporate Services Limited (holding 55.23%) and Edel Finance Company Limited (holding 14.42%) to ECL Finance Limited (ECLF) such that ECLF would become the holding company of the Company. Considering the transfer of regulatory powers over the Housing Finance Companies from the National Housing Bank to the Reserve bank of India with effect from August 9, 2019 pursuant to the provisions of the Finance Act 2019, the approval of RBI in this regard is awaited.

At EHFL we offer a wide range of products and services for retail clients with a focus on client requirements while designing our products. We have earned a reputation of being a vibrant, risk-conscious, quality driven Housing Finance Company.

We are part of the Edelweiss Group which is one of India's prominent financial services organization having businesses organized around three **broad business groups**:

- **Credit business** including Retail Credit and Corporate Credit,
- **Advisory business** including
 - **Edelweiss Global Investment Advisors (EGIA)**, which includes Wealth Management, Asset Management and Capital Markets,
 - **Asset Reconstruction**, and
- **Insurance** including Life and General Insurance.

Today, EHFL is a ~Rs. 46 billion asset base company with presence in all the significant areas of housing finance businesses including mortgage loans, small ticket housing loans, residential projects construction finance and loans against property allowing it to address a considerable part of the financial needs of its customers.

As a result of our strategy of calibrated growth along with prudent risk management, EHFL has demonstrated a stable track record of growth over last five years after achieving break-even in FY13. The company's growth has been powered by strategic vision, strong belief and adherence to its core values and guiding principles, its ability to raise resources, and deploy it judiciously, attract talent and build leadership, and a strong focus on risk management, compliance and corporate governance.

FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE.

With the macro-economic indicators starting to deteriorate, business sentiment turning bearish, liquidity crunch setting in for NBFCs/HFCs during FY20 and finally the impact of COVID-19 Pandemic coming in towards the closure of the financial year, EHFL's focus during the year shifted to risk management including control over asset quality and liquidity management rather than chasing asset growth. This resulted in a temporary setback to the growth momentum it had achieved in the past few years. However, our strong business fundamentals have

empowered us to stand strong even during the headwinds faced by NBFC industry. At the same time, we devoted the year to improving productivity of our employees, ensuring quality of credit and customers we lend to and building infrastructure including state of the art technology to be ready to partake our share of growth when it returns.

FINANCIAL HIGHLIGHTS FOR FY20

A summary of our FY20 financial highlights is as under:

- **Total Revenue: Rs.6,073.90 million** (Rs.6,658.95 million for FY19), down 8.8%
- **Profit after Tax: Rs.15.55 million** (Rs.624.59 million for FY19), down 97.5 %
- **Networth: Rs.7,664.58 million** (Rs.7,683.62 million at the end of FY19)
- **Return on Average Equity: 0.18%** (9.38% for FY19)
- **EPS: Rs.0.22** (Rs.10.28 for FY19) (FV Rs.10 per share)
- **Book Value per Share Rs.110.90** (FV Rs.10 per share) (Rs.110.87 for FY19)

INCOME

Fund Based Revenue

Our fund-based businesses earned revenue of Rs.5,654.40 million for FY20 (Rs.6,157.80 million for FY19), a degrowth of 8.2%. Fund based revenue mainly includes Interest Income from lending activities.

Fee & Commission Income

Our fee & commission income was Rs.357.15 million for the year, compared to Rs.424.55 million in FY19, down by 15.9%.

Net Revenue

For HFCs, like NBFC or banking industry, the concept of Net Revenue (net of interest cost) is another way of analyzing performance. This is because interest cost, as with all Banks and large NBFCs/HFCs, should reflect above the expenses line. On a net revenue basis, our Agency fee & commission for FY20 was Rs.357.15 million (Rs.424.55 million for FY19) and Fund based net revenue, i.e. net of interest cost, all the interest cost being for fund-based revenue, was Rs. 1,461.05 million (Rs.2,236.23 million for FY19). Thus, the total net revenue for FY20 was Rs.1,880.55

million (Rs. 2,737.38 million for FY19), down by 31.3%.

EXPENSES

Our total cost for FY20 was Rs.6,090.27 million (Rs.5,682.31 million in FY19), up 7.2%. Within our total costs, operating expenses increased from Rs.952.86 million in FY19 to Rs.1,127.33 million in FY20, up 18.3%. Our employee expenses degrew by 10.1% in FY20 as we reduced our employee strength by about 231 employees during the year taking our total headcount to 826 at the end of FY20 to control costs in view of the downtrend in the economy. As regards interest expense, which grew by 6.9% in FY20, our borrowings at the end of FY20 were Rs.38,592.20 million compared to Rs.44,725.93 million at the end of FY19, down 15.9%, reflecting the 19.2% degrowth in credit book.

PROFIT AFTER TAX

Our Profit after Tax for FY20 was Rs.15.55 million compared to Rs.624.59 million for FY19, down by 97.5%.

Our Profit before Tax margin for FY20 was -0.22% and Profit after Tax margin 0.18% compared to 15% and 9% respectively for FY19. Our Return on Equity for FY20 is lower at 0.18% compared to 8.12% in FY19.

Analysis of Profitability

While we have demonstrated consistent growth in revenue and PAT in the past, challenging environment during FY20 as explained earlier, resulted in lower profitability during FY20. The following factors contributed to the lower profitability:

- Our Credit book was allowed to run down in FY20 due to resources constraints faced by the NBFC/HFC industry ever since the collapse of a large AAA rated entity in September 2018. The total gross book degrew to Rs.43,610.39 million at the end of FY20 compared to Rs.53,961.94 million at the end of FY19, a reduction of 19.2%. This has resulted in interest income decreasing by Rs.503.4 million in FY20 over FY19.

- Our fee and commission income stood at Rs.357.15 million at the end of FY20 compared to Rs.424.55 million at the end of FY19, a reduction of 15.9% mainly contributed by lower advisory fee in FY20 by Rs.98.81 million.
- While we continued to be adequately collateralised on our loans, there were some slippages in our credit asset quality though the overall asset quality continued to be under control. Our Provision coverage Ratio at the end of FY20 was 14.5% compared to 14.3% at the end of FY19.
- Due to the liquidity crunch faced by the NBFC/HFC industry during the year as explained above, our borrowing cost increased to 9.5% in FY20 compared to 9.0% in FY19. Thus, though the borrowings during FY20 were lower, the reduction in interest cost was not in proportion to the reduction in borrowings.

Balance Sheet Gearing

We believe that a strong balance sheet imparts unique ability to our company to be able to meet demands of our clients and be able to raise debt capital whenever required. EHFL has a total net worth of Rs. 7,664.58 million as at the end of FY20 compared to Rs.7,683.62 million at the end of FY19. Amount of debt on the Balance Sheet as on March 31, 2020 was Rs. 38,592.20 million (Rs. 44,725.93 million as on March 31, 2019), a Gearing Ratio of 5.03 times as at FY20 compared to 5.82 times as at the end of FY19. The comfortable leverage allows us enough headroom to continue to grow and invest in business once the growth momentum returns. The gross Balance Sheet size at the end of FY20 was Rs.50,508.26 compared to Rs.54,517.14 million at the end of FY19 reflecting the degrowth in the credit book.

ANALYSIS OF SIGNIFICANT CHANGES IN FINANCIAL RATIOS

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

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

(a) Debt Equity Ratio 5.02 at the end of FY20 compared to 5.82 at the end of FY19. This was due to lower borrowings on account of increased focus on risk management rather than chasing asset growth.

(b) Operating Profit Margin 6.4% in FY20 compared to 16.5% in FY19. This was on the back of reduction in the credit book along with increase in borrowing cost.

(c) Consequent to the above factors, Net Profit Margin stood at 0.2% at the end of FY20 compared to 9.4% at the end of FY19.

2. Return on Average Equity for FY20 is 0.2% compared to 9.38% for FY19. Reduction is mainly due to lower profit after tax for FY2020.

Other parameters, namely Debtors Turnover, Inventory Turnover, Interest Coverage Ratio and Current Ratio, are not applicable to our company.

BUSINESS PERFORMANCE HIGHLIGHTS

Brief highlights of our business performance in FY20 are as under:

CREDIT BUSINESS

Credit business of EHFL broadly offers residential mortgage loans for purchase or construction of houses including small ticket housing loans, residential projects construction loans, loans against property and rural finance. These products provide us with the intended diversification in our business thereby reducing the concentration risk. Retail segment loans provide the desired potential for scaling up in a vast underpenetrated market like India.

Total credit book of EHFL stands at Rs. 43,610 million at the end of this year compared to Rs. 53,962 million at the end of previous year, down 19.2%. In addition, outstanding amount of the loans securitized/

assigned as on March 31, 2020 was Rs. 2,764 million taking the AUM of EHFL to Rs. 46374 million. Total number of housing finance and LAP clients was 24,919 (including the loans securitized) at the end of FY20.

The composition of Gross Credit Book as on March 31, 2020 is as under:

(Rs. In million)

Product/Segment	Book size as on March 31, 2020	Book size as on March 31, 2019
Housing Loans	26,122.25	29,836.31
Construction Finance	1,066.47	2,879.08
Loan against Property	16,392.27	21,170.61
Rural Finance/ others	29.40	75.94
Total Loan Book	43,610.39	53,961.94

Gross Credit book has degrown at 19.2% during FY20. Our Net Interest Margin (NIM) on the credit book for FY20 is 2.97% compared to 4.36% for FY19.

Asset Quality

As a result of strict adherence to conservative credit appraisal, constant collateral monitoring and best-in-class risk management, EHFL has managed to control its asset quality satisfactorily. Our Gross non-performing loans (NPL) were at 1.7% and Net NPLs at 1.5% at the end of FY20 compared to 1.8% and 1.6% respectively at the end of FY19. Despite turbulent environment, the Company managed to contain NPLs in FY20. Gross non-performing loans stands at Rs. 761 million at the end of FY20 compared to Rs.983 million at the end of FY19. However, we were pro-active in providing for such loans. Our Provision Coverage Ratio of stage-3 assets was 53.9% at the end of FY20. We continue to focus on risk management and achieving growth in the book without diluting risk standards.

EHFL's Credit business is anchored in a deep understanding of and investments in underwriting and strong risk management practices. Underwriting is based on a detailed analysis and appraisal of cash flow, collateral and counterparty. Risk management involves establishing robust processes around monitoring, communication and follow-up.

BALANCE SHEET MANAGEMENT

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

Changing Liabilities Profile in Sync with Asset Profile

EHFL has over the last six years embarked on a strategy of reducing dependence on group borrowings and increasing liabilities in the three years and above bucket thereby bringing down dependence on short term borrowings significantly. The efforts to secure longer term credit facilities from Banks continued throughout the year under review. Our total sanctioned Bank lines of credit at the end of FY20 were Rs.46.5 billion compared to Rs.44.35 billion a year ago. We have a formal Consortium Banking arrangement for our credit facilities with State Bank of India being the Lead Bank.

Diversification of Sources of Funding

We also continue to diversify the sources of borrowings by tapping newer sources like life insurance companies, Pension and Provident Funds etc.

With enhanced monitoring of liquidity cushion, we could successfully navigate the liquidity crunch in the FY20 meeting our entire maturing obligation on time.

Capital Adequacy Ratio

As per the Housing Finance Companies Prudential Norms stipulated by National Housing Bank, all HFCs are required to maintain a minimum Capital to Risk-weighted Assets Ratio ("CRAR") of 13%. EHFL's CRAR as on March 31, 2020 was 28.57% with a Tier I Ratio of 28.03%. With a comfortable CRAR, EHFL is in a position to increase its asset base with confidence as soon as growth returns. Our CRAR over the period of last three years is as under:

Particulars as on	March 31, 2018	March 31, 2019	March 31, 2020
C R A R prescribed by NHB	12%	12%	13%
Total Capital Adequacy Ratio	16.85%	21.40%	28.57%
Out of which:			
Tier I	16.33%	20.80%	28.03%
Tier II	0.52%	0.60%	0.54%

OPPORTUNITIES

Despite the current economic downturn being exacerbated by the Pandemic, the long-term growth story of India and the trend of compounding growth remains in place. At the same time, while FY21 will be a year of resilience, demand for credit, specially housing finance, in India will continue to offer immense opportunities in future for firms like us as under:

- The financialisation of Indian household savings, low credit penetration and demand for consumption are presenting newer opportunities, notwithstanding the current dip, in the areas like retail credit which is our focus area.
- Democratisation of credit and the Government’s push for affordable housing and “Housing for all by 2022” augur well for companies like ours which already have a strong foothold in housing segment.
- The monsoon has already set in on time this year and is expected to be a normal one. Agriculture production is likely to continue to grow in FY21 fuelling consumption which augurs well for the overall economy.

The expected return of growth in the Indian economy in FY22 would continue to offer opportunities for us to grow.

THREATS

While the opportunities landscape is promising in the medium term, following threats could dampen the growth of HFCs in India:

- Slower than expected recovery of macro-economy, domestically as well as globally or a prolonged COVID-19 Pandemic can impact the growth.
- While the oil prices currently are benign, any Increase in oil prices on the back of any geo-political conflicts or delay in revival of capex cycle can also impede growth.
- If the current tight liquidity situation does not normalize soon, it could affect the natural growth of the HFC sector.

OUTLOOK & STRATEGY

With the GDP growth sliding down to 4.2% for FY20 and real GDP likely to fall into negative territory in FY21, the outlook in short term is uncertain. However, our belief in the long-term India story continues to remain the same and growth opportunities will stage a comeback sooner than later.

Due to the stimulus packages implemented by the Government to alleviate the impact of the Pandemic across various segments, the outlook for inflation and interest rates remains positive. The government will now go into a fiscal expansionary mode and with the regulator also pushing growth through rate cuts, we expect growth to come back in FY22 in a calibrated manner.

The new normal post COVID-19 will also need a significant re-thinking in the way NBFCs/HFCs do business. There will be an enhanced focus on equity capital, liquidity management and resources side of the balance sheet. The industry may continue to face challenges in resources mobilization with Mutual Funds not willing to lend beyond the top few HFCs

and banks adopting a risk averse approach. Asset side challenges as a fallout of the economic downturn and liquidity squeeze will lead to HFCs allocating more resources to risk management rather than worrying about growth in FY21. Given this scenario, we should expect a muted FY21 with normalcy returning gradually in FY22.

As we look ahead for EHFL, while FY20 was devoted to strengthening the balance sheet, liquidity management and risk management, we see lot of promise and opportunity in the medium term. At Edelweiss, we have done fairly well in managing risks till now while balancing it with the growth vector, and we should be able to combine scale and efficiency going forward.

In preparation for the next phase of growth, our debt to equity ratio is significantly lower now due to asset book shrinkage and it provides us ample headroom for growth when the business environment improves. We have strengthened our balance sheet in FY20. At the same time, we will continue with the strategy to hold excess liquidity and equity capital. We will also use technology to be a key business driver to help us deliver superior customer experience and rationalise costs.

FY21 will be the year of resilience, as the economy recovers. We will continue to focus on creating value for stakeholders. Our customer base has kept faith with us. Our talent pool is unmatched and closely aligned with the interests of our stakeholders. As in the past, Edelweiss will emerge stronger once the current crisis blows away.

ENTERPRISE GROUPS

The business of EHFL is controlled and supported by a core of Enterprise Groups that provide consistent quality and rigour to key process functions. While EHFL itself is responsible and equipped with management of enterprise functions, it also draws upon the support from and expertise available at the Group level. Various steps taken by us to improve efficacy of Enterprise functions are detailed below.

GOVERNANCE

At Edelweiss, we believe in the philosophy that well governed organisations tend to last longer, and that governance is the fulcrum around which entire financial sector thrives. Hence, Governance is at the heart of everything we do and it transcends beyond compliance extending to ethics and values as well.

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

Our Board attaches highest importance to Governance and thus sets tone of culture flowing from top throughout the fabric of our organisation. Board has set a very high benchmark on the standards to be adhered to. Boards of the EHFL and the Group set higher standards on ethics, integrity, transparency and fairness leading us to build good framework for conduct, behaviour and process oversights at organization level.

In order to promote good governance culture, we have self-defined rules for good behaviour and conduct at individual as well as at entity level. Sound Frameworks have been put in place on issues of Conflict of Interest, Insider Trading, dealing with sensitive information etc. Last 18 months have witnessed numerous challenges in the eco system as discussed elsewhere in this report. Our Governance standards have ensured continuity of service to customers besides taking care of safety and protection of all our stakeholders including employees, channel partners/business partners etc. Learning from these events that have unfolded in the environment, our focus on governance has become even sharper. We are continuously recalibrating some of practices on the process of decision making to facilitate smooth functioning while working from home through use of technology with good governance controls ensuring that compliance standards are met even in challenging circumstances.

RISK MANAGEMENT

Risk management is integral part of business at Edelweiss. The good risk management practices of the Group have facilitated navigating through environmentally turbulent times. Respect for Risk is central to every business decision at Edelweiss. Simple questions are to be answered before every decision, i.e., "Is it worth it?" and "Can we afford it?". This principle-based approach has stood well in protecting the organisation from vagaries of external world.

While we have been managing various risks, a need for holistic approach to risk management led us to embrace the **Enterprise Risk Management (ERM)** framework sometime back at the Group level. This framework has helped us strategically benchmark our practices across different business lines to the best in class levels. We have also put in place an in-house "**Eleven-risk framework**" to formalize the process of Assess, Avoid, Manage and Mitigate risks across business verticals in a continuous manner.

The risk governance structure at Edelweiss Group includes Board Risk Committee, Global Risk Committee, Enterprise Risk Management (ERM) Council, Corporate Risk & Assurance, Investment Committees, Credit Committees & Business Risk Groups. While all the Group entities follow and implement the central philosophy of Risk Management, following the needs of our entity, the Business Risk Group within EHFL has been further strengthened.

Risk Culture is of paramount importance to Edelweiss Group. We have taken multiple initiatives to further improve and strengthen the Risk Culture through the organisation. Appropriate risk behaviour is recognized and applauded through specific reward and recognition programs.

Recently, the whole world has faced a tail risk event of COVID-19 Pandemic. Coupled with national lockdown, this event necessitated unique approaches to mitigate different types of risk. Our advance

preparation along with technology enablement in utmost agility ensured almost all our critical staff could work from home seamlessly for business continuity and serving customer deliverables.

In the short term, we are focused towards fighting the battle against COVID-19 and work is happening on different fronts for ensuring that we adapt to the New Normal going forward as expeditiously as possible.

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

EHFL deals in multiple asset classes and client segments and is thus exposed to various risks that can be broadly classified as credit risk, market risk, operational risk and fraud risk.

Credit Risk

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

Market Risk

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

Additionally, the asset liability mismatch and collateral margins are regularly assessed. Liquidity requirements are closely monitored and necessary care is taken to maintain sufficient liquidity cushion

for maturing liabilities and for any unforeseen requirements. We also ensure diversification in source of borrowing to reduce dependence on a single source. We also pro-actively modify our liabilities profile in sync with the changing assets profile to ensure that we do not carry any material asset liability mismatch.

Operational Risk

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

All of the above will also help us in ensuring our compliance with Companies Act 2013 requirement of “**adequate internal financial controls system and operating effectiveness of such controls**”.

Fraud Risk

Business environment, increasing complexities and sophistication of technology makes us vulnerable to both internal & external fraud risks. At Edelweiss Group level we have defined and implemented an anti-fraud framework which lays emphasis on proactive reporting & early detection of incidents and which is also followed by us. Trainings & campaigns ensure that Edelites are cognizant of this risk. More specifically, for EHFL, due diligence on borrower’s income, KYC and title reports is carried out strictly as per laid down policy to ensure frauds are avoided.

Our paranoia about risk management has helped us to steer through environmental stress in recent times without a major impact.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Edelweiss Group has institutionalised a strong compliance culture across all the business entities recognising that transparency and trust amongst all its stakeholders can be achieved only through this. We believe Compliance is the cornerstone of good corporate citizenship.

The internal controls of Edelweiss are commensurate with the business requirements, its scale of operation and applicable statutes to ensure orderly and efficient conduct of business. These controls have been designed to ensure assurance with regard to maintaining proper accounting controls, substantiation of financial statement and adherence to IND AS requirements, safeguarding of resources, prevention and detection of frauds and errors, ensuring operating effectiveness, reliability of financial reporting, compliance with applicable regulations and relevant matters covered under section 134 (5) (e) of the Companies Act 2013.

Internal Audit

Internal Auditors at EHFL follow Standards on Internal Audit along with guidelines issued by regulators and ensures compliance with section 138 of the Companies Act 2013 read with Rule 13 of the Companies (Accounts) Rules, 2014, as amended and notified from time to time. The Internal Audit function operates under the supervision of the Audit Committee of the Board.

HUMAN RESOURCES

Edelweiss’s biggest strength has always been its people. They are always at the core of all designs, initiatives and programs in creating better experience through their life cycle of hiring, engagement, development.

Edelweiss Group is a cross-cultural mosaic and our strength lies in our diversity everywhere, within teams and across the organisation. Our diversity makes us stronger by bringing in fresh ideas, perspectives, experiences and fostering a truly collaborative workplace. The sense of ownership each one of us has displayed over the years is a testament to the culture of entrepreneurship we have tried to foster in Edelweiss. We share the Edelweiss group HR philosophy.

Developments on HR front in FY20 are summarised below:

- We ended FY20 with a lower headcount of 826, down from 1,057 as of March 31, 2019 to control costs in the challenging business environment of FY20.
- As growth comes back gradually in the New Normal of post COVID-19 scenario, we will be in a position to meet the challenges of increasing scale and complexity of our business as well as future business growth.

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

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

People Practices during COVID-19 Pandemic

At the start of 2020, COVID-19 Pandemic came with specific challenges and a New Normal in the way of working. Our advanced planning and unique approaches helped us to address it promptly.

Employee safety being of utmost importance in this crisis, almost all critical staff were enabled to work from home with the help of technology. It further enabled employees to maintain their productivity to support business continuity, service internal and external stakeholders and customers.

Edelweiss culture, which is best described by the way we function - a certain sense of unity in all the diversity. It shone brightly during this crisis with demonstration of high levels of adaptability, resilience, ownership and commitment to serve the need of customers.

Building on the foundation laid by the platform thinking approach, Edelweiss Group has advanced its digital transformation journey by:

- adopting the cloud for high availability, scalability and resiliency
- redesigning the network topology to enable secure access of both on-premises and cloud applications from anywhere
- embracing an Application Program Interface (API) first approach for secure exchange of data both within and outside Edelweiss
- modernizing the workplace by deploying an integrated collaboration suite

All these initiatives have actually turned out to be a blessing in disguise in the Covid-19 Lockdown situation because almost 100% of our critical employees are enabled to work from home. We at EHFL share the IT Infrastructure, practices and policies of Edelweiss Group.

Information Security

Emerging technologies and digitalization bring along new challenges and exposes organizations to new risks as data no longer resides within the traditional network boundaries. Cyber risk landscape is changing fast and attacks are becoming more frequent, severe and systemic. To safeguard ourselves in these changing times, Edelweiss Group has implemented multi-layered security solutions across all layers, viz., data, application, endpoint and network, with a special focus on cloud security which we at EHFL share.

CUSTOMER EXPERIENCE

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

We have evolved our CX framework across Edelweiss from a problem-solving based approach to a more proactive stance, by aligning efforts across business units to a shared set of values. We call this the ASSURED framework which is now an integral part of our CX strategy across Edelweiss. Another key initiative this year has been the implementation of digitisation of feedback strategy for the Group. This

has been done by mapping the customer journeys across businesses and identifying the key, impactful

touchpoints for the customer. We have adopted the same strategy in our company too.

Cautionary Statement

Statements made in this Annual Report may contain certain forward-looking statements, which are tentative, based on various assumptions on the Edelweiss Group's and EHFL's present and future business strategies and the environment in which we operate. Actual results may differ substantially or materially from those expressed or implied due to risks and uncertainties. These risks and uncertainties include the effect of economic and political conditions in India and internationally, volatility in interest rates and in the securities market, new regulations and Government policies that may impact the Company's businesses as well as the ability to implement its strategies. The information contained herein is as of the date referenced and the Company does not undertake any obligation to update these statements. The Company has obtained all market data and other information from sources believed to be reliable or its internal estimates, although its accuracy or completeness cannot be guaranteed. The discussion relating to financial performance, balance sheet, asset books of the Company and industry data herein is reclassified/regrouped based on Management estimates and may not directly correspond to published data. The numbers have also been rounded off in the interest of easier understanding. Numbers have been re-casted, wherever required. Prior period figures have been regrouped/reclassified wherever necessary. FY19 and FY20 numbers are as per IndAS and rest all are as per IGAAP. All information in this discussion has been prepared solely by the company and has not been independently verified by anyone else.

Annexure I

Remuneration Policy

Objective

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

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

The objective of this Policy is to ensure that:

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

Remuneration of the Independent Directors & Non- executive Directors

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

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Website: www.edelweisshousingfin.com email id: homeservice@edelweissfin.com

Remuneration of the Managing Director & Executive Directors

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

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

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

Policy Review

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

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Annual Report on Corporate Social Responsibility (CSR) activities for the Financial year 2019-20

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

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

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

The CSR Policy of the Company is uploaded on the website <https://www.edelweishousingfin.com>.

2. The Composition of the CSR Committee as on the date of this report is as under:-

Mr. P. N. Venkatachalam - Independent Director

Mr. Sunil Phatarphekar - Independent Director

Mr. Deepak Mittal - Non-executive Non-Independent Director

3. Average net profit of the Company for last three financial years: Rs. 1155.92 million.
-

4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): Rs. 23.12 million.
-

5. Details of CSR spent during the financial year:

(a) Total amount spent for the financial year: Rs. 21.935 million.

(b) Amount unspent, if any: Rs. 1.19 million.

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

1	2	3	4	5	6		7	8
S. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs		Cumulative expenditure up to the reporting period	Amount spent : Direct or through Implementing agency*
			(1) Local area or other		Sub - heads:			
			(2) Specify the State and district where projects or programs was undertaken		(1) Direct expenditure on projects or programs	(2) Overheads :		
1.	Shikshasandhan	Education	Mayurbhanj , Orissa	13,36,004	13,36,004	-	13,36,004	Implementing agency
2.	Shaheen Women's Resource and Welfare Association	Women Empowerment	Hyderabad, Telangana	37,95,400	37,95,400	-	37,95,400	Implementing agency
3.	Association for Advocacy and Legal Initiatives	Women Empowerment	Lucknow, UP, Ranchi, Jharkhand	71,12,097	71,12,097	-	71,12,097	Implementing agency
4.	Jan Sahas Social Development Society	Women Empowerment	Dewas, Ujjain, Sehore, Khargone, Panna, Jabalpur, Tikamgarh, Mandsuarn Neemach (Madhya Pradesh) Jhansi, Lalitpur, Agra (Uttar Pradesh) and Chittorgarh, Bharatpur Pratapgarh (Rajasthan)	87,71,005	87,71,005	-	87,71,005	Implementing agency

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5.	Milaan-Be the change	Women Empowerment	Lucknow, Barabanki, Hardoi, Lakhimpur Kheri, Raebareli, Sitapur, Unnao, Varanasi, Mirzapur, Sant Ravidas Nagar, Azamgah, Chandauli, Ghazipur, Jaunpu (Uttar Pradesh)	9,20,494	9,20,494	-	9,20,494	Implementing agency
	Total			2,19,35,000	2,19,35,000	-	2,19,35,000	

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

The Company is conscious of its Corporate Social Responsibility responsibilities and was endeavouring to identify holistic proposals with long-term cognizant benefits and wider stakeholder perspective. During the year under review, the Company has spent Rs. 21.935 million on CSR activities on the aforesaid various activities and a marginal amount of Rs. 1.19 million remained unspent. The Company is continually in the process of identifying better avenues for further spending on CSR activities.

7. A responsibility statement of the CSR Committee -

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

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

Sd/-
Deepak Mittal
 Director
 DIN: 00010337

Sd/-
Sunil Phatarphekar
 Director
 DIN: 00005164

Mumbai
July 3, 2020

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homeservice@edelweissfin.com

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2020

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

To,
The Members
Edelweiss Housing Finance Limited
(CIN: U65922MH2008PLC182906)
Edelweiss House, Off C.S.T. Road, Kalina,
Mumbai- 400098

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

We report that-

- a) Maintenance of secretarial records are the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- b) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed, provide a reasonable basis for our opinion.
- c) We have not verified the correctness and appropriateness of the financial statements of the Company.
- d) Wherever required, we have obtained the Management Representation about the compliances of laws, rules, regulations and standards and happening of events etc.
- e) The compliance of the provisions of the corporate and other applicable laws, rules, regulations and standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.
- f) The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
- g) The auditor adhered to best professional standards and practices as could be possible while carrying out audit during the lock-down conditions due to Covid-19. The Company made due efforts to make available the relevant records and documents which were verified through online means to conduct and complete the audit in the aforesaid lock-down conditions.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2020 ("Audit Period") complied with the statutory provisions listed hereunder and also that the

Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2020 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, where applicable;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (b) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with clients;
 - (c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;¹
 - (d) The Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015; (SEBI Listing Regulations)

We have also examined compliance with the applicable clauses of the Secretarial Standard on Meetings of the Board of Directors and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India which needs to be strengthened

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

We further report that subsequent to resignation of Mr. P Vaidyanathan, Independent Director of the Company w.e.f. February 04, 2020, the Company has conducted a meeting of Audit Committee on 13.02.2020 with one Independent Director, the resolution by circulation was circulated to the members of Nomination and Remuneration Committee on 13.04.2020 and the Board of Directors passed the resolution for the appointment of Shri Sunil Phatarphekar as Additional (Independent) Director on 13.04.2020, within prescribed period pursuant to second proviso to Rule 4 of Companies (Appointment and Qualification of Directors) Rules, 2014.

- (vi) The Company being a registered Housing Finance Company under Section 29A of the National Housing Bank Act, 1947 with the National Housing Bank, is carrying the business as housing finance institution (without acceptance of public Deposits).

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

As informed by the management, following are the laws which are specifically applicable on the Company:

- The National Housing Bank Act, 1987;
- Housing Finance Companies (NHB) Directions, 2010; &
- Other policy/ies and Direction(s) issued under the National Housing Bank Act, 1987, from time to time.

We have checked the compliance management system of the Company to obtain reasonable assurance about the adequacy of systems in place to ensure compliance of specifically applicable laws and this verification was done on test basis. As informed by the Company and according to explanations given to us, we believe that the compliance management system of the Company seems adequate to ensure compliance of laws specifically applicable to it.

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive, Non-Executive and Independent Directors. There was an intermittent vacancy created due to resignation of one woman director w.e.f 16.09.2019 and this vacancy was filled w.e.f 18.09.2019 by appointing a woman director which is subject to the approval from National Housing Bank.

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

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

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

We further report that during the audit period: —

- Pursuant to the provisions of Section 42, 71 and other applicable provisions, if any, of the Act and any other law for the time being in force, Members of the Company in their annual general meeting held on July 10, 2019 approved issue, offer and allot non-convertible debentures aggregating to Rs. 3500/- Crore on a private placement basis by passing special resolution during a year commencing on July 10, 2019
- Pursuant to the provisions of Section 42, 71 and other applicable provisions, if any, of the Act and any other law for the time being in force, Members of the Company in their extraordinary general meeting held on Jan 10, 2020 approved issue, offer and allot non-convertible debentures aggregating to Rs. 3500/- Crore on a private placement basis by passing special resolution during a year commencing on Jan 10, 2020

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

Sd/-
Mohinder Paul Kharbada
Partner
FCS No. 2365
CP No.: 22192

New Delhi
July 03, 2020

UDIN: F002365B000412071

Form AOC-2

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

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

(Currency: Indian rupees in millions)

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

Sr. No.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transactions	Date of approval by the Board	Amount paid as advances, if any	Date on which the special resolution was passed in general meeting as required under first proviso to section 188

II. Details of material contracts or arrangement or transactions at arm's length basis:

Sr. No.	Name(s) of the related party (for nature of relationship, please refer to the notes to financial statements)	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any (Rupees in Millions)	Date of approval by the Audit Committee and / or Board	Amount paid as advances, if any

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1	Edelweiss Rural & Corporate Services Limited	Short term loans taken from	One Year	1,806.24	January 23, 2019 and February 13, 2020	NIL
2	Edelweiss Retail Finance Limited	Short term loans taken from	One Year	2,000.00	January 23, 2019 and February 13, 2020	NIL
3	Edelweiss Rural & Corporate Services Limited	Short term loans repaid to	One Year	1,550.00	January 23, 2019 and February 13, 2020	NIL
4	Edelweiss Retail Finance Limited	Short term loans repaid to	One Year	1,190.00	January 23, 2019 and February 13, 2020	NIL
5	ECL Finance Limited	Short term loans given to	One Year	2,500.00	January 23, 2019 and February 13, 2020	NIL
6	ECL Finance Limited	Short term loans repaid by	One Year	2,000.00	January 23, 2019 and February 13, 2020	NIL
7	ECap Equities Limited	Security deposit placed with	Two Years	80.00	January 23, 2019, February 13, 2020 and July 3, 2020	NIL
8	Edelweiss Rural & Corporate Services Limited	Security deposit placed with	Two Years	100.00	January 23, 2019, February 13, 2020 and July 3, 2020	NIL
9	Edelweiss Asset Reconstruction Company Limited	Loan sale to Asset reconstruction company	One time	1,325.00	January 23, 2019 and February 13, 2020	NIL

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10	Edelweiss Rural & Corporate Services Limited	Interest Expenses on loan from	One Year	53.82	January 23, 2019 and February 13, 2020	NIL
11	Edelweiss Retail Finance Limited	Interest Expenses on loan from	One Year	112.07	January 23, 2019 and February 13, 2020	NIL
12	ECL Finance Limited	Interest Income on loan to	One Year	14.25	January 23, 2019 and February 13, 2020	NIL
13	ECap Equities Limited	Interest Income on security deposit to	One Year	0.32	January 23, 2019, February 13, 2020 and July 3, 2020	NIL
14	Edelweiss Rural & Corporate Services Limited	Interest Income on security deposit to	One Year	0.40	January 23, 2019, February 13, 2020 and July 3, 2020	NIL
15	Edelweiss Rural & Corporate Services Limited	Interest Expenses on Non convertible Debentures	One Year	0.08	January 23, 2019 and February 13, 2020	NIL
16	Edelweiss Finance & Investments Limited	Interest Expenses on Non convertible Debentures	One Year	0.02	January 23, 2019 and February 13, 2020	NIL
17	ECL Finance Limited	Interest Expenses on Non convertible Debentures	One Year	0.21	January 23, 2019 and February 13, 2020	NIL
18	Edelweiss Financial Services Limited	Cost reimbursement paid to	One Year	21.16	January 23, 2019 and February 13, 2020	NIL

Edelweiss Housing Finance Limited

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 Website: www.edelweishousingfin.com email id: homeservice@edelweissfin.com

19	Edelweiss Rural & Corporate Services Limited	Cost reimbursement paid to	One Year	13.34	January 23, 2019 and February 13, 2020	NIL
20	Ecap Equities Limited	Cost reimbursement paid to	One Year	0.11	January 23, 2019 and February 13, 2020	NIL
21	Edelweiss Securities Limited	Cost reimbursement paid to	One Year	1.00	January 23, 2019 and February 13, 2020	NIL
22	Edelweiss Investment Advisors Limited	Cost reimbursement paid to	One Year	0.94	January 23, 2019 and February 13, 2020	NIL
23	Edelweiss Financial Services Limited	ESOP cost reimbursement	One Year	14.59	January 23, 2019 and February 13, 2020	NIL
24	ECL Finance Limited	Cost reimbursement received from	One Year	4.48	January 23, 2019 and February 13, 2020	NIL
25	Edelweiss Broking Limited	Cost reimbursement received from	One Year	0.03	January 23, 2019 and February 13, 2020	NIL
26	Edelcap Securities Limited	Cost reimbursement received from	One Year	0.00	January 23, 2019 and February 13, 2020	NIL
27	Edelweiss Retail Finance Limited	Service fee received from	One Year	0.03	January 23, 2019 and February 13, 2020	NIL

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28	ECL Finance Limited	Service fee received from	One Year	0.16	January 23, 2019 and February 13, 2020	NIL
29	ECL Finance Limited	Shared premises cost paid to	One Year	11.20	January 23, 2019 and February 13, 2020	NIL
30	Edelweiss Retail Finance Limited	Shared premises cost paid to	One Year	20.01	January 23, 2019 and February 13, 2020	NIL
31	Ecap Equities Limited	Shared premises cost paid to	One Year	17.55	January 23, 2019 and February 13, 2020	NIL
32	Edelweiss Broking Limited	Shared premises cost paid to	One Year	1.33	January 23, 2019 and February 13, 2020	NIL
33	Edelweiss Securities Limited	Shared premises cost paid to	One Year	0.07	January 23, 2019 and February 13, 2020	NIL
34	Edelweiss Rural & Corporate Services Limited	Shared premises cost paid to	One Year	11.76	January 23, 2019 and February 13, 2020	NIL
35	Edelweiss Asset Management Limited	Shared premises cost paid to	One Year	0.03	January 23, 2019 and February 13, 2020	NIL
36	Edelweiss Comtrade Limited	Shared premises cost paid to	One Year	0.10	January 23, 2019 and February 13, 2020	NIL

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37	Edelweiss Custodial Services Limited	Shared premises cost received from	One Year	0.14	January 23, 2019 and February 13, 2020	NIL
38	Edelweiss General Insurance Company Limited	Shared premises cost received from	One Year	0.08	January 23, 2019 and February 13, 2020	NIL
39	Edelweiss Financial Services Limited	Rating support fees paid to	One Year	0.25	January 23, 2019 and February 13, 2020	NIL
40	Edelweiss Rural & Corporate Services Limited	Professional fees paid to	One Year	0.11	January 23, 2019 and February 13, 2020	NIL
41	Edelweiss Asset Reconstruction Company Limited	Management Fees paid to	One Year	3.02	January 23, 2019 and February 13, 2020	NIL
42	Edelweiss Investment Advisors Limited	Commission and brokerage paid to	One time	0.71	January 23, 2019 and February 13, 2020	NIL
43	Edelweiss Rural & Corporate Services Limited	Enterprise service charge paid to	One Year	55.80	January 23, 2019 and February 13, 2020	NIL
44	Edelweiss Financial Services Limited	Enterprise service charge paid to	One Year	8.36	January 23, 2019 and February 13, 2020	NIL
45	Edelweiss Rural & Corporate Services Limited	Corporate Cost	One Year	14.40	January 23, 2019 and February 13, 2020	NIL

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46	Edelweiss Financial Services Limited	Corporate Cost	One Year	17.78	January 23, 2019 and February 13, 2020	NIL
47	Mr. P N. Venkatachalam	Director Sitting fees	One Year	0.48	January 23, 2019 and February 13, 2020	NIL
48	Mr. Vaidyanathan P	Director Sitting fees	One Year	0.32	January 23, 2019 and February 13, 2020	NIL
49	Mr. Rajat Avasthi	Remuneration to	One Year	20.94	January 23, 2019 and February 13, 2020	NIL
50	Mr. Krishnaswamy Siddharth	Remuneration to	One Year	5.79	January 23, 2019 and February 13, 2020	NIL
51	Mr. Manjeet Bijlani	Remuneration to	One Year	7.22	January 23, 2019 and February 13, 2020	NIL
52	Mr. Sagar Tawre	Remuneration to	One Year	0.31	January 23, 2019 and February 13, 2020	NIL
53	Ms. Riddhi Parekh	Remuneration to	One Year	0.52	January 23, 2019 and February 13, 2020	NIL
54	ECL Finance Limited	Sale of Property, plant and equipment	One Time	0.73	January 23, 2019 and February 13, 2020	NIL

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55	Edelweiss Alternative Asset Advisors Limited	Sale of Property, plant and equipment	One Time	0.04	January 23, 2019 and February 13, 2020	NIL
56	Edelweiss Asset Reconstruction Company Limited	Sale of Property, plant and equipment	One Time	0.02	January 23, 2019 and February 13, 2020	NIL
57	Edelweiss Broking Limited	Sale of Property, plant and equipment	One Time	0.17	January 23, 2019 and February 13, 2020	NIL
58	Edelweiss Custodial Services Limited	Sale of Property, plant and equipment	One Time	0.00	January 23, 2019 and February 13, 2020	NIL
59	Edelweiss Financial Services Limited	Sale of Property, plant and equipment	One Time	0.00	January 23, 2019 and February 13, 2020	NIL
60	Edelweiss Insurance Brokers Limited	Sale of Property, plant and equipment	One Time	0.02	January 23, 2019 and February 13, 2020	NIL
61	Edelweiss Investment Advisors Limited	Sale of Property, plant and equipment	One Time	0.01	January 23, 2019 and February 13, 2020	NIL
62	Edelweiss Rural & Corporate Services Limited	Sale of Property, plant and equipment	One Time	1.24	January 23, 2019 and February 13, 2020	NIL
63	Edelweiss Securities Limited	Sale of Property, plant and equipment	One Time	0.09	January 23, 2019 and February 13, 2020	NIL

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64	Edelweiss Securities Limited	Purchase of Property, plant and equipment	One Time	0.03	January 23, 2019 and February 13, 2020	NIL
65	ECL Finance Limited	Purchase of Property, plant and equipment	One Time	0.25	January 23, 2019 and February 13, 2020	NIL
66	Edelweiss Alternative Asset Advisors Limited	Purchase of Property, plant and equipment	One Time	0.03	January 23, 2019 and February 13, 2020	NIL
67	Edelweiss Broking Limited	Purchase of Property, plant and equipment	One Time	0.28	January 23, 2019 and February 13, 2020	NIL
68	Edelweiss Financial Services Limited	Purchase of Property, plant and equipment	One Time	0.02	January 23, 2019 and February 13, 2020	NIL
69	Edelweiss Investment Advisors Limited	Purchase of Property, plant and equipment	One Time	0.02	January 23, 2019 and February 13, 2020	NIL
70	Edelweiss Retail Finance Limited	Purchase of Property, plant and equipment	One Time	0.05	January 23, 2019 and February 13, 2020	NIL
71	Edelweiss Rural & Corporate Services Limited	Purchase of Property, plant and equipment	One Time	0.07	January 23, 2019 and February 13, 2020	NIL
72	ECL Finance Limited	Advisory fees earned from	One Year	74.53	January 23, 2019 and February 13, 2020	NIL

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73	EdelGive Foundation	CSR expenses paid to	One time	21.94	January 23, 2019 and February 13, 2020	NIL
74	ECL Finance Limited	Non convertible debentures held by	One Time	24.57	January 23, 2019 and February 13, 2020	NIL
75	Edelweiss Finance & Investments Limited	Non convertible debentures held by	One Time	0.16	January 23, 2019 and February 13, 2020	NIL
76	Edelweiss Retail Finance Limited	Short term borrowings from	One Year	13.00	January 23, 2019 and February 13, 2020	NIL
77	Edelweiss Retail Finance Limited	Interest Payable on Short term borrowings to	One Year	0.11	January 23, 2019 and February 13, 2020	NIL
78	ECL Finance Limited	Short term loan given to	One Year	10.00	January 23, 2019 and February 13, 2020	NIL
79	ECL Finance Limited	Interest Receivable on Short term borrowings from	One Year	11.90	January 23, 2019 and February 13, 2020	NIL
80	ECap Equities Limited	Security deposit given including accrued interest	One Year	80.32	January 23, 2019, February 13, 2020 and July 3, 2020	NIL
81	Edelweiss Rural & Corporate Services Limited	Security deposit given including accrued interest	One Year	100.40	January 23, 2019, February 13, 2020 and July 3, 2020	NIL

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82	Edelweiss Finance & Investments Limited	Interest accrued but not due on Non convertible debentures held by	One Time	0.01	January 23, 2019 and February 13, 2020	NIL
83	ECL Finance Limited	Interest accrued but not due on Non convertible debentures held by	One Time	1.72	January 23, 2019 and February 13, 2020	NIL
84	Edelweiss Financial Services Limited	Trade Payables to	One Year	8.61	January 23, 2019 and February 13, 2020	NIL
85	Edelweiss Asset Reconstruction Company Limited	Trade Payables to	One Year	0.28	January 23, 2019 and February 13, 2020	NIL
86	ECL Finance Limited	Trade Payables to	One Year	4.35	January 23, 2019 and February 13, 2020	NIL
87	Ecap Equities Limited	Trade Payables to	One Year	1.46	January 23, 2019 and February 13, 2020	NIL
88	Edelweiss Securities Limited	Trade Payables to	One Year	0.06	January 23, 2019 and February 13, 2020	NIL
89	Edelweiss Retail Finance Limited	Trade Payables to	One Year	2.15	January 23, 2019 and February 13, 2020	NIL
90	Edelweiss Broking Limited	Trade Payables to	One Year	0.01	January 23, 2019 and February 13, 2020	NIL

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91	Edelweiss Rural & Corporate Services Limited	Trade Payables to	One Year	11.89	January 23, 2019 and February 13, 2020	NIL
92	Edelweiss Asset Management Limited	Trade Payables to	One Year	0.00	January 23, 2019 and February 13, 2020	NIL
93	Edelweiss Financial Services Limited	Other Payable to	One Year	14.59	January 23, 2019 and February 13, 2020	NIL
94	Edelweiss Rural & Corporate Services Limited	Other Payable to	One Year	0.04	January 23, 2019 and February 13, 2020	NIL
95	ECL Finance Limited	Trade Receivables from	One Year	9.74	January 23, 2019 and February 13, 2020	NIL
96	Edelweiss Financial Services Limited	Trade Receivables from	One Year	0.01	January 23, 2019 and February 13, 2020	NIL
97	Edelweiss Retail Finance Limited	Trade Receivables from	One Year	0.16	January 23, 2019 and February 13, 2020	NIL
98	Edelweiss Securities Limited	Trade Receivables from	One Year	0.05	January 23, 2019 and February 13, 2020	NIL
99	Edelweiss Custodial Services Limited	Trade Receivables from	One Year	0.01	January 23, 2019 and February 13, 2020	NIL

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100	Edelweiss General Insurance Company Limited	Trade Receivables from	One Year	0.08	January 23, 2019 and February 13, 2020	NIL
101	Edelweiss Comtrade Ltd	Trade Receivables from	One Year	0.02	January 23, 2019 and February 13, 2020	NIL
102	Edelweiss Rural & Corporate Services Limited	Trade Receivables from	One Year	0.10	January 23, 2019 and February 13, 2020	NIL
103	Edelcap Securities Limited	Trade Receivables from	One Year	0.00	January 23, 2019 and February 13, 2020	NIL
104	Edelweiss Metals Limited	Trade Receivables from	One Year	0.01	January 23, 2019 and February 13, 2020	NIL
105	Edelweiss Finance & Investments Limited	Trade Receivables from	One Year	0.89	January 23, 2019 and February 13, 2020	NIL
106	Edel Finance Company Limited	Trade Receivables from	One Year	0.01	January 23, 2019 and February 13, 2020	NIL
107	Edelweiss Tokio Life Insurance Company Limited	Trade Receivables from	One Year	0.04	January 23, 2019 and February 13, 2020	NIL
108	Edelweiss Finance and Investments Limited	Other Receivable from	One Year	0.45	January 23, 2019 and February 13, 2020	NIL

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109	ECL Finance Limited	Other Receivable from	One Year	4.57	January 23, 2019 and February 13, 2020	NIL
110	Edelweiss Financial Services Limited	Corporate Guarantee taken from	On going	2,384.83	January 23, 2019 and February 13, 2020	NIL
111	Edelweiss Rural & Corporate Services Limited	Corporate Guarantee taken from	On going	2,384.83	January 23, 2019 and February 13, 2020	NIL

For and on behalf of the Board of Directors

Edelweiss Housing Finance Limited

Sd/-

Deepak Mittal
Director

DIN: 00010337

Sd/-

Sunil Phatarphekar
Director

DIN: 00005164

Mumbai

July 3, 2020

Edelweiss Housing Finance Limited

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Policy on Related Party Transactions

Edelweiss Housing Finance Limited

CIN: U65922MH2008PLC182906

Regd. Office: Edelweiss House,

Off C.S.T. Road, Kalina,

Mumbai - 400098, Maharashtra

Tel:- : +9122 4009 4400

1. Preamble

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

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

2. Objective

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

3. Definitions

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

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

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

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

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

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

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

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

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

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

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

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

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

4. Review and approval of the Related Party Transactions

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

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

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

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

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

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

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

Approval of the Board

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

Omnibus Approval of the Audit Committee

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

- i) The Committee shall lay down the criteria for granting the omnibus approval in line with the Policy and such approval shall be applicable in respect of transactions which are repetitive in nature;
- (ii) The Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company;
- (iii) Such omnibus approval shall specify:-
 - a) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into,
 - b) the indicative base price / current contracted price and the formula for variation in the price if any, and
 - c) such other conditions as the Audit Committee may deem fit;
Provided that where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs. 1 crore per transaction.
 - d) The Committee shall review, at least on a quarterly basis, the details of the Related Party Transactions entered into by the Company pursuant to each of the omnibus approval given;and
 - e) Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

Related Party Transactions not approved under the Policy

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

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

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

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

Related Party Transactions not previously approved

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

Registers and the Disclosures

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

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

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

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

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

Review

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

Disclosure pursuant to Section 197 (12) of Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

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

No.	Disclosure Requirement	Disclosure Details		
		Directors	Title	Ratio
1	Ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year	Mr. Krishnaswamy Siddharth*	Executive Director & CRO	18.01%
2	Percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer, Company Secretary or Manager, if any, in the financial year	Directors / KMP's	Title	% increase in remuneration
		Mr. Krishnaswamy Siddharth*	Executive Director & CRO	N.A.
		Mr. Rajat Avasthi	Chief Executive Officer	282%
		Mr. Manjeet Bijlani**	Chief Financial Officer	N.A.
		Mr. Sagar Tawre@	Company Secretary	N.A.
		Ms. Riddhi Parekh\$	Company Secretary	N.A.
3	Percentage increase in the median remuneration of employees in the financial year	5.82%		
4	Number of permanent employees on the rolls of Company at the end of the year	There were 826 permanent employees on the rolls of the Company as on March 31, 2020.		

Edelweiss Housing Finance Limited

Corporate Identity Number: U65922MH2008PLC182906

Registered Office: Edelweiss House, Off. C.S.T Road, Kalina, Mumbai-400098, Maharashtra ☎ +91 22 40094400 Fax: +91 22 4019 4925

Website: www.edelweisshousingfin.com email id: homeservice@edelweissfin.com

5	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	Average increase for employees other than managerial personnel who were in employment during FY 18-19 and FY 19-20, was 12.3%. Average increase for managerial personnel is -53.2%.
6	Affirmations that the remuneration is as per the remuneration policy of the Company	It is affirmed that the remuneration paid is as per the Remuneration Policy of the Company.

* Appointed as Executive Director and CRO with effect from October 1, 2019

** Appointed as CFO on April 22, 2019

@ Appointed as Company Secretary on April 22, 2019 and resigned with effect from close of business hours on July 12, 2019

\$ Appointed as Company Secretary on January 3, 2020

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

Sd/-
Deepak Mittal
 Director
 DIN: 00010337

Sd/-
Sunil Phatarphekar
 Director
 DIN: 00005164

Mumbai
July 3, 2020

INDEPENDENT AUDITOR'S REPORT

To the Members of Edelweiss Housing Finance Limited

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

Opinion

We have audited the accompanying Ind AS financial statements of Edelweiss Housing Finance Limited ("the Company"), which comprises the Balance sheet as at March 31 2020, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its profit including other comprehensive income its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter - Assessment of COVID 19 Impact

We draw attention to Note 6.1 to the Financial Statement, which describes the economic and social disruption as a result of COVID-19 pandemic of the Company's business and financial metrics including the Company's estimates of impairment of loans to customers and investments which are highly dependent on uncertain future developments.

Our opinion is not modified in respect of this matter.

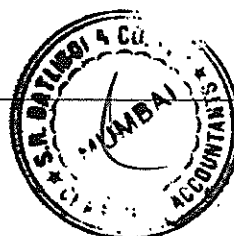
Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Ind AS financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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



Key audit matters	How our audit addressed the key audit matter
<p>Impairment of financial instruments (expected credit losses) (as described in note 46.1 of the standalone Ind AS financial statements)</p>	
<p>Ind AS 109: Financial Instruments ("Ind AS 109") requires the Company to provide for impairment of its Loan & Advances and Investment receivables ("Financial Instruments") using the Expected Credit Losses ("ECL") approach. ECL involves an estimation of probability-weighted loss on Financial Instruments over their life, considering reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions which could impact the credit quality of the Company's loans and advances. In the process, a significant degree of judgement has been applied by the management for:</p> <ol style="list-style-type: none"> Defining qualitative/ quantitative thresholds for 'significant increase in credit risk' ("SICR") and 'default'. Determining effect of less frequent past events on future probability of default. Grouping of borrowers based on homogeneity by using appropriate statistical techniques; Determining macro-economic factors impacting credit quality of receivables; <p>Impact of COVID-19 The spread of COVID-19 has severely impacted many economies around the globe. Businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses, resulting in an economic slowdown and economic uncertainties. Measures have also been taken by the Government and the Reserve Bank to ease the burden on businesses from hardship. Pursuant to the Reserve Bank of India circular dated March 27, 2020 and May 23, 2020 ("RBI Circulars") allowing lending institutions to offer moratorium to borrowers on payment of instalments falling due between March 1, 2020 and August 31, 2020, the Company has extended moratorium to its borrowers in accordance with its Board approved policy as described in Note 6.1.</p> <p>In management's view and considering the guidance provided by the Institute of Chartered Accountants of India ('ICAI'), providing moratorium to borrowers at a mass scale, based on RBI directives, by itself is not considered to result in a SICR for such borrowers. The Company has recorded a management overlay as part of its ECL, to reflect among other things an increased risk of deterioration in macro-economic factors caused by COVID-19 pandemic. Given the unique nature and scale of the economic impact of this pandemic, its timing being close to the year-end,</p>	<ul style="list-style-type: none"> Our audit procedures included considering the Company's accounting policies for impairment of Financial Instruments and assessing compliance with the policies in terms of Ind AS 109: Financial Instruments. Read the Company's policy with respect to moratorium pursuant to the RBI Circular and tested the implementation of such policy on a sample basis. Evaluated the reasonableness of the management estimates by understanding the process of ECL estimation and related assumptions and tested the controls around data extraction and validation. Assessed the criteria for staging of loans based on their past-due status to check compliance with requirement of Ind AS 109. Tested a sample of performing (stage 1) loans to assess whether any SICR or loss indicators were present requiring them to be classified under stage 2 or 3. Assessed the additional considerations applied by the management for staging of loans as SICR or default categories in view of Company's policy on moratorium. Tested the ECL model, including assumptions and underlying computation. Tested the input data used for determining the PD and LGD rates and agreed the data with the underlying books of accounts and records. Tested the arithmetical accuracy of computation of ECL provision performed by the Company. Read and assessed the disclosures included in the Ind AS financial statements in respect of expected credit losses with the requirements of Ind AS 107 and 109.



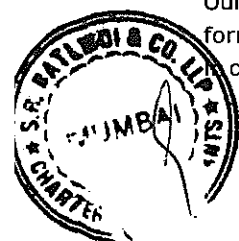
<p>and no reliable data being available regarding the impact of various regulatory packages, the macroeconomic overlay estimate is based on various highly uncertain and unobservable factors. In accordance with the guidance in Ind AS 109, the macroeconomic overlay estimate takes into account reasonably and supportable information without incurring significant cost. The actual credit losses could be significantly different than the ECL estimates prepared by the Company depending upon the impact and duration of the pandemic and various regulatory and policy measures announced by the Government.</p> <p>In view of the high degree of management's judgement involved in estimation of ECL, accentuated by the COVID-19 pandemic, it is a key audit matter.</p>	
<p>Information Technology</p> <p>The financial accounting and reporting systems of the Company are fundamentally reliant on IT systems and IT controls to process significant transaction volumes. Automated accounting procedures and IT environment controls, which include IT governance, general IT controls over program development and changes, access to programs and data and IT operations, are required to be designed and to operate effectively to ensure accurate financial reporting.</p> <p>Therefore, due to the pervasive nature and complexity of the IT environment, the assessment of the general IT controls and the application controls specific to the accounting and preparation of the financial information is considered to be a key audit matter.</p>	<p>We performed the following procedures, assisted by specialized IT auditors on the IT infrastructure and applications relevant to financial reporting:</p> <ul style="list-style-type: none">• Tested the design and operating effectiveness of IT access controls over the information systems that are critical to financial reporting.• Tested IT general controls (logical access, changes management and aspects of IT operational controls). This included testing that requests for access to systems were appropriately reviewed and authorized.• Tested the Company's periodic review of access rights. We inspected requests of changes to systems for appropriate approval and authorization.• In addition to the above, we tested the design and operating effectiveness of certain automated and IT dependent manual controls that were considered as key internal controls over financial reporting.• Where deficiencies were identified, we tested compensating controls or performed alternate procedures.

Other Information

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

Our opinion on the Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information



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

Responsibilities of Management for the Ind AS Financial Statements

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based



on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS financial statements for the financial year ended March 31, 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

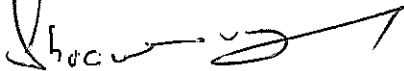
Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - (e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
 - (g) In our opinion, the managerial remuneration for the year ended March 31, 2020 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;



- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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



per Shrawan Jalan
Partner
Membership Number: 102102

UDIN: 20102102AAAAHD7014

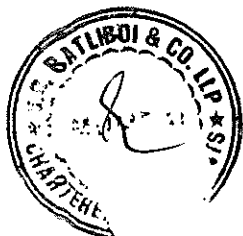
Place of Signature: Mumbai
Date: July 3, 2020



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

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

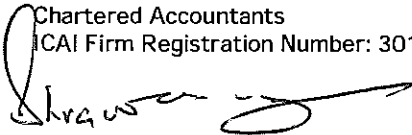
- (i)(a) The Company has maintained proper records showing full particulars, including quantitative details and location of fixed assets.
- (i)(b) Fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification.
- (i)(c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment/ fixed assets are held in the name of the Company.
- (ii) The Company's business does not involve inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanation given to us, there are no loans, investments, guarantees and securities granted in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) To the best of our knowledge and as explained, the Company is not in the business of sale of any goods. Therefore, in our opinion, the provisions of clause 3(vi) of the Order are not applicable to the Company.
- (vii)(a) The Company is regular in depositing with appropriate authorities, undisputed statutory dues including provident fund, income-tax, and other statutory dues applicable to it, except in case of goods and services tax for the month of March 2020 where the Company has deposited the goods and services tax, without payment of late fee and interest, after the original due date but within the timelines prescribed and in accordance with by circular no 136/06/2020-GST dated April 3, 2020 issued by Central Board of Indirect Taxes and Customs. The provisions relating to employees' state insurance, duty of customs, duty of excise, value added tax and cess are not applicable to the Company.
- (vii)(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income-tax, goods and services tax and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. The provisions relating to employees' state insurance, duty of customs, duty of excise, value added tax and cess are not applicable to the Company.
- (vii)(c) According to the information and explanations given to us, there are no dues of income-tax, goods and service tax, service tax, value added tax and cess which have not been deposited on account of dispute. The provision relating to employee's state insurance, sales tax, custom duty, excise duty and value added tax are currently not applicable to the Company.
- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or government or dues to debenture holders.
- (ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer or further public offer. Further, money raised by the Company by way of non-convertible debentures and term loans were applied for the purpose for which those were



raised, though idle/ surplus funds which were not required for immediate utilization were gainfully invested in liquid assets payable on demand.

- (x) Based upon the audit procedures performed for the purposes of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanation given by the management, the managerial remuneration has been paid in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion, the Company is not a Nidhi company. Therefore, the provisions of clause 3(xi) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- (xvi) According to the information and explanations given to us, we report that the Company has registered as required, under section 45-IA of the Reserve Bank of India Act, 1934.

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



per Shrawan Jalan
Partner
Membership Number: 102102

UDIN: 20102102AAAHD7014

Place: Mumbai
Date: July 3, 2020



ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF EDELWEISS HOUSING FINANCE LIMITED

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

We have audited the internal financial controls over financial reporting of Edelweiss Housing Finance Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

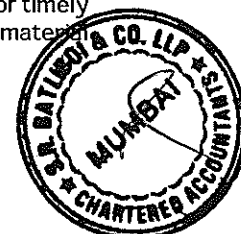
Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial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

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

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

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

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



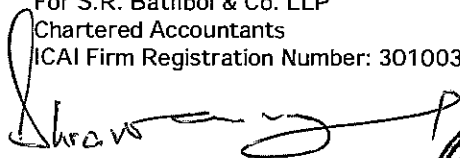
Inherent Limitations of Internal Financial Controls Over Financial Reporting with Reference to these Standalone Financial Statements

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

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these standalone financial statements and such internal financial controls over financial reporting with reference to these standalone financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

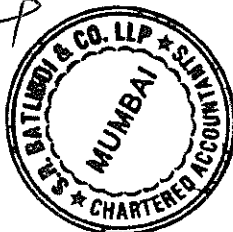
For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005



per Shrawan Jalan
Partner
Membership Number: 102102

UDIN: 20102102AAAAHD7014

Place of Signature: Mumbai
Date: July 3, 2020



Edelweiss Housing Finance Limited**Balance Sheet**

(Currency : Indian rupees in millions)

	Note	As at March 31, 2020	As at March 31, 2019
ASSETS			
Financial assets			
Cash and cash equivalents	7	4,929.16	593.60
Bank balances other than cash and cash equivalents	8	739.32	80.22
Trade receivables	9	58.46	8.49
Loans	10	43,200.62	53,599.01
Investments	11	1,044.73	-
Other financial assets	12	244.92	62.86
		<u>50,217.21</u>	<u>54,344.18</u>
Non-financial assets			
Current tax assets (net)	13	7.38	46.66
Deferred tax assets (net)	14	21.25	-
Property, plant and equipment	15	203.83	60.99
Capital work in progress		-	11.58
Intangible assets under development		1.45	-
Other intangible assets	16	3.46	5.33
Other non- financial assets	17	53.68	48.41
		<u>291.05</u>	<u>172.97</u>
TOTAL ASSETS		<u>50,508.26</u>	<u>54,517.15</u>
LIABILITIES			
Financial liabilities			
Trade payables	18	85.37	224.26
Debt securities	19	10,091.57	12,582.50
Borrowings (other than debt securities)	20	27,992.02	31,634.95
Subordinated liabilities	21	508.61	508.48
Other financial liabilities	22	3,948.80	1,419.30
		<u>42,626.37</u>	<u>46,369.49</u>
Non-financial liabilities			
Current tax liabilities (net)	23	106.03	188.12
Provisions	24	25.34	21.95
Deferred tax liabilities (net)	14	-	106.51
Other non-financial liabilities	25	59.78	142.13
		<u>191.15</u>	<u>458.71</u>
Equity			
Equity share capital	26	693.50	693.50
Other equity	27	6,997.24	6,995.45
		<u>7,690.74</u>	<u>7,688.95</u>
TOTAL LIABILITIES AND EQUITY		<u>50,508.26</u>	<u>54,517.15</u>

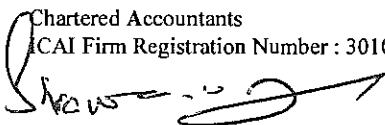
The accompanying notes are an integral part of the financial statements.

As per our report of even date attached.

For S. R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration Number : 301003E/ E300005



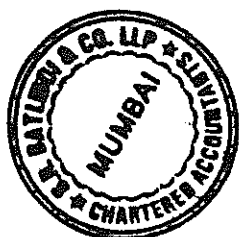
per Shrawan Janal

Partner

Membership No. 102102

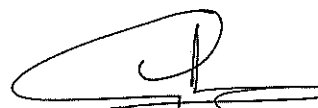
Place : Mumbai

Date : July 3, 2020



For and on behalf of the Board of Directors

Edelweiss Housing Finance Limited

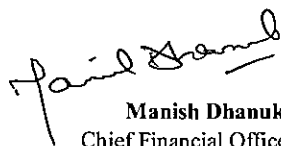

Rajat Avasthi
Chief Executive Officer

Deepak Mittal
Director

DIN: 00010337


Sunil Phatarphekar
Director

DIN: 00005164


Manish Dhanuka
Chief Financial Officer

Riddhi Parekh
Company Secretary
Membership No. A20867

Edelweiss Housing Finance Limited
Statement of Profit and Loss
(Currency : Indian rupees in millions)

	Note	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue from operations			
Interest income	28	5,654.40	6,157.80
Fee and commission income	29	357.15	424.55
Net gain on fair value changes	30	39.67	70.24
Total Revenue from operations		6,051.22	6,652.59
Other income	31	22.68	6.36
Total Revenue		6,073.90	6,658.95
Expenses			
Finance costs	32	4,193.35	3,921.57
Impairment on financial instruments	33	407.06	121.33
Employee benefits expense	34	690.71	768.06
Depreciation, amortisation and impairment	15 & 16	78.88	39.82
Other expenses	35	720.27	831.53
Total expenses		6,090.27	5,682.31
Profit before tax		(16.37)	976.64
Tax expenses:			
Current tax			
(1) Current tax	36.1 & 36.2	88.66	276.08
(2) Short / (Excess) provision for earlier years		99.23	247.99
		(10.57)	28.09
Deferred tax			
(1) MAT credit entitlement	36.3	(120.58)	75.97
(2) Deferred tax (net)		19.82	(19.82)
		(140.40)	95.79
Profit for the year		15.55	624.59
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Remeasurement gain / (loss) on defined benefit plans	40	(1.44)	(2.13)
Less: Income tax relating to items that will not be reclassified to profit or loss	36.3	0.36	0.75
Other Comprehensive Income		(1.08)	(1.38)
Total Comprehensive Income		14.47	623.21
Earnings per equity share (Face value of Rs. 10 each):			
(a) Basic		0.22	10.28
(b) Diluted	38	0.22	10.28

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

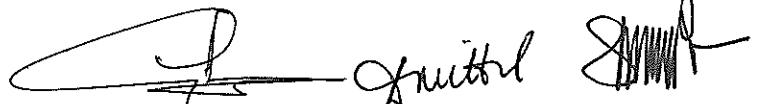
As per our report of even date attached.

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



per Shravan Jalan
Partner
Membership No. 102102

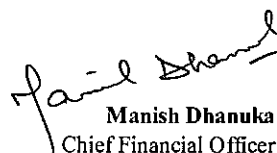
For and on behalf of the Board of Directors
Edelweiss Housing Finance Limited

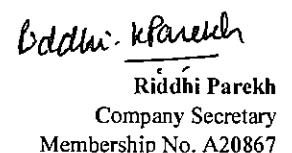


Rajat Avasthi
Chief Executive Officer

Deepak Mittal
Director
DIN: 00010337

Sunil Phatarphekar
Director
DIN: 00005164


Manish Dhanuka
Chief Financial Officer


Riddhi Parekh
Company Secretary
Membership No. A20867

Place : Mumbai
Date : July 3, 2020



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

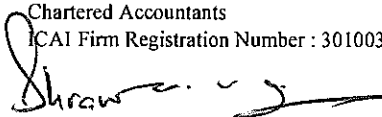
	For the year ended March 31, 2020	For the year ended March 31, 2019
A Cash flow from operating activities		
Profit before tax	(16.37)	976.64
<i>Adjustments for</i>		
Depreciation, amortisation and impairment	78.88	39.82
Impairment on financial instruments	407.06	121.33
Interest on lease liabilities	18.78	-
Expense on Employee stock option scheme	-	5.58
Loss / (Gain) on sale of of fixed assets	0.59	(0.24)
Operating cash flow before working capital changes	488.94	1,143.13
<i>Add / (Less): Adjustments for working capital changes</i>		
Decrease/(Increase) in Receivables	(49.97)	150.88
Decrease/(Increase) in Receivables from financing business (net)	9,991.33	(9,139.15)
Decrease/(Increase) in Other financial assets	(841.16)	30.03
Decrease/(Increase) in Investments	(1,044.73)	-
Decrease/(Increase) in Other non financial assets	(5.27)	46.57
Increase / (Decrease) in Trade payables	(138.89)	(9.82)
Increase / (Decrease) in Non financial liabilities and provisions	(80.04)	2.03
Increase / (Decrease) in Other financial liability	2,373.10	(1,190.93)
Cash used in operations	10,693.32	(8,967.26)
Income taxes paid	(131.84)	(183.99)
Net cash used in operating activities - A	10,561.48	(9,151.25)
B Cash flow from investing activities		
Purchase of Property, plant and equipment and Other Intangible assets	(44.30)	(51.71)
Decrease/(Increase) in Capital Work-in-progress and Intangibles under development	10.13	(10.72)
Sale of Property, plant and equipment	2.90	1.85
Net cash generated from / (used in) investing activities - B	(31.27)	(60.58)
C Cash flow from financing activities		
Proceeds from issuance of Share capital (including securities premium)	-	1,500.00
Increase / (Decrease) in Debt securities ¹	(2,568.86)	(35.00)
Increase / (Decrease) in Borrowings other than debt securities ¹	(3,573.68)	4,192.31
Increase / (Decrease) in Subordinate debt	-	-
Repayment of lease obligations	(52.11)	-
Net cash generated from financing activities - C	(6,194.65)	5,657.31
Net increase / (decrease) in cash and cash equivalents (A+B+C)	4,335.56	(3,554.52)
Cash and cash equivalent as at the beginning of the year (refer note 7)	593.60	4,148.12
Cash and cash equivalent as at the end of the year (refer note 7)	4,929.16	593.60
Operational cash flows from interest		
Interest paid	4,002.86	3,822.80
Interest received	5,282.27	5,123.32

Notes:

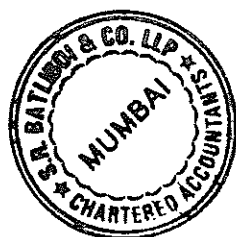
1. Net figures have been reported on account of volume of transactions.
2. For disclosure relating to changes in liabilities arising from financing activities, refer note 37

As per our report of even date attached.

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



per Shrawan Jalan
Partner
Membership No. 102102

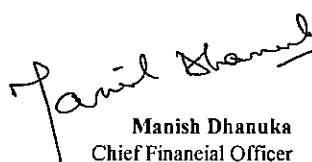


Place : Mumbai
Date : July 3, 2020

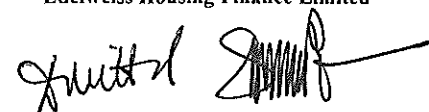
For and on behalf of the Board of Directors
Edelweiss Housing Finance Limited



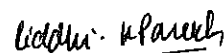
Rajat Avasthi
Chief Executive Officer



Manish Dhanuka
Chief Financial Officer



Deepak Mittal Sunil Phatarphekar
Director Director
DIN: 00010337 DIN: 00005164



Riddhi Parekh
Company Secretary
Membership No. A20867

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

(a) Equity share capital

	Outstanding as on April 01, 2018	Issued during the year	Outstanding as on March 31, 2019	Issued during the year	Outstanding as on March 31, 2020
Issued, Subscribed and Paid up (Equity shares of Rs.10 each, fully paid-up)	543.50	150.00	693.50	0.00	693.50
	543.50	150.00	693.50	0.00	693.50

(b) Other Equity

	Securities Premium Account	Deemed capital contribution - Equity shares	Reserve under section 29C of the National Housing Bank Act, 1987	Debenture redemption reserve	Retained earnings	Total
Balance at April 01, 2019	2,725.18	33.46	412.30	295.37	1,619.38	5,085.69
Profit or loss	-	-	-	-	624.59	624.59
Remeasurement gain / (loss) on defined benefit plans	-	-	-	-	(1.38)	(1.38)
Total Comprehensive Income for the year	-	-	-	-	623.21	623.21
Issue of equity instruments	1,350.00	-	-	-	-	1,350.00
Transfers to / from retained earnings	-	-	124.92	173.88	(298.80)	-
Income tax charge on ESOP	-	-	-	-	(63.45)	(63.45)
Balance at March 31, 2019	4,075.18	33.46	537.22	469.25	1,880.34	6,995.45
Transition impact of Ind AS 116 (net of tax)	-	-	-	-	(12.68)	(12.68)
Profit or loss	-	-	-	-	15.55	15.55
Remeasurement gain / (loss) on defined benefit plans	-	-	-	-	(1.08)	(1.08)
Total Comprehensive Income for the year	-	-	-	-	14.47	14.47
Transfers to / from retained earnings	-	-	3.12	-	(3.12)	0.00
Balance at March 31, 2020	4,075.18	33.46	540.34	469.25	1,879.01	6,997.24

As per our report of even date attached.

For S. R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration Number : 301003E/ E300005

Shrawan Jalan

per Shrawan Jalan

Partner

Membership No. 102102

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

Rajat Avasthi

Rajat Avasthi

Chief Executive Officer

Deepak Mittal

Deepak Mittal

Director
DIN: 00010337

Sunil Phatarphekar

Sunil Phatarphekar

Director
DIN: 00005164



Place : Mumbai

Date : July 3, 2020

Manish Dhanuka

Manish Dhanuka

Chief Financial Officer

Riddhi Parekh

Riddhi Parekh

Company Secretary

Membership No. A20867

1. Corporate Information:

Edelweiss Housing Finance Limited ('EHFL' or 'the Company') is a public limited company domiciled and incorporated on May 30, 2008 under the provisions of the Companies Act applicable in India. The Company is subsidiary of Edelweiss Rural & Corporate Services Limited (Formerly Edelweiss Commodities Services Limited). The Company is registered as Housing finance institution (without accepting public deposit) with the National Housing Bank (NHB) under section 29A of the NHB Act, 1987, registration no. is 03.0081.10.

The Company's primary business is providing loan to Retail customers for construction or purchase of residential property, loan against property and loans to real estate developers.

2. Basis of preparation:

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

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

2.1 Presentation of financial statements:

The Company presents its balance sheet in order of liquidity in compliance with the Division III of the Schedule III to the Companies Act, 2013. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in "Note 41-Maturity Analysis of assets and liabilities".

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

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

3. Significant accounting policies

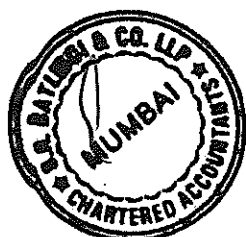
3.1 Recognition of Interest income and Dividend income

3.1.1 Effective Interest Rate (EIR):

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

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

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



3.1.2 Interest Income:

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

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

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

3.1.3 Fee and Commission Income

Fee and commission income include fees other than those that are an integral part of EIR. The Company recognises the fee and commission income in accordance with the terms of the relevant contracts / agreement and when it is probable that the Company will collect the consideration.

3.1.4 Dividend Income

Dividend income is recognised when the Company's right to receive dividend is established by the reporting date.

3.1.5. Other Income

Other Income represents income earned from the activities incidental to the business and is recognised when the right to receive the income is established as per the terms of the contract. Other ancillary charges are recognized upon realisation.

3.2 Financial Instruments:

3.2.1 Date of recognition:

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

3.2.2 Initial measurement of financial instruments:

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

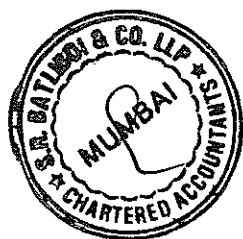
3.2.3 Classification and Measurement categories of financial assets and liabilities:

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

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

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

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and



- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

Financial assets carried at amortised cost (AC)

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

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

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

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

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

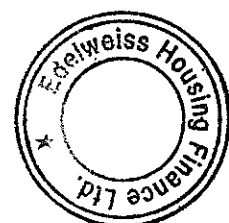
3.3 Financial Assets and Liabilities:

3.3.1 Financial assets held for trading:

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

3.3.2 Debt securities and other borrowed funds:

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



3.3.3 Financial Guarantee:

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

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

3.3.4 Loan Commitments:

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

3.4 Reclassification of Financial assets and liabilities

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

3.5 Derecognition of financial Instruments:

3.5.1 Derecognition of financial asset

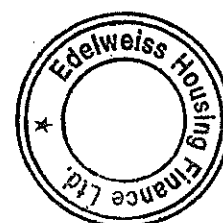
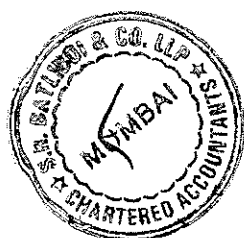
A financial asset (or, where applicable a part of a financial asset or a part of a group of similar financial assets) is derecognised when the rights to receive contractual cash flows from the financial asset have expired. The Company also derecognises the financial asset if it has both transferred the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

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

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

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

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



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

A transfer only qualifies for derecognition if either:

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

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

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

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

3.5.2 Derecognition of financial liabilities

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

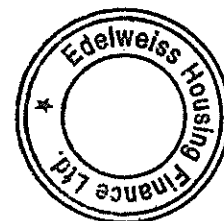
3.6 Impairment of financial assets:

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

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

Simplified Approach

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



General Approach

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

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

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

Company categories its financial assets as follows:

Stage 1 Assets:

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

Stage 2 Assets:

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

Stage 3 Assets:

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

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

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

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



3.7 Collateral Valuation:

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

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

3.8 Collateral Repossessed:

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

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

3.9 Write-Offs:

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

3.10 Forborne and modified loan:

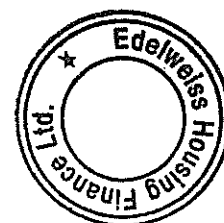
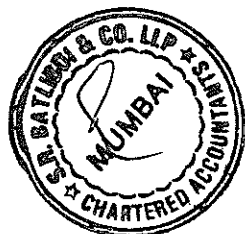
The Company sometimes makes concessions or modifications to the original terms of loans as a response to the borrower's financial difficulties, rather than taking possession or to otherwise enforce collection of collateral. The Company considers a loan forborne when such concessions or modifications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

3.11 Determination of Fair Value:

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

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

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



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

Level 1 financial instruments:

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

Level 2 financial instruments:

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

Level 3 financial instruments:

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

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

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

3.12 Leases:

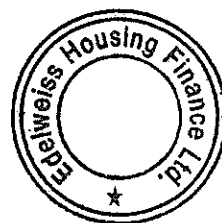
Company as a lessee:

The Company has applied Ind AS 116 using the partial retrospective approach.

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right of use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.



Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short term lease

The Company has elected not to recognise right of use asset and lease liabilities for short term leases of property that has lease term of 12 months or less. The Company recognises lease payment associated with these leases as an expense on a straight line basis over lease term.

Company as lessor:

The Company's accounting policy under Ind AS 116 has not changed from the comparative period. As a lessor the Company classifies its leases as either operating or finance leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset and classified as an operating lease if it does not.

3.13 Earnings Per Share:

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

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



3.14 Retirement and other employee benefit:

3.14.1 Provident fund and national pension scheme:

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

3.14.2 Gratuity:

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

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

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

3.14.3 Compensated Absences:

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

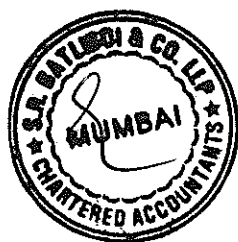
3.14.4 Deferred Bonus:

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

3.14.5 Equity-settled share-based payments and Stock Appreciation Rights (SARs):

Equity-settled share-based payments to employees are granted by the ultimate parent Company. These are measured by reference to the fair value of the equity instruments at the grant date. These includes Stock Appreciation Rights (SARs) where the right to receive the difference between the SAR price and the market price of equity shares of the ultimate parent Company on the date of exercise, either by way of cash or issuance of equity shares of the ultimate parent Company, is at the discretion of the ultimate parent Company. These are classified as equity settled share based transaction.

The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the 'ESOP reserve'. In cases where the share options granted vest in instalments over the vesting period, the Group treats each instalment as a separate grant, because each instalment has a different vesting period, and hence the fair value of each instalment differs.



3.15 Property, plant and equipment:

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

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

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

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

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

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

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

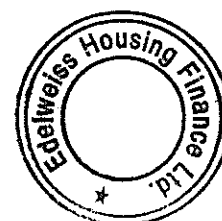
The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

3.16 Intangible Assets:

Intangible assets are recorded at the consideration paid for the acquisition of such assets and are carried at cost less accumulated amortization and impairment, if any. Intangibles such as software are amortised over a period of 3 years based on its estimated useful life.

3.17 Impairment of non-financial assets:

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



3.18 Provisions and other contingent liabilities:

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

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

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

3.19 Cash and cash equivalents

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

3.20 Income tax expenses:

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

3.20.1 Current tax:

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

3.20.2 Deferred tax:

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

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

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

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



3.20.3 Current and Deferred tax for the year:

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

4. Significant accounting judgements, estimates and assumptions :

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

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

4.1 Business model assessment :

The Company determines the business model at a level that reflects how the financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those instruments.

4.2 Significant increase in credit risk:

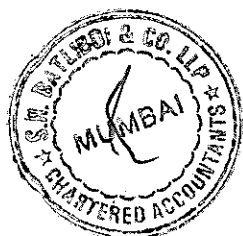
As explained in note 46.1, ECL is measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. Ind AS 109 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Company takes into account qualitative and quantitative reasonable and supportable forward-looking information. Refer to note 46.1 for more details.

4.3 Key sources of estimation uncertainty:

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, as described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

4.4 Fair value of financial instruments:

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



4.5 Effective Interest Rate (EIR) Method:

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

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

4.6 Impairment of Financial assets:

The impairment provisions for the financial assets except assets valued at fair value through Profit & Loss account (FVTPL) are based on assumptions about estimation of the amount and timing of future cash flows, collateral values, assessment of a significant increase in credit risk, probability of default (PD) and Loss given default (LGD) rates. The Company uses judgements in making these assumptions and selecting the inputs for impairment calculations based on its past history, existing market conditions and forward looking estimates at the end of each period. These estimates are driven by number of factors, change in which can result in different level of allowance.

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

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

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

4.7 Impairment of Non-Financial assets:

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



4.8 Provisions and contingent liabilities:

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

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

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

4.9 Provisions for Income Taxes:

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

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

4.10 Leases:

Significant judgements are involved in evaluating if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. The Company also uses significant judgement in assessing the applicable discount rate which is an equivalent to incremental borrowing rate estimated on best effort basis.

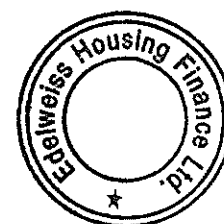
5. Standards issued but not yet effective:

5.1 There are no new standard or amendment issued but not effective.

6. Subsequent Events

6.1. The Covid-19 pandemic

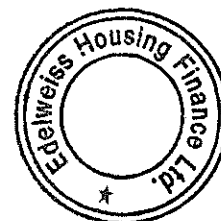
The Covid-19 pandemic outbreak across the world including India has resulted in most countries announcing lockdowns and quarantine measures that have sharply stalled economic activity. The Company is mainly engaged in providing individual housing loans, loans against property (LAP) and project finance for real estate development. All of these segments were impacted over the past few months and consequent to COVID 19 pandemic are expected to be significantly impacted by reduced income and/or job losses of the borrowers, reduced economic activities and delay in completion and sale of real estate projects. The Indian Government too has imposed lockdowns starting from March 24, 2020. The Indian economy would be impacted by this pandemic and the resultant lockdown, due to the contraction in industrial and services output across small and large businesses. The impact of the COVID -19 pandemic on EHFL's results, including credit quality and provisions, remains uncertain and dependent on the current and further spread of COVID -19, steps taken by the government and the RBI to mitigate the economic impact and also the time it takes for economic activities to resume and reach the normal levels.



In accordance with the regulatory package announced by the Reserve Bank of India (RBI) on March 27, 2020 and April 17, 2020 the Company has granted a moratorium of 3 months and extended the same for a further period of 3 months in accordance with the announcement by the RBI on May 22, 2020 for the payment of all instalments falling due between March 1, 2020 and August 31, 2020 to all eligible borrowers that have opted to avail the same. In respect of accounts overdue but standard as at February 28, 2020 where moratorium benefit has been granted, the staging for the accounts is based on staging existing as at that date. As per the assessment done by the Company, this staging standstill has not been on its own considered to be triggering any substantial increase in credit risk. Based on the assessment of the Company, in the absence of other credit risk indicators, the granting of the moratorium does not itself result in accounts becoming past due and triggering Stage 2 and Stage 3 classification criteria.

The Company has assessed the impact of the COVID-19 pandemic on its liquidity and ability to repay its obligations as and when they are due. Management has considered various stimulus packages announced by the Government of India which will directly or indirectly benefit NBFC, Company's lenders to seek/extend moratorium and various other financial support from other banks, agencies and its parent entity in determining the Company's liquidity position over the next 12 months. Based on the foregoing and necessary stress tests considering various scenarios, management believes that the Company will be able to pay its obligations as and when these become due in the foreseeable future. The Company would continue to focus on maintaining adequate capital and ensuring liquidity during current period and for the period going forward.

In assessing the recoverability of loans, receivables, intangible assets (including goodwill), deferred tax assets and investments, the Company has considered internal and external sources of information, including credit reports, economic forecasts and industry reports up to the date of approval of these financial results. Since the situation is rapidly evolving, its effect on the operations of the Company may be different from that estimated as at the date of approval of these financial results. The Company will continue to closely monitor material changes in markets and future economic conditions.



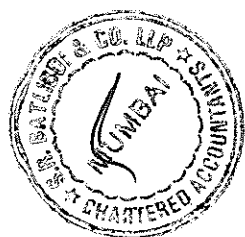
Edelweiss Housing Finance Limited
Notes to the financial statements (Continued)
(Currency : Indian rupees in millions)

	As at March 31, 2020	As at March 31, 2019
7 Cash and cash equivalents		
Cash on hand	0.03	0.08
Balance with banks		
- in current accounts	745.37	593.52
- in fixed deposits with original maturity less than three months	4,183.76	-
	<u>4,929.16</u>	<u>593.60</u>
8 Bank balances other than cash and cash equivalents		
Fixed deposits with original maturity more than 12 months	600.21	11.89
Fixed deposits with original maturity more than three months and less than 12 months	139.11	68.33
	<u>739.32</u>	<u>80.22</u>
8.A Encumbrances on fixed deposits with bank held by the Company		
Given as credit enhancements towards securitisation/ assignments	566.10	16.22
Given as margin against the bank guarantee issued in favour of BSE Limited towards public issuance of non convertible debentures	25.17	22.67
9 Trade receivables		
(i) Trade receivables (Unsecured)		
Receivables considered good - non-related party	47.35	1.57
Receivables considered good - related party - (Refer note 43)	11.11	6.92
Receivables which have significant increase in credit risk	0.26	0.07
	<u>58.72</u>	<u>8.56</u>
Less : Allowance for expected credit losses	<u>(0.26)</u>	<u>(0.07)</u>
	<u>58.46</u>	<u>8.49</u>
	<u>58.46</u>	<u>8.49</u>

Reconciliation of impairment allowance on trade receivables:

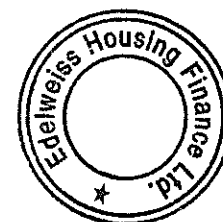
	For the year ended March 31, 2020	For the year ended March 31, 2019
Impairment allowance measured as per simplified approach		
Impairment allowance - Opening Balance	(0.07)	-
Add/ (less): asset originated or acquired (net)	(0.19)	(0.07)
Impairment allowance - Closing Balance	<u>(0.26)</u>	<u>(0.07)</u>

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



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

	As at March 31, 2020	As at March 31, 2019
10 Loans (at amortised cost)		
A. Term Loans		
(i) Housing Loans	27,188.72	32,715.39
(ii) Non Housing Loans	16,421.67	21,246.55
Total (A) - Gross	<u>43,610.39</u>	<u>53,961.94</u>
Less: Impairment loss allowance	(409.77)	(362.93)
Total (A) - Net	<u><u>43,200.62</u></u>	<u><u>53,599.01</u></u>
B. Term Loans		
(i) Secured by tangible assets (Refer note 46.1.2)	43,580.99	53,886.00
(ii) Unsecured	29.40	75.94
Total (B) - Gross	<u>43,610.39</u>	<u>53,961.94</u>
Less: Impairment loss allowance	(409.77)	(362.93)
Total (B) - Net	<u><u>43,200.62</u></u>	<u><u>53,599.01</u></u>
C. Term Loans		
C.I Loans in India		
(i) Public Sectors	-	-
(ii) Others	43,610.39	53,961.94
Total (C.I) - Gross	<u>43,610.39</u>	<u>53,961.94</u>
Less: Impairment loss allowance	(409.77)	(362.93)
Total (C.I) - Net	<u>43,200.62</u>	<u>53,599.01</u>
C.II Loans outside India	-	-
Less: Impairment loss allowance	-	-
Total (C.II) - Net	<u>-</u>	<u>-</u>
Total: (C I and C II)	<u><u>43,200.62</u></u>	<u><u>53,599.01</u></u>
Note:		
(i) The housing loan referred in note 10(A)(i) includes an amount of Rs. 755.03 million (previous year Rs. 830.93 million) being mortgage credit Insurance premium payable by the obligor on housing loan.		
(ii) There were no loans given against the collateral of gold jewellery and hence the percentage of such loans to the total outstanding asset is Nil (previous year Nil).		
12 Other financial assets (unsecured, considered good)		
Security Deposits	208.13	26.87
Deposits placed with/exchange/depositories	30.00	30.00
Advances to others	6.79	5.99
	<u>244.92</u>	<u>62.86</u>



10.1. Credit Quality of Assets

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

(a) Gross carrying amount of loan assets allocated to Stage 1, Stage 2 and Stage 3

Particulars	As at March 31, 2020				As at March 31, 2019			
	Stage I	Stage II	Stage III	Total	Stage I	Stage II	Stage III	Total
Loans (at amortised cost)								
Performing								
High grade	39,941.18	-	-	39,941.18	51,158.39	-	-	51,158.39
Standard grade	-	2,908.64	-	2,908.64	-	1,820.64	-	1,820.64
Non-performing								
Impaired	-	-	760.57	760.57	-	-	982.91	982.91
Total	39,941.18	2,908.64	760.57	43,610.39	51,158.39	1,820.64	982.91	53,961.94

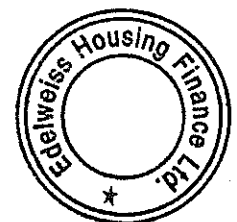
(b) Reconciliation of changes in gross carrying amount and the corresponding ECL in relation to loan assets is, as follows:

For the year ended March 31, 2019

Particulars	Non-credit impaired		Credit impaired		Total			
	Stage I	Stage II	Stage III	Stage III	Stage I	Stage II	Stage III	Total
	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL
Opening balance	42,520.38	83.64	1,538.64	89.86	810.31	110.86	44,869.33	284.36
Transfers:								
Transfers to 12 Month ECL (Stage 1)	349.54	28.29	(329.45)	(26.25)	(20.09)	(2.04)	-	-
Transfers to lifetime ECL (Stage 2)	(1,343.85)	(7.96)	1,413.74	15.79	(69.89)	(7.83)	-	-
Transfers to lifetime ECL- Credit impaired (Stage 3)	(244.68)	(1.58)	(225.91)	(15.23)	470.59	16.80	-	-
Net remeasurement of ECL arising from transfer of stage		(25.94)		50.35		62.40		86.81
Net new and further lending/ (repayments)	9,877.06	41.54	(576.37)	(12.22)	(161.55)	(6.59)	9,139.14	22.72
Amounts written off	(0.07)	(0.02)	-	-	(46.46)	(34.59)	(46.53)	(34.61)
Closing balance	51,158.39	117.97	1,820.64	102.30	982.91	139.02	53,961.94	359.28

For the year ended March 31, 2020

Opening balance	51,158.39	117.97	1,820.64	102.30	982.91	139.02	53,961.94	359.28
Transfers:								
Transfers to 12 Month ECL (Stage 1)	239.98	18.36	(225.03)	(16.84)	(14.95)	(1.52)	-	-
Transfers to lifetime ECL (Stage 2)	(1,970.67)	(11.43)	1,984.21	12.79	(13.54)	(1.36)	-	-
Transfers to lifetime ECL- Credit impaired (Stage 3)	(986.57)	(6.46)	(507.63)	(27.78)	1,494.20	34.24	-	-
Net remeasurement of ECL arising from transfer of stage		(17.62)		140.77		49.64	-	172.79
Net new and further lending/ (repayments)	(8,499.76)	(44.40)	(162.78)	26.99	(7.43)	7.22	(8,669.97)	(10.19)
Amounts written off	(0.19)	(0.06)	(0.77)	(0.59)	(41.80)	(39.98)	(42.76)	(40.63)
Loans sold	-	-	-	-	(1,638.82)	(76.85)	(1,638.82)	(76.85)
Closing balance	39,941.18	56.36	2,908.64	237.64	760.57	110.41	43,610.39	404.40



10.2. Credit Quality of exposure (Loan Commitment)

(a) Gross carrying amount of loan commitment allocated to Stage 1, Stage 2 and Stage 3

Particulars	As at March 31, 2020				As at March 31, 2019			
	Stage I	Stage II	Stage III	Total	Stage I	Stage II	Stage III	Total
Loans (at amortised cost)								
Performing								
High grade	439.61	-	-	439.61	1,301.71	-	-	1,301.71
Standard grade	-	42.20	-	42.20	-	131.05	-	131.05
Non-performing								
Impaired	-	-	2.38	2.38	-	-	84.45	84.45
Total	439.61	42.20	2.38	484.19	1,301.71	131.05	84.45	1,517.21

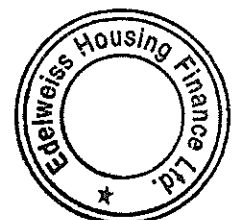
(b) Reconciliation of changes in gross carrying amount and the corresponding ECL in relation to loan commitment is, as follows:

For the year ended March 31, 2019

Particulars	Non-credit impaired		Credit impaired		Total			
	Stage I	Stage II	Stage III	Stage III	Gross carrying amount	Allowance for ECL		
As at April 01, 2018	1,696.02	2.57	221.10	1.15	0.53	0.06	1,917.65	3.77
Transfers:								
Transfers to 12 Month ECL (Stage 1)	1.65	0.09	(1.65)	(0.09)	-	-	-	-
Transfers to lifetime ECL (Stage 2)	(10.06)	(0.00)	10.06	(0.75)	-	0.76	-	-
Transfers to lifetime ECL- Credit impaired (Stage 3)	(1.41)	(0.02)	(83.44)	-	84.85	0.02	-	-
Net remeasurement of ECL arising from transfer of stage		(0.09)		0.47		1.04		1.42
Net new sanctions and (disbursements)	(384.49)	(1.43)	(15.03)	(0.12)	(0.93)	(0.01)	(400.44)	(1.55)
Closing Balance	1,301.71	1.12	131.05	0.66	84.45	1.87	1,517.21	3.64

For the year ended March 31, 2020

Opening Balance	1,301.71	1.12	131.05	0.66	84.45	1.87	1,517.21	3.65
Transfers:								
Transfers to 12 Month ECL (Stage 1)	1.44	0.12	(1.18)	(0.09)	(0.26)	(0.03)	-	-
Transfers to lifetime ECL (Stage 2)	(9.33)	(0.03)	9.55	0.05	(0.22)	(0.02)	-	-
Transfers to lifetime ECL- Credit impaired (Stage 3)	(1.73)	-	-	-	1.73	-	-	-
Net remeasurement of ECL arising from transfer of stage	-	(0.12)	-	0.42	-	0.10		0.40
Net new sanctions and (disbursements)	(852.48)	(0.81)	(97.22)	3.86	(83.32)	(1.73)	(1,033.02)	1.32
Closing Balance	439.61	0.28	42.20	4.90	2.38	0.19	484.19	5.37



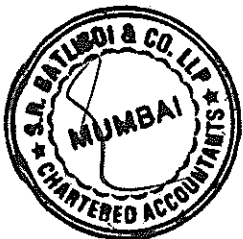
11 Investments

As at March 31, 2020	At Amortised cost (1)	At fair value			Subtotal 5 = (2+3+4)	At cost (6)	Total (7)= (1+5+6)
		Through OCI (2)	Through P&L (3)	Designated at fair value through Profit or loss (4)			
Security receipts (refer note below)	-	-	1,044.73	-	1,044.73	-	1,044.73
Total - Gross (A)	-	-	1,044.73	-	1,044.73	-	1,044.73
(i) Investments outside India	-	-	-	-	-	-	-
(ii) Investment in India	-	-	1,044.73	-	1,044.73	-	1,044.73
Total (B)	-	-	1,044.73	-	1,044.73	-	1,044.73
Less: Allowance for impairment (C)	-	-	-	-	-	-	-
Total Net (A-C)	-	-	1,044.73	-	1,044.73	-	1,044.73

As at March 31, 2019	At Amortised cost (1)	At fair value			Subtotal 5 = (2+3+4)	At cost (6)	Total (7)= (1+5+6)
		Through OCI (2)	Through P&L (3)	Designated at fair value through Profit or loss (4)			
Security receipts (refer note below)	-	-	-	-	-	-	-
Total - Gross (A)	-	-	-	-	-	-	-
(i) Investments outside India	-	-	-	-	-	-	-
(ii) Investment in India	-	-	-	-	-	-	-
Total (B)	-	-	-	-	-	-	-
Less: Allowance for impairment (C)	-	-	-	-	-	-	-
Total Net (A-C)	-	-	-	-	-	-	-

Note:

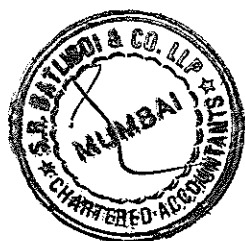
During the year ended March 31, 2020 and March 31, 2019, the Company has sold financial assets aggregating to Rs. 1,325.00 million (net of provisions & losses) and Rs. Nil (net of provisions & losses) respectively to various asset reconstructions company trusts ('ARC Trusts') and has acquired security receipts (SR) from ARC Trusts amounting to Rs. 1,044.73 million. The Board approved committee approved such sale of financial assets to ARC Trusts. Ind AS 109 - Financial Instruments, prescribed under section 133 of the Companies Act, 2013, requires substantial risks and rewards to be transferred for the purpose of de-recognition of such financial assets from the Company's financial statements. Edelweiss Financial Services Limited (EFSL), ultimate holding company, and Edelweiss Rural and Corporate Services Limited (ERCSL), holding company, on March 31, 2020, have guaranteed significant risks and assumed significant rewards in respect of an aggregate value of financial assets of Rs 924.70 million sold to ARC Trusts. As a result, these financial assets are de-recognized in Company's financial statements. Further, as the risks and rewards continue in ERCSL and EFSL, these continue to be accounted as financial assets in the consolidated financial statements of the Group and the respective consequent expected credit loss will be recorded in the consolidated financial statements of EFSL or ERCSL.



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

	As at March 31, 2020	As at March 31, 2019
13 Current tax assets (net)		
Advance income taxes (net of provision for tax Rs. 200.50 million, previous year Rs. 508.57 million)	7.38	46.66
	<u>7.38</u>	<u>46.66</u>
14 Deferred tax assets (net)		
Deferred tax assets		
<u>Loans</u>		
Provision for Expected credit loss	100.55	116.36
Unamortised processing fees - EIR on lending	55.03	117.48
<u>Property, plant and equipment and intangibles</u>		
Difference between book and tax depreciation	9.46	8.83
<u>Employee benefit obligations</u>		
Provision for compensated absences	0.96	1.23
Disallowances under section 43B of the Income Tax Act, 1961	5.12	5.23
<u>Unused tax credit</u>		
MAT credit entitlement	-	19.82
Lease liability	45.96	-
Others	0.07	-
	<u>217.15</u>	<u>268.95</u>
Deferred tax liabilities		
<u>Investments and other financial instruments</u>		
Unamortised loan origination costs - EIR on lending	50.23	121.03
Recognition of Interest Strip on assignment deals	83.13	193.20
Accrued Interest on Stage 3 receivables	6.18	25.91
<u>Borrowings</u>		
Effective interest rate on financial liabilities	17.36	35.32
Right-of-use Asset (ROU)	39.00	-
	<u>195.90</u>	<u>375.46</u>
	<u>21.25</u>	<u>(106.51)</u>

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



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

15 Property, Plant and Equipment

Description of Assets	Gross Block			Accumulated Depreciation and Impairment			Net Block		
	As at April 1, 2019	Transition impact of Ind AS 116	Additions during the year	Disposals during the year	As at March 31, 2020	As at April 1, 2019	Charge for the year	Disposals during the year	As at March 31, 2020
Property, Plant and Equipment									
Land*	1.21	-	-	-	1.21	-	-	-	1.21
Leasehold improvements	22.20	-	13.17	5.50	29.87	8.24	8.24	4.43	17.82
Furniture and Fixtures	12.64	-	3.04	1.08	14.60	4.31	3.11	0.83	8.01
Vehicles	1.79	-	-	1.47	0.32	0.96	0.19	0.92	0.09
Office equipment	14.99	-	5.22	1.74	18.47	6.66	6.13	1.44	7.12
Computers	64.96	-	3.48	6.05	62.39	36.63	15.87	4.73	14.62
Right-of-use Asset (ROU)**	-	179.04	17.41	0.27	196.18	-	41.49	0.27	154.96
Total	117.79	179.04	42.32	16.11	323.04	56.80	75.03	12.62	203.83

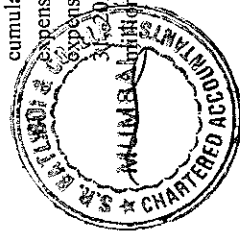
16 Other Intangible Assets

Description of Assets	Gross Block			Accumulated Amortisation and Impairment			Net Block		
	As at April 1, 2019	Transition impact of Ind AS 116	Additions during the year	Disposals during the year	As at March 31, 2020	As at April 1, 2018	Charge for the year	Disposals during the year	As at March 31, 2020
Other Intangible Assets									
Software	12.19	-	1.98	-	14.17	6.86	3.85	-	3.46
Total	12.19	-	1.98	-	14.17	6.86	3.85	-	3.46

Notes:

*Charged against secured redeemable non-convertible debentures

**Effective April 1, 2019, the Company adopted Ind AS 116 "Leases", applied to all lease contracts existing on April 1, 2019, using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Accordingly, comparatives for the year ended March 31, 2019, have not been retrospectively adjusted. On transition, the adoption of the new standard resulted in recognition of Right-of-Use asset (ROU) of Rs.179.04 million and a lease liability of Rs.198.53 million with a corresponding deferred tax asset of Rs. 6.81 million. The cumulative effect of applying the standard thus resulted in Rs.12.68 million being debited to retained earnings as at April 1, 2019, net of taxes. In the profit or loss for the current year, the nature of expenses in respect of operating leases has changed from lease rent in previous periods to depreciation cost for the right-to-use asset and finance cost for interest accrued on lease liability. Thus, other expenses have reduced by Rs.52.11 million whereas depreciation and amortisation expense has increased by Rs.41.49 million and finance cost has increased by Rs.18.78 million for the year ended March 31, 2020 consequent to adoption of Ind AS 116. This has had an impact on deferred tax credit by Rs. 0.10 million for the year ended March 31, 2020. Also, total assets have increased by Rs.154.96 million and total liabilities have increased by Rs.182.62 million as at March 31, 2020.



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

15. Property, Plant and Equipment (Previous Year)

Description of Assets	Gross Block			Accumulated Depreciation and Impairment			Net Block As at March 31, 2019
	As at April 1, 2018	Additions during the year	Disposals during the year	As at April 1, 2018	Charge for the year	Disposals during the year	
Property, Plant and Equipment							
Land**	1.21	-	-	-	-	-	1.21
Leasehold improvements	13.92	8.28	-	3.72	4.52	-	13.96
Furniture and Fixtures	8.12	4.55	0.03	1.74	2.58	0.01	8.33
Vehicles	2.23	-	0.44	0.73	0.48	0.25	0.83
Office equipment	7.30	7.79	0.10	2.71	3.99	0.04	8.33
Computers	39.46	27.98	2.48	13.69	24.08	1.14	28.33
Total	72.24	48.60	3.05	22.59	35.65	1.44	60.99

16. Other Intangible Assets (Previous Year)

Description of Assets	Gross Block			Accumulated Amortisation and Impairment			Net Block As at March 31, 2019
	As at April 1, 2018	Additions during the year	Disposals during the year	As at April 1, 2018	Charge for the year	Disposals during the year	
Other Intangible Assets							
Software	9.08	3.11	-	2.69	4.17	-	5.33
Total	9.08	3.11	-	2.69	4.17	-	5.33

Note:

**Charged against secured redeemable non-convertible debentures



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

	As at March 31, 2020	As at March 31, 2019
17 Other non-financial assets		
Input tax credit (Goods and Services Tax / Service Tax)	38.53	34.28
Prepaid expenses	9.75	7.20
Advance to vendors	2.88	4.30
Advances to employees	2.52	2.63
	53.68	48.41
18 Trade Payables		
Trade payables to non-related parties	56.56	138.29
Trade payables to related parties - (Refer note 43)	28.81	85.97
	85.37	224.26
Notes:		
(i) Total outstanding dues to creditors other than micro enterprises and small enterprises	85.37	224.26
(ii) Total outstanding dues of micro enterprises and small enterprises	-	-
19 Debt securities (In India) (At amortised cost)		
Non-convertible redeemable debentures (Secured)		
Privately Placed Non-convertible debentures	5,422.98	7,310.09
Publicly Placed Non-convertible debentures	4,668.59	5,272.41
	10,091.57	12,582.50

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



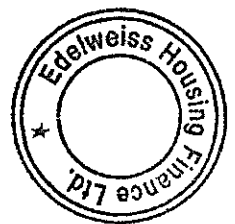
Edelweiss Housing Finance Limited
Notes to the financial statements (Continued)
(Currency : Indian rupees in millions)

	As at March 31, 2020	As at March 31, 2019
20 Borrowings other than debt securities (In India) (at amortised cost)		
Term loans (secured)		
- From Banks	24,664.39	28,022.64
- From National Housing Bank	2,384.83	3,106.17
	<u>27,049.22</u>	<u>31,128.81</u>
Note: For disclosure relating to repayment and other terms, refer note 49		
Bank overdraft (secured)	629.69	405.07
[Secured by charge on receivables from financing business] Bank overdraft is in nature of Committed Cash Credit lines repayable on demand. (Interest rate range, March-20: 9.25% - 10.50%, March-19: 8.35% - 11.00%)		
Working capital demand loan (WCDL)	300.00	100.00
[Secured by charge on receivables from financing business] WCDL is in nature of short term loan. (Interest rate range, March-20: 9.25% - 10.50%, March-19: 8.35% - 11.00%)		
Loan from related parties (Unsecured)	13.11	1.07
(Repayable on demand, Interest rate payable @ 11.00%, previous year 9.50%)		
	<u>27,992.02</u>	<u>31,634.95</u>
21 Subordinated liabilities (In India) (at amortised cost)		
Non-convertible subordinated debentures (Unsecured)	508.61	508.48
	<u>508.61</u>	<u>508.48</u>
Note: For disclosure relating to repayment and other terms, refer note 51		
22 Other financial liabilities		
Payable on account of securitisation/ assignments	3,743.57	174.45
Other payables	17.39	-
Book overdraft	-	1,176.09
Payable to employees	5.23	68.76
Lease liabilities (Ind AS 116)	182.61	-
	<u>3,948.80</u>	<u>1,419.30</u>



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

	As at March 31, 2020	As at March 31, 2019
23 Current tax liabilities (net)		
Provision for taxation (net of advance tax Rs. 939.00 million, previous year Rs. 395.84 million)	106.03	188.12
	<u>106.03</u>	<u>188.12</u>
24 Provisions		
Provision for employee benefits (Refer note 40)		
Gratuity	20.34	14.98
Compensated leave absences	3.81	3.53
Provision for expenses	1.19	3.44
	<u>25.34</u>	<u>21.95</u>
25 Other non-financial liabilities		
Revenue received in advance	3.20	10.90
Payable to others	42.11	120.00
Payable to related party - (Refer note 43)	-	5.58
Statutory dues payable	14.47	5.65
	<u>59.78</u>	<u>142.13</u>



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

	As at March 31, 2020	As at March 31, 2019
26 Equity share capital		
Authorised :		
7,50,00,000 (Previous year: 7,50,00,000) equity shares of Rs.10 each	750.00	750.00
	<u>750.00</u>	<u>750.00</u>
Issued, Subscribed and Paid up:		
6,93,50,000 (Previous year: 6,93,50,000) Equity shares of Rs. 10, fully paid-up	693.50	693.50
	<u>693.50</u>	<u>693.50</u>

(a) Movement in share capital :

	As at March 31, 2020		As at March 31, 2019	
	No of shares	Amount	No of shares	Amount
Outstanding at the beginning of the year	6,93,50,000	693.50	5,43,50,000	543.50
Shares issued during the year	-	-	1,50,00,000	150.00
Outstanding at the end of the year	<u>6,93,50,000</u>	<u>693.50</u>	<u>6,93,50,000</u>	<u>693.50</u>

During previous year, the Company had issued 150,00,000 fully paid-up equity shares of Rs.10 each at a premium of Rs 90 each for the total consideration of Rs. 1500.00 million to Edelweiss Financial Services Limited, the ultimate holding company and Edel Finance Company Limited.

(b) Terms/rights attached to equity shares :

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

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

	As at March 31, 2020		As at March 31, 2019	
	No of shares	%	No of shares	%
Ultimate Holding / Holding company				
Edelweiss Rural & Corporate Services Limited, the holding company.	3,83,00,000	55.23%	3,83,00,000	55.23%
Edelweiss Financial Services Limited, the ultimate holding company.	2,10,50,000	30.35%	2,10,50,000	30.35%
Fellow subsidiaries				
Edel Finance Company Limited	1,00,00,000	14.42%	1,00,00,000	14.42%
	<u>6,93,50,000</u>	<u>100.00%</u>	<u>6,93,50,000</u>	<u>100.00%</u>

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

	As at March 31, 2020	As at March 31, 2019
27 Other Equity		
Securities Premium	4,075.18	4,075.18
Statutory Reserve	540.34	537.22
Debenture Redemption Reserve	469.25	469.25
Deemed capital contribution - Equity	33.46	33.46
Retained Earnings	1,879.01	1,880.34
	<u>6,997.24</u>	<u>6,995.45</u>

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

27.1 Nature and purpose of Reserves

(a) Securities Premium

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

(b) Reserve under section 29C of the National Housing Bank Act, 1987

Reserve created under section 29C of National Housing Bank Act, 1987 a sum not less than twenty per cent of its net profit every year as disclosed in the profit and loss account and before any dividend is declared.

(c) Debenture Redemption Reserve

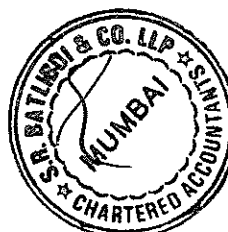
The Companies Act 2013 requires companies that issue debentures to create a debenture redemption reserve from annual profits until such debentures are redeemed. Company being NBFC has to maintain Debenture Redemption reserve upto 25% of the value of debentures issued through public issue. The amounts credited to the debenture redemption reserve may not be utilised except to redeem debentures. On redemption of debentures, the amount may be transferred from debenture redemption reserve to retained earnings. However, as per the amendment in the Companies Act 2013, debenture redemption reserve is not required for debentures issued by Non-Banking Finance Companies regulated by Reserve Bank of India for both public as well as privately placed debentures.

(d) Deemed capital contribution - Equity

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

(e) Retained Earnings

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



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

	For the year ended March 31, 2020	For the year ended March 31, 2019
28 Interest Income (at amortised cost)		
Interest on Loans	5,511.22	5,638.76
Interest on deposits with bank	54.40	15.28
Other interest income	0.95	0.17
Income on direct assignment	87.83	503.59
	<u>5,654.40</u>	<u>6,157.80</u>
29 Fee and commission income		
Fee and commission income	357.15	424.55
	<u>357.15</u>	<u>424.55</u>
30 Net gain on fair value changes (Realised)		
On trading portfolio		
Profit on sale of mutual fund units (FVTPL)	34.79	59.94
Fair value gain - P&L - debt	4.88	-
Others		
Gain on buy back of debt securities (amortised cost)	-	10.30
	<u>39.67</u>	<u>70.24</u>
31 Other income		
Others non operating income	22.68	6.36
	<u>22.68</u>	<u>6.36</u>



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

	For the year ended March 31, 2020	For the year ended March 31, 2019
32 Finance costs (at amortised cost)		
Interest on borrowings	3,076.59	2,649.19
Interest on securitisation liability	71.61	-
Interest on debt securities	941.25	1,188.72
Interest on subordinated liabilities	56.38	56.25
Other interest expense (including bank charges)	28.74	27.41
Interest on lease liabilities	18.78	-
	<u>4,193.35</u>	<u>3,921.57</u>

33 Impairment on financial instruments

Loss on sale of loan assets sold to assets reconstruction company	317.47	-
Bad debts and advances written off	42.75	46.53
Provision for expected credit loss (at amortised cost) (including on loan commitments)	46.84	74.80
	<u>407.06</u>	<u>121.33</u>

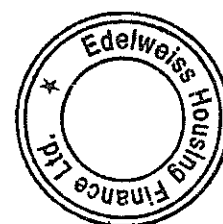
Note:

During the year ended March 31, 2020, the Company completed its re-assessment of probability of default, loss given default in respect of exposures to certain sectors that were experiencing operational challenges. Credit and market risks for certain counter parties increased significantly relative to such risks at initial recognition, resulting in recognition of higher amount of expected credit losses and gain/loss on fair value changes for the year ended March 31, 2020. Management judgement for expected credit losses and gain/loss on fair values changes has been accentuated on account of factors caused by the COVID-19 pandemic. Accordingly, the Company has recorded for the year ended March 31, 2020 an amount of Rs. 407.06 million towards expected credit losses, write-offs, loss on sale to ARC Trusts and Funds and net loss on fair value changes.

	For the year ended March 31, 2020	For the year ended March 31, 2019
34 Employee benefit expenses		
Salaries and wages	626.43	701.67
Contribution to provident and other funds	29.39	34.42
Gratuity Expense (refer note 40)	3.94	3.94
Share based payments to employees (Refer note below)	9.61	5.58
Staff welfare expenses	21.34	22.45
	<u>690.71</u>	<u>768.06</u>

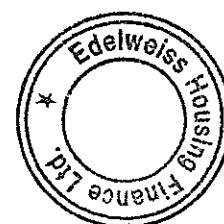
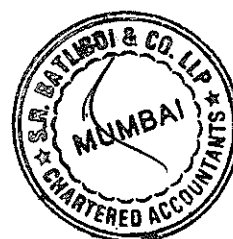
Note:

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



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

	For the year ended March 31, 2020	For the year ended March 31, 2019
35 Other expenses		
Advertisement and business promotion	5.90	0.34
Commission and brokerage	0.40	3.51
Communication	13.70	10.42
Directors' sitting fees	0.80	0.56
Legal and professional fees	80.78	88.49
Printing and stationery	5.79	8.97
Loan origination costs amortised	190.70	366.69
Rent, rates and taxes	69.09	95.71
Repairs and maintenance	6.95	8.03
Electricity charges	9.32	14.08
Computer expenses	19.21	7.19
Corporate social responsibility (refer note 35.2)	21.94	5.00
Rating support fees	7.13	0.29
Office expenses	133.03	125.94
Postage and courier	3.03	4.00
Goods and Service tax expenses	88.39	48.99
Stamp duty	0.32	5.22
Auditors' remuneration (refer note 35.1)	5.63	4.42
Travelling and conveyance	27.26	31.29
Miscellaneous expenses	20.90	2.39
Donation	10.00	-
	720.27	831.53
35.1 Auditors' remuneration:		
As an Auditor		
Statutory Audit	2.95	2.45
Limited Review	1.05	1.05
Certification	1.52	0.75
Towards reimbursement of expenses	0.11	0.17
	5.63	4.42
35.2 Details of CSR Expenditure:		
As per the provisions of Section 135 of Companies Act 2013,		
Gross Amount required to be spent by the Company	21.94	19.81
Amount Spent (paid in cash)		
(i) Construction/ Acquisition of any assets	-	-
(ii) on purpose other than (i) above	21.94	5.00
Amount Spent (yet to be paid in cash)		
Construction/ Acquisition of any assets	-	-
on purpose other than (i) above	-	-
	21.94	5.00



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

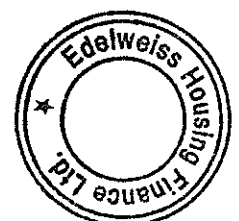
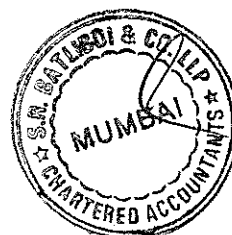
36 Income tax

36.1 The components of income tax expense:

	For the year ended March 31, 2020	For the year ended March 31, 2019
Current tax	99.23	247.99
Adjustment in respect of current income tax of prior years	(10.57)	28.09
Deferred tax relating to origination and reversal of temporary differences	(140.40)	95.79
MAT credit entitlement	19.82	(19.82)
Total tax charge	(31.92)	352.05
Current tax	88.66	276.08
Deferred tax	(120.58)	75.97

36.2 Reconciliation of total tax charge

	For the year ended March 31, 2020	For the year ended March 31, 2019
Accounting profit before tax as per financial statements	(16.37)	976.64
Tax rate (in percentage)	25.17%	34.94%
Income tax expense calculated based on this tax rate	(4.12)	341.28
Adjustment in respect of current income tax of prior years	(14.89)	28.09
Effect of income not subject to tax:		
Tax break of deduction u/s 36(1)(viii) of Income tax Act, 1961	(0.79)	(25.97)
Deduction u/s 35D of Income tax Act, 1961	(0.18)	(0.14)
Effect of non-deductible expenses:		
Penalties	-	-
Others	15.89	8.80
Impact of tax rate changes (between two accounting periods)	(27.83)	-
Tax charge for the year recorded in P&L	(31.92)	352.05
Effective tax rate	194.99%	36.05%



36 Income tax

36.3 Movement of Deferred Tax assets / liabilities

For the Year Ended March 31, 2020

	Deferred tax asset / (liability) (Opening)	In profit or loss	In OCI	Directly in equity	Total movement	Deferred tax asset / (liability) (Closing)
Deferred taxes in relation to:						
Deferred Tax Assets						
Provision for expected credit loss	116.36	(15.81)	-	-	(15.81)	100.55
Effective interest rate on financial assets	(3.55)	8.35	-	-	8.35	4.80
Retirement Benefits	6.47	(0.75)	0.36	-	(0.39)	6.08
Difference between book and tax WDV (including intangibles)	8.83	0.63	-	-	0.63	9.46
Lease liability	-	(23.42)	-	69.38	45.96	45.96
Tax Break on Employee Stock Option Scheme	-	-	-	-	-	-
Others	-	0.07	-	-	0.07	0.07
Deferred Tax Liabilities						
Stage 3 Income recognition	(25.91)	19.73	-	-	19.73	(6.18)
Interest spread on assignment transactions	(193.21)	110.08	-	-	110.08	(83.13)
Effective interest rate on financial Liabilities	(35.32)	17.96	-	-	17.96	(17.36)
MAT Credit Entitlement	19.82	(19.82)	-	-	(19.82)	-
Right-of-use Asset (ROU)	-	23.56	-	(62.56)	(39.00)	(39.00)
	(106.51)	120.58	0.36	6.82	127.76	21.25

For the Year Ended March 31, 2019

Deferred taxes in relation to:

Deferred Tax Assets

Provision for expected credit loss	100.87	15.49	-	-	15.49	116.36
Retirement Benefits	24.68	(18.96)	0.75	-	(18.21)	6.47
Difference between book and tax WDV (including intangibles)	3.91	4.92	-	-	4.92	8.83
Tax Break on Employee Stock Option Scheme	63.45	-	-	(63.45)	(63.45)	-

Deferred Tax Liabilities

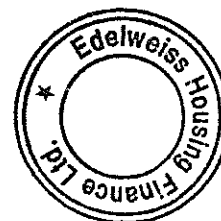
Effective interest rate on financial assets	(0.99)	(2.56)	-	-	(2.56)	(3.55)
Stage 3 Income recognition	(35.05)	9.14	-	-	9.14	(25.91)
Interest spread on assignment transactions	(83.22)	(109.99)	-	-	(109.99)	(193.21)
Effective interest rate on financial Liabilities	(41.49)	6.17	-	-	6.17	(35.32)
MAT Credit Entitlement	-	19.82	-	-	19.82	19.82

Total

	32.16	(75.97)	0.75	(63.45)	(138.67)	(106.51)
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Note:

The Government of India, on September 20, 2019, vide the Taxation Laws (Amendment) Ordinance 2019 (the Ordinance), inserted a new Section 115BAA in the Income tax Act, 1961, which provides an option to the Company for paying Income tax at reduced rates. Accordingly, the Company has recognised provision for income tax for the year ended March 31, 2020. The Company has also re-measured its deferred tax liabilities (net) basis the rate prescribed in the aforesaid section resulting in tax charge reduction by Rs. 27.83 million.



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

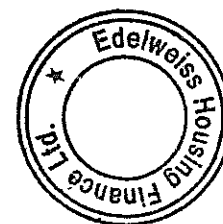
37 Cash Flow Disclosure

Change in Liabilities arising from financing activities

Particulars	As at March 31, 2019	Cash Flows	Changes in Fair value	Others*	As at March 31, 2020
Debt Securities	12,582.50	(2,568.86)	-	77.93	10,091.57
Borrowings other than Debt Securities	31,634.95	(3,573.68)	-	(69.25)	27,992.02
Subordinated Liabilities	508.48	-	-	0.13	508.61
	44,725.93	(6,142.54)	-	8.81	38,592.20

Particulars	As at March 31, 2018	Cash Flows	Changes in Fair value	Others*	As at March 31, 2019
Debt Securities	12,498.23	(35.00)	-	119.27	12,582.50
Borrowings other than Debt Securities	27,448.00	4,192.31	-	(5.36)	31,634.95
Subordinated Liabilities	508.32	-	-	0.16	508.48
	40,454.55	4,157.31	-	114.07	44,725.93

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



Edelweiss Housing Finance Limited**Notes to financial statements**

(Currency : Indian rupees in millions)

38. Earnings per Share

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

	For the year ended March 31, 2020	For the year ended March 31, 2019
Net Profit attributable to Equity holders of the Company - A	15.55	624.59
Weighted average Number of Shares		
- Number of equity shares outstanding at the beginning of the year	69.35	54.35
- Number of equity shares issued during the year	-	15.00
Total number of equity shares outstanding at the end of the year	69.35	69.35
Weighted average number of equity shares outstanding during the year (based on the date of issue of shares) - B	69.35	60.77
Nominal value of equity shares	10.00	10.00
Basic and diluted earnings per share (in rupees) (A/B)	0.22	10.28

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

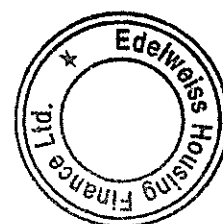
39. Contingent Liability and Commitment:**(a) Contingent Liability**

	As at March 31, 2020	As at March 31, 2019
Taxation matters	Nil	Nil
Litigation pending against the company	Nil	Nil

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

(b) Commitment:

	As at March 31, 2020	As at March 31, 2019
Estimated amount of contracts remaining to be executed on capital account (net of advances)	7.63	3.94
Loan sanctioned pending disbursements	484.19	1,517.21



40 Retirement and other employee benefits

(a) Defined contribution plan - Provident funds

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

The Company recognised Rs.32.52 millions (March 31, 2019 : Rs 30.74 Millions) for provident fund and other contributions in the Statement of profit and loss.

(b) Defined benefit plan - Gratuity

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

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation (DBO) for gratuity were carried out as at March 31, 2020. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

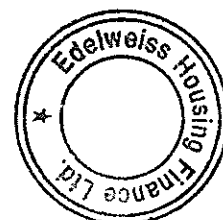
Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at balance sheet date:

	As at March 31, 2020	As at March 31, 2019
Present value of defined benefit obligations (A)	20.34	14.97
Fair Value of plan assets (B)	-	-
Present value of defined benefit obligations (A-B)	20.34	14.97
Net deficit / (assets) are analysed as:		
Liabilities	20.34	14.97
Assets	-	-

Movement in net defined benefit (asset) liability:

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

	Defined benefit obligation		Fair value of plan assets		Net defined benefit (asset) liability	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
(i) Present value of defined benefit obligations (opening)	14.97	11.41	-	-	14.97	11.41
Current service cost	4.22	3.14	-	-	4.22	3.14
Past service cost	-	-	-	-	-	-
Interest cost	1.09	0.80	-	-	1.09	0.80
	20.28	15.35	-	-	20.28	15.35
(ii) Other comprehensive Income						
Remeasurement Actuarial loss (gain) arising from :						
Experience	(0.36)	2.00	-	-	(0.36)	2.00
Financial and demographic assumptions	1.80	0.13	-	-	1.80	0.13
Expected return from plan assets	-	-	-	-	-	-
	1.44	2.13	-	-	1.44	2.13
(iii) Others						
Transfer In/ (Out)	1.19	0.04	-	-	1.19	0.04
Contributions by Employer	-	-	-	-	-	-
Benefits paid	(2.57)	(2.55)	-	-	(2.57)	(2.55)
	(1.38)	(2.51)	-	-	(1.38)	(2.51)
(iv) Closing Balance (i) + (ii) + (iii)	20.34	14.97	-	-	20.34	14.97
Represented by:						
Net defined benefit asset					-	-
Net defined benefit liability					20.34	14.97



40 Retirement and other employee benefits

Components of defined benefit plan cost:		
	For the year ended March 31, 2020	For the year ended March 31, 2019
(i) Recognised in Statement of profit or loss		
Current service cost	4.22	3.14
Interest cost	1.09	0.80
Expected return on plan assets	-	-
Past service cost	-	-
	<u>5.31</u>	<u>3.94</u>
(ii) Recognised in other comprehensive income		
Remeasurement of net defined benefit liability/(asset)	1.44	2.13
Return on plan assets excluding net interest	-	-
	<u>1.44</u>	<u>2.13</u>
Total (i) + (ii)	6.75	6.07

Actuarial assumptions:

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

	As at March 31, 2020	As at March 31, 2019
Discount Rate	5.50%	6.70%
Salary Growth Rate	7.00%	7.00%
Withdrawal/Attrition Rate (based on categories)	13% to 60%	13% to 60%
Expected return on plan Assets (p.a)	6.70%	7.00%
Mortality Rate	IALM 2012-14(Ultimate)	IALM 2012-14(Ultimate)
Expected weighted average remainin working lives of employees	3 Years	3 Years

Sensitivity analysis:

	As at March 31, 2020		As at March 31, 2019	
	Increase	Decrease	Increase	Decrease
Salary Growth Rate (+/- 1%)	0.78	(0.74)	0.63	(0.59)
Discount Rate (+/- 1%)	(0.74)	0.80	(0.59)	0.64
Withdrawl Rate (+/- 1%)	(0.05)	0.05	(0.14)	0.14
Mortality (increase in expected lifetime by 1 year)	Negligible change		Negligible change	
Mortality (increase in expected lifetime by 3 year)	Negligible change		Negligible change	

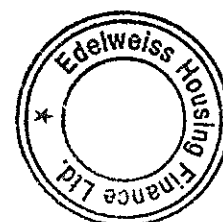
The sensitivity is performed on the DBO at the respective valuation date by modifying one parameter whilst retaining other parameters constant. There are no changes from the previous period to the methods and assumptions underlying the sensitivity analysis.

Asset liability comparisons:

	As at March 31, 2020	As at March 31, 2019
Present value of DBO	20.34	14.97
Fair Value of Plan assets	-	-
Net (Assets)/Liability	20.34	14.97

(c) Compensated absences :

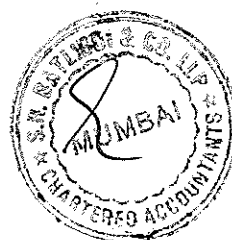
The Company provides for accumulated compensated absences as at the balance sheet date using projected unit credit method based on actuarial valuation. The leave encashment on separation is paid on basic salary.



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

41. Maturity Analysis of assets and liabilities

Particulars	As at March 31, 2020			As at March 31, 2019		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial Assets						
Cash and cash equivalents	4,929.16	-	4,929.16	593.60	-	593.60
Bank balances other than cash and cash equivalents	701.49	37.83	739.32	63.88	16.34	80.22
Trade receivables	58.46	-	58.46	8.49	-	8.49
Loans	8,521.10	34,679.52	43,200.62	12,781.93	40,817.08	53,599.01
Investments	-	1,044.73	1,044.73	-	-	-
Other financial assets	-	244.92	244.92	5.99	56.87	62.86
Non-financial assets						
Current tax assets (net)	-	7.38	7.38	-	46.66	46.66
Deferred tax assets (net)	-	21.25	21.25	-	-	-
Property, plant and equipment	-	203.83	203.83	-	60.99	60.99
Capital work in progress	-	-	-	-	11.58	11.58
Intangible assets under development	-	1.45	1.45	-	-	-
Other intangible assets	-	3.46	3.46	-	5.33	5.33
Other non- financial assets	53.68	-	53.68	48.41	-	48.41
Total Assets	14,263.89	36,244.37	50,508.26	13,502.30	41,014.85	54,517.15
Financial Liabilities						
Trade payables	85.37	-	85.37	224.26	-	224.26
Debt securities	1,250.11	8,841.46	10,091.57	1,578.66	11,003.84	12,582.50
Borrowings (other than debt securities)	8,699.66	19,292.36	27,992.02	9,390.21	22,244.74	31,634.95
Subordinated liabilities	8.61	500.00	508.61	8.48	500.00	508.48
Other financial liabilities	1,058.77	2,890.03	3,948.80	1,419.30	-	1,419.30
Non-financial liabilities						
Current tax liabilities (net)	106.03	-	106.03	188.12	-	188.12
Provisions	25.34	-	25.34	21.95	-	21.95
Deferred tax liabilities (net)	-	-	-	-	106.51	106.51
Other non-financial liabilities	59.78	-	59.78	142.13	-	142.13
Total Liabilities	11,293.67	31,523.85	42,817.52	12,973.11	33,855.09	46,828.20
Net	2,970.22	4,720.52	7,690.74	529.19	7,159.76	7,688.95



42 Segment Information

The Company is operating under single business segment i.e. to provide loans for purchase or construction of residential houses, loan against properties and loans to real estate developers. Accordingly, there is no separate reportable segment and hence no disclosure is made under Ind AS 108 - 'Operating Segment Reporting'. Further, segmentation based on geography has not been presented as the Company operates only in India.

43 Related Party Disclosures

i. List of related parties and relationship:

Name of related parties by whom control is exercised :

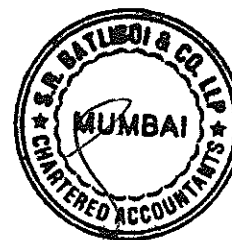
Holding Company	Edelweiss Rural & Corporate Services Limited (Formerly Edelweiss Commodities Services Limited)
Ultimate Holding Company	Edelweiss Financial Services Limited
Fellow Subsidiaries (with whom transactions have taken place)	ECL Finance Limited Edelweiss Investment Advisors Limited Edelweiss Broking Limited Edelweiss Finance & Investments Limited Edelweiss Retail Finance Limited EdelGive Foundation Edelweiss Business Services Limited (Merged with Edelweiss Rural & Corporate Services Limited w.e.f. August 01, 2018) Edelweiss Securities Limited Edelweiss Agri Value Chain Limited (Merged with Edelweiss Rural & Corporate Services Limited w.e.f. August 01, 2018) Edelweiss Global Wealth Management Limited Edelweiss Asset Management Limited Ecap Equities Limited Edelweiss General Insurance Company Limited Edel Finance Company Limited Edelweiss Custodial Services Limited EFSL Trading Limited Edelweiss Insurance Brokers Limited Edelweiss Alternative Asset Advisors Limited Edelweiss Finvest Private Limited Edelweiss Asset Reconstruction Company Limited Edelweiss Tokio Life Insurance Company Limited Edelweiss Metals Limited Edelweiss Comtrade Limited

Key Management Personnel:

Chief Executive Officer	Mr. Anil Kothuri (upto Aug 7, 2018) Mr. Rajat Avasthi (w.e.f. Oct 25, 2018)
Executive Director & CRO	Mr. Krishnaswamy Siddharth (Executive Director & CRO) (change in designation as Executive Director and CRO w.e.f. Oct 1, 2019 from Non-Executive Director)
Independent Director	Mr. P N. Venkatachalam Mr. P Vaidyanathan (w.e.f. Jan 23, 2019 upto Feb 4, 2020) Mrs. Vijayalakshmi Rajaram Iyer (upto Feb 11, 2019)
Non-Executive Director	Mr. Deepak Mittal (w.e.f. Oct 14, 2019) Mr. Vineet Mahajan (upto Mar 16, 2020) Ms. Shalinee Mimani (upto Sep 16, 2019)
Company Secretary	Mr. Ankit Jain (upto Dec 21, 2018) Mr. Sagar Tawre (w.e.f. Apr 22, 2019 upto Jul 12, 2019) Ms. Riddhi Parekh (w.e.f. Jan 3, 2020)
Chief Financial Officer	Mr. Gaurang Tailor (upto May 1, 2018) Mr. Amit Kothari (w.e.f. May 2, 2018 upto Feb 15, 2019) Mr. Manjeet Bijlani (w.e.f. Apr 22, 2019)

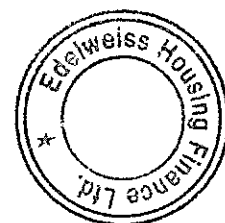
ii. Transactions with related parties :

Nature of Transaction	Related Party Name	For the year ended March 31, 2020	For the year ended March 31, 2019
Capital Account Transactions:			
Equity shares issued to	Edelweiss Financial Services Limited Edel Finance Company Limited	- -	500.00 1,000.00
Purchase of Securities	Ecap Equities Limited ECL Finance Limited	- -	174.75 1,622.95
Sale of Securities	Ecap Equities Limited	-	950.00
Short term loans taken from	Edelweiss Rural & Corporate Services Limited Edelweiss Retail Finance Limited	1,806.24 2,000.00	5,984.99 -
Short term loans repaid to	Edelweiss Rural & Corporate Services Limited Edelweiss Retail Finance Limited	1,550.00 1,190.00	6,180.06 -



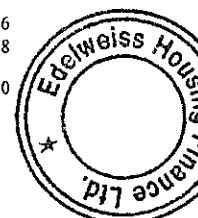
43 Related Party Disclosures

Nature of Transaction	Related Party Name	For the year ended March 31, 2020	For the year ended March 31, 2019
Short term loans given to	ECL Finance Limited	2,500.00	-
Short term loans repaid by	ECL Finance Limited	2,000.00	-
Assignment of loan book to	ECL Finance Limited	-	4,481.62
Security deposit placed with	ECap Equities Limited	80.00	-
	Edelweiss Rural & Corporate Services Limited	100.00	-
Loan sale to ARC	Edelweiss Asset Reconstruction Company Limited	1,325.00	-
Current Account Transactions:			
Interest Expenses on loan from	Edelweiss Rural & Corporate Services Limited	53.82	121.71
	Edelweiss Retail Finance Limited	112.07	-
Interest Income on loan to	ECL Finance Limited	14.25	-
Interest Income on security deposit to	ECap Equities Limited	0.32	-
	Edelweiss Rural & Corporate Services Limited	0.40	-
Interest Expenses on Non convertible Debentures	Edelweiss Rural & Corporate Services Limited	0.08	0.05
	Edelweiss Finance & Investments Limited	0.02	0.01
	ECL Finance Limited	0.21	-
Cost reimbursement paid to	Edelweiss Financial Services Limited	21.16	22.22
	Edelweiss Rural & Corporate Services Limited	13.34	1.14
	Edelweiss Asset Management Limited	-	0.01
	ECap Equities Limited	0.11	1.15
	Edelweiss Securities Limited	1.00	0.14
	Edelweiss Retail Finance Limited	-	9.23
	Edelweiss Global Wealth Management Limited	-	0.08
	Edelweiss Broking Limited	-	0.64
	ECL Finance Limited	-	3.44
	Edelweiss Investment Advisors Limited	0.94	-
ESOP cost reimbursement	Edelweiss Financial Services Limited	14.59	5.58
Cost reimbursement received from	Edelweiss Asset Management Limited	-	0.01
	Edelweiss Business Services Limited	-	0.00
	Edelweiss Retail Finance Limited	-	0.45
	Edelweiss Rural & Corporate Services Limited	-	0.04
	Edelweiss Financial Services Limited	-	0.04
	Edelweiss Custodial Services Limited	-	0.02
	ECL Finance Limited	4.48	6.51
	Edelweiss Securities Limited	-	0.04
	Edelweiss Investment Advisors Limited	-	0.03
	Edelweiss Broking Limited	0.03	0.17
	Edelweiss General Insurance Company Limited	-	0.00
	Edelcap Securities Limited	0.00	-
Service fee received from	Edelweiss Retail Finance Limited	0.03	0.04
	ECL Finance Limited	0.16	0.12
Shared premises cost paid to	ECL Finance Limited	11.20	11.54
	Edelweiss Retail Finance Limited	20.01	10.11
	ECap Equities Limited	17.55	14.50
	Edelweiss Broking Limited	1.33	1.72
	Edelweiss Global Wealth Management Limited	-	0.39
	Edelweiss Securities Limited	0.07	0.34
	Edelweiss Rural & Corporate Services Limited	11.76	10.95
	Edelweiss Asset Management Limited	0.03	0.04
	Edelweiss Comtrade Limited	0.10	-



43 Related Party Disclosures

Nature of Transaction	Related Party Name	For the year ended March 31, 2020	For the year ended March 31, 2019
Shared premises cost received from	Edelweiss Financial Services Limited	-	0.04
	Edelweiss Investment Advisors Limited	-	0.03
	Edelweiss Custodial Services Limited	0.14	0.05
	Edelweiss Securities Limited	-	0.04
	Edelweiss Broking Limited	-	0.17
	Edelweiss Retail Finance Limited	-	0.48
	Edelweiss Asset Management Limited	-	0.02
	ECL Finance Limited	-	6.86
	Edelweiss General Insurance Company Limited	0.08	-
Corporate Guarantee support fee paid to	Edelweiss Financial Services Limited	-	11.53
Rating support fees paid to	Edelweiss Financial Services Limited	0.25	0.29
Professional fees paid to	Edelweiss Rural & Corporate Services Limited	0.11	-
Management Fees paid to	Edelweiss Asset Reconstruction Company Limited	3.02	-
Commission and brokerage paid to	Edelweiss Investment Advisors Limited	0.71	3.23
Enterprise service charge paid to	Edelweiss Rural & Corporate Services Limited	55.80	94.70
	Edelweiss Financial Services Limited	8.36	-
Corporate Cost	Edelweiss Rural & Corporate Services Limited	14.40	-
	Edelweiss Financial Services Limited	17.78	-
Interest paid on non-convertible debentures to	ECL Finance Limited	-	6.95
	Edelweiss Finance & Investments Limited	-	0.02
	Ecap Equities Limited	-	3.00
Director Sitting fees	Mr. P N. Venkatachalan	0.48	0.30
	Mr. Vaidyanathan P	0.32	0.02
	Mrs. Vijayalakshmi Rajaram Iyer	-	0.24
Remuneration to	Mr. Anil Kothuri	-	36.84
	Mr. Rajat Avasthi	20.94	4.78
	Mr. Krishnaswamy Siddharth	5.79	-
	Mr. Manjeet Bijlani	7.22	-
	Mr. Gaurang Tailor	-	0.25
	Mr. Amit Kothari	-	4.13
	Mr. Ankit Jain	-	2.17
	Mr. Sagar Tawre	0.31	-
	Ms. Riddhi Parekh	0.52	-
	Sale of Property, plant and equipment	ECL Finance Limited	0.73
EdelGive Foundation		-	0.00
Edelweiss Alternative Asset Advisors Limited		0.04	0.01
Edelweiss Asset Management Limited		-	0.05
Edelweiss Asset Reconstruction Company Limited		0.02	0.02
Edelweiss Broking Limited		0.17	0.60
Edelweiss Comtrade Limited		-	0.02
Edelweiss Custodial Services Limited		0.00	0.03
Edelweiss Financial Services Limited		0.00	0.04
Edelweiss Finvest Private Limited		-	0.00
Edelweiss General Insurance Company Limited		-	0.02
Edelweiss Insurance Brokers Limited		0.02	0.00
Edelweiss Investment Advisors Limited		0.01	0.10
Edelweiss Agri Value Chain Limited		-	0.05
Edelweiss Rural & Corporate Services Limited		1.24	0.14
Edelweiss Securities Limited	0.09	0.09	
Purchase of Property, plant and equipment	Edelweiss Securities Limited	0.03	0.03
	Ecap Equities Limited	-	0.00
	ECL Finance Limited	0.25	0.15
	Edelweiss Agri Value Chain Limited	-	0.00
	Edelweiss Alternative Asset Advisors Limited	0.03	0.01
	Edelweiss Asset Management Limited	-	0.06
	Edelweiss Broking Limited	0.28	0.12
	Edelweiss Comtrade Limited	-	0.02
	Edelweiss Financial Services Limited	0.02	0.07
	Edelweiss Global Wealth Management Limited	-	0.00
	Edelweiss Investment Advisors Limited	0.02	0.03
	Edelweiss Retail Finance Limited	0.05	0.21
	Edelweiss Rural & Corporate Services Limited	0.07	0.00
Advisory fees earned from	ECL Finance Limited	74.53	169.36
	Edelweiss Retail Finance Limited	-	3.98
CSR expenses paid to	EdelGive Foundation	21.94	5.00

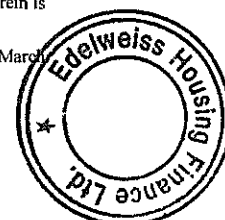
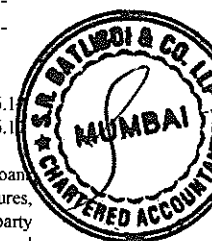


43 Related Party Disclosures

Nature of Transaction	Related Party Name	As at March 31, 2020	As at March 31, 2019
Balances with related party			
Non convertible debentures held by	ECL Finance Limited	24.57	-
	Edelweiss Finance & Investments Limited	0.16	0.16
	Edelweiss Rural & Corporate Services Limited	-	2.53
Short term borrowings from	Edelweiss Rural & Corporate Services Limited	-	0.53
	Edelweiss Retail Finance Limited	13.00	-
Interest Payable on Short term borrowings to	Edelweiss Rural & Corporate Services Limited	-	0.54
	Edelweiss Retail Finance Limited	0.11	-
Short term loan given to	ECL Finance Limited	10.00	-
Interest Receivable on Short term borrowings from	ECL Finance Limited	11.90	-
Security deposit given including accrued interest	ECap Equities Limited	80.32	-
	Edelweiss Rural & Corporate Services Limited	100.40	-
Interest accrued but not due on Non convertible debentures held by	Edelweiss Finance & Investments Limited	0.01	0.01
	Edelweiss Rural & Corporate Services Limited	-	0.18
	ECL Finance Limited	1.72	-
Trade Payables to	Edelweiss Financial Services Limited	8.61	14.71
	Edelweiss Asset Reconstruction Company Limited	0.28	-
	ECL Finance Limited	4.35	6.68
	Ecap Equities Limited	1.46	5.16
	Edelweiss Securities Limited	0.06	0.01
	Edelweiss Retail Finance Limited	2.15	5.48
	Edelweiss Global Wealth Management Limited	-	0.11
	Edelweiss Broking Limited	0.01	0.54
	Edelweiss Rural & Corporate Services Limited	11.89	52.59
	Edelweiss Asset Management Limited	0.00	0.05
	Edelweiss Investment Advisors Limited	-	0.69
Other Payable to	Edelweiss Financial Services Limited	14.59	5.58
	Edelweiss Rural & Corporate Services Limited	0.04	-
Trade Receivables from	ECL Finance Limited	9.74	6.26
	Edelweiss Financial Services Limited	0.01	0.04
	Edelweiss Retail Finance Limited	0.16	0.42
	Edelweiss Broking Limited	-	0.06
	Edelweiss Securities Limited	0.05	0.07
	Edelweiss Asset Management Limited	-	0.02
	Edelweiss Custodial Services Limited	0.01	0.05
	Edelweiss Investment Advisors Limited	-	0.01
	Edelweiss General Insurance Company Limited	0.08	0.02
	Edelweiss Comtrade Ltd	0.02	-
	Edelweiss Rural & Corporate Services Limited	0.10	-
	Edelcap Securities Limited	0.00	-
	Edelweiss Metals Limited	0.01	-
	Edelweiss Finance & Investments Limited	0.89	-
	Edel Finance Company Limited	0.01	-
	Edelweiss Tokio Life Insurance Company Limited	0.04	-
Other Receivable from	Edelweiss Finance and Investments Limited	0.45	-
	ECL Finance Limited	4.57	-
Non-fund Based			
Corporate Guarantee taken from	Edelweiss Financial Services Limited	2,384.83	3,106.11
	Edelweiss Rural & Corporate Services Limited	2,384.83	3,106.11

Notes:

- As part of fund based activities, intergroup company loans and advances activities undertaken are generally in the nature of revolving demand loans. Such loans and advances, voluminous in nature, are carried on at arm's length and in the ordinary course of business. Pursuant to Ind AS 24 – Related Party Disclosures, maximum amount of loans given and repaid are disclosed above as in the view of the management it provides meaningful reflection of such related party transactions on the financial statements. Interest income and expenses on such loans and advances are disclosed on the basis of full amounts of such loans and advances given and repaid.
- Information relating to remuneration paid to key managerial person mentioned above excludes provision made for gratuity, leave encashment, bonus and deferred bonus which are provided for group of employees on an overall basis. These are included on cash basis. The variable compensation included herein is on cash basis.
- The above list contain name of only those related parties with whom the Company has undertaken transactions for the year ended March 31, 2020 and March 31, 2019.



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

44 Leases

44.1. Transition to Ind AS 116 on Lease

Effective April 1, 2019, the Company has adopted Ind AS 116 "Leases" and applied the standard to all long-term lease contracts existing on April 1, 2019 using modified retrospective method. The Company recorded the lease liability and the right of use assets at the present value of the lease payments discounted at the incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported as per accounting policies included as part of our financial statement for the year ended March 31, 2019.

Measurement of lease liability	As at April 1, 2019
(a) Opening lease commitment disclosed as at March 31, 2019	18.25
(b) Discounted using the lessee's incremental borrowing rate of at the date of initial application	(1.59)
(c) Short Term Lease	-
(d) Low value Lease	-
(e) Change in lease term under Ind AS 116	181.87
(f) Other adjustments (please specify)	-
(g) Lease liability recognised as at 1 April 2019	198.53

The change in accounting policy affected the following items in balance sheet as on April 1, 2019

(a) Lease liability	198.53
(b) Right-of-use Asset (ROU)	179.04
(c) Deferred tax	6.81
(d) Net impact on retained earnings as on April 1, 2019 (reduction)	12.68

44.2. Set out below are the carrying amounts of right-of-use assets recognised and the movements

For the year ended
March 31, 2020

Balance as at April 1, 2019	179.04
Addition	17.41
Amortisation for the year	(41.49)
Balance as at March 31, 2020	<u>154.96</u>

44.3. Set out below are the carrying amounts of lease liabilities and the movements

Balance as at April 1, 2019	198.53
Additions/ reversal (net)	17.41
Interest on lease liabilities	18.78
Repayment of lease obligation	(52.11)
Balance as at March 31, 2020	<u>182.61</u>

44.4. Amounts recognised in profit or loss:

Depreciation expense of right-of-use assets	41.49
Interest expense on lease liabilities	18.78
Total	<u>60.27</u>

44.5. Cash outflow for leases:

Cash outflow of long term leases	52.11
Cash outflow of short term leases	1.30
Total	<u>53.41</u>

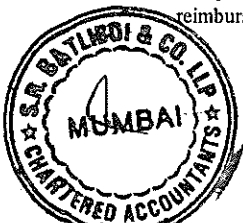
44.6. Details regarding the contractual maturities of lease liabilities, on an undiscounted basis:

As at March 31, 2020

Less than 1 year	50.70
1-3 years	79.47
3-5 years	40.23
More than 5 years	29.49
Total	<u>199.89</u>

45 Cost sharing

Edelweiss Financial Services Limited, being the ultimate holding Company along with fellow subsidiaries incurs expenditure like, Group mediclaim, insurance, rent, electricity charges etc. which is for the common benefit of itself and its certain subsidiaries, fellow subsidiaries including the Company. This cost so expended is reimbursed by the Company on the basis of number of employees, time spent by employees of other Companies, actual identifications etc. On the same lines, employees' costs expended (if any) by the Company for the benefit of fellow subsidiaries is recovered by the Company. Accordingly, and as identified by the management, the expenditure heads in note 34 and 35 include reimbursements paid and are net of reimbursements received based on the management's best estimates are Rs. 93.86 millions (previous year Rs. 72.62 millions)



46. Risk Management

(a) Introduction and risk profile

Risk is an inherent part of Company's business activities. When the Company extends a corporate or retail loan, buy or sell securities in market, or offers other products or services, the Company takes on some degree of risk. The Company's overall objective is to manage its businesses, and the associated risks, in a manner that balances serving the interests of its customers and investors and protects the safety and soundness of the Company.

The Company believes that effective risk management requires:

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

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

(b) Risk Management Structure

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

Company's risk management policy ensures that the margin requirements are conservative to be able to withstand market volatility and scenarios of sharply declining prices. As a result, Company follows conservative lending norms. The Company centralises the risk monitoring systems to monitor it's client's credit exposure which is in addition to the monitoring undertaken by the respective businesses.

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

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

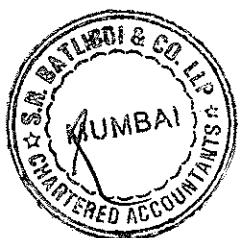
(c) Risk mitigation and risk culture

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

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

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

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

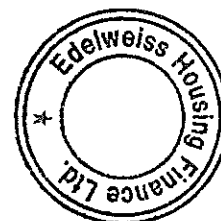


46. Risk Management

(d) Types of Risks

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

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



46.1. Credit Risk

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

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

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

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

(a) **Impairment Assessment:**

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

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

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

(b) **Expected Credit Loss**

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

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

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

Time value of money

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

(c) **Significant increase in credit risk (SICR)**

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



46.1. Credit Risk

(d) **Probability of Default**

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

(e) **Loss Given Default (LGD)**

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

(f) **Exposure at Default (EAD)**

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

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

Where,

$$\text{Drawn Credit Line} = \text{Current outstanding amount}$$

$$\text{Credit Conversion Factor (CCF)} = \text{Expected future drawdown as a proportion of undrawn amount}$$

$$\text{Undrawn Credit Line} = \text{Difference between the total amount which the Company has committed and the drawn credit line}$$

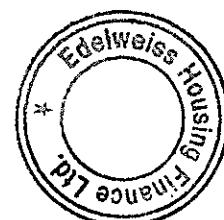
While the drawn exposure and limits for the customer are available, the modelling of CCF is required for computing the EAD

(g) **Forward looking adjustments**

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

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

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



46.1. Credit Risk

(h) Data sourcing

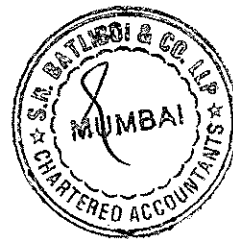
The Company is expected to obtain reasonable and supportable information that is available without undue cost or effort. Keeping in mind the above requirement macroeconomic information was aggregated from Economic Intelligence Unit (EIU), Bloomberg, World Bank, RBI database. The EIU data has a database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

(i) Probability weighted scenario creations:

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

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

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



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

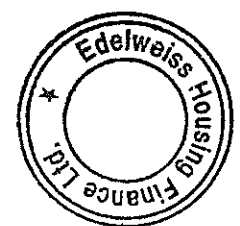
46.1.1. Risk concentration

The following table shows the risk concentration by industry for the components of the balance sheet. Additional disclosures for credit quality and the maximum exposure for credit risk per categories based on the Company's internal credit assessment system and year-end stage classification are further disclosed in Note 10.

Industry analysis

As at March 31, 2020	Financial services	Retail - Housing	Retail - Non Housing	Construction	Total
Financial assets					
Cash and cash equivalent and other bank balances	5,668.48	-	-	-	5,668.48
Trade receivables	58.46	-	-	-	58.46
Loans	21.90	25,931.54	16,265.16	982.02	43,200.62
Investments	-	-	606.98	437.75	1,044.73
Other financial assets	244.92	-	-	-	244.92
	5,993.76	25,931.54	16,872.14	1,419.77	50,217.21
Loan Commitments	-	367.95	81.25	35.00	484.19
Total	5,993.76	26,299.48	16,953.39	1,454.77	50,701.40

As at March 31, 2019	Financial services	Retail - Housing	Retail - Non Housing	Construction	Total
Financial assets					
Cash and cash equivalent and other bank balances	673.82	-	-	-	673.82
Trade receivables	8.49	-	-	-	8.49
Loans	-	29,630.91	21,119.14	2,848.95	53,599.01
Investments	-	-	-	-	-
Other financial assets	62.86	-	-	-	62.86
	745.17	29,630.91	21,119.14	2,848.95	54,344.18
Loan Commitments	-	730.78	73.55	712.88	1,517.21
Total	745.17	30,361.69	21,192.69	3,561.83	55,861.39



46.1.2. Collateral held and other credit enhancements

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

	Maximum exposure to credit risk (carrying amount before ECL)		Principal type of collateral
	As at	As at	
	March 31, 2020	March 31, 2019	
Financial assets			
Loans (at amortised cost):			
Retail Loans	42,871.99	51,813.15	Property; book receivables
Wholesale Loan	709.00	2,072.85	Property; book receivables
Total (A)	43,580.99	53,886.00	
Loan commitments	484.19	1,517.21	Property; book receivables
Total (B)	484.19	1,517.21	
Total (A + B)	44,065.18	55,403.21	

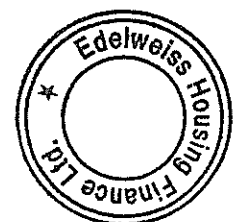
- (b) Financial assets that are stage 3 and related collateral held in order to mitigate potential losses are given below:

As at March 31, 2020

	Maximum exposure to credit risk (carrying amount before ECL)	Associated ECL	Carrying amount	Fair value of collateral
Financial assets				
Retail Loan	738.39	107.60	630.80	3,012.46
Wholesale Loan	22.18	2.81	19.37	90.00
Total (A)	760.57	110.41	650.17	3,102.46
Loan commitments (Retail)	2.38	0.19	2.20	9.69
Total (B)	2.38	0.19	2.20	9.69
Total (A + B)	762.95	110.60	652.37	3,112.15

As at March 31, 2019

Financial assets				
Retail Loans	982.91	139.02	843.89	1,405.34
Total (A)	982.91	139.02	843.89	1,405.34
Loan commitments	84.45	1.87	82.59	120.74
Total (B)	84.45	1.87	82.59	120.74
Total (A + B)	1,067.36	140.89	926.48	1,526.08



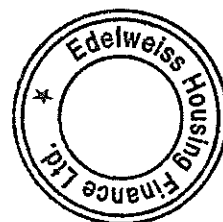
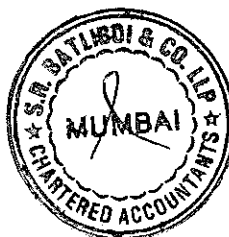
Edelweiss Housing Finance Limited
Notes to the financial statements (Continued)
(Currency : Indian rupees in millions)

46.1.3. Transfer of financial assets

(a) Transferred financial assets that are not derecognised in their entirety

The following tables provide a summary of financial assets that have been transferred in such a way that part or all of the transferred financial assets do not qualify for derecognition, together with the associated liabilities.

	As at March 31, 2020	As at March 31, 2019
Securitisations		
Carrying amount of transferred assets <i>(held as Collateral)</i>	3,591.91	-
Carrying amount of associated liabilities	3,564.76	-
Fair value of assets	3,591.91	-
Fair value of associated liabilities	3,564.76	-
Net position at FV	27.15	-



46.2. Liquidity Risk

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

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

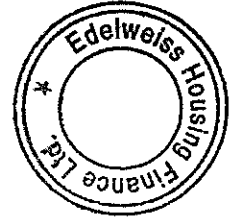
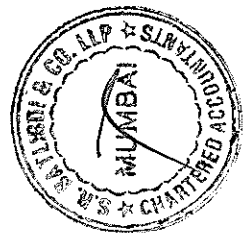
46.2.1. Analysis of non-derivative financial assets and liabilities by remaining contractual maturities

As at March 31, 2020	On demand	1 to 14 days	15 days to 1 month	1 month to 2 months	2 months to 3 months	3 months to 6 months	6 months to 1 year	1 year to 3 years	3 years to 5 years	Over 5 years	Total
A. Financial Assets											
Cash and cash equivalent and other bank balances	745.40	4,183.76	-	-	47.23	72.41	581.61	20.61	17.46	-	5,668.48
Trade receivables	-	-	-	58.46	-	-	-	-	-	-	58.46
Loans	-	633.37	268.75	1,027.86	1,420.80	5,684.97	6,105.55	14,912.45	9,919.03	39,104.01	79,076.79
Investments	-	-	-	-	-	-	-	-	-	1,044.73	1,044.73
Other financial assets	-	-	-	-	-	-	6.79	238.13	-	-	244.92
Total undiscounted financial assets	745.40	4,817.13	268.75	1,086.32	1,468.03	5,757.38	6,693.95	15,171.19	9,936.49	40,148.74	86,093.38
B. Financial Liabilities											
Trade payables	-	-	-	85.37	-	-	-	-	-	-	85.37
Debt securities	-	-	12.37	139.80	564.32	233.55	739.23	5,192.59	1,096.61	7,117.42	15,095.89
Borrowings (other than debt securities)	13.11	-	194.82	317.23	2,418.28	2,578.63	5,377.41	16,027.43	5,759.21	929.60	33,615.72
Subordinated financial liabilities	-	-	-	-	-	-	56.25	112.50	112.50	-	786.34
Other financial liabilities	-	206.95	190.13	60.08	82.42	184.55	334.64	786.76	270.42	1,832.85	3,948.80
Total undiscounted financial liabilities	13.11	206.95	397.32	602.48	3,065.02	2,996.73	6,507.53	22,119.28	7,238.74	10,384.96	53,532.12
Net financial assets / (liabilities)	732.29	4,610.18	(128.57)	483.84	(1,596.99)	2,760.65	186.42	(6,948.09)	2,697.75	29,763.78	32,561.26

Note - The company has financing arrangement from banks/ financial institutions in form of committed credit lines. Undrawn committed credit lines as at March 31, 2020 is Rs. 1,820.00 million.

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

Undrawn loan commitments	-	280.89	64.30	37.30	17.68	36.58	28.37	19.07	-	-	484.19
Total	-	280.89	64.30	37.30	17.68	36.58	28.37	19.07	-	-	484.19



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Notes to the financial statements (Continued)
(Currency : Indian rupees in millions)

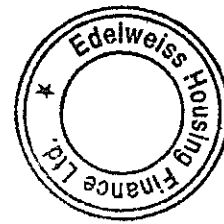
46.2. Liquidity Risk

As at March 31, 2019	On demand	1 to 14 days	15 days to 1 month	1 month to 2 months	2 months to 3 months	3 months to 6 months	6 months to 1 year	1 year to 3 years	3 years to 5 years	Over 5 years	Total
A. Financial Assets											
Cash and cash equivalent and other bank balances	593.60	-	-	-	-	23.77	40.11	-	16.34	-	673.82
Trade receivables	-	-	8.49	-	-	-	-	-	-	-	8.49
Loans	-	847.64	468.94	1,585.97	2,021.77	4,501.13	8,768.51	14,107.62	12,873.06	57,994.46	1,03,169.11
Investments	-	-	-	-	-	-	-	-	-	-	-
Other financial assets	-	-	-	-	-	-	5.99	56.87	-	-	62.86
Total undiscounted financial assets	593.60	847.64	477.43	1,585.97	2,021.77	4,524.90	8,814.61	14,164.49	12,889.39	57,994.46	1,03,914.27
B. Financial Liabilities											
Trade payables	-	-	-	-	-	224.26	-	-	-	-	224.26
Debt securities	-	470.46	122.12	57.22	83.17	1,084.64	220.28	4,781.36	4,055.59	7,573.76	18,488.60
Borrowings (other than debt securities)	0.53	-	213.75	338.01	2,350.68	2,922.38	5,999.86	16,241.11	7,812.04	2,330.17	38,208.54
Subordinated financial liabilities	-	-	-	-	-	-	56.20	112.70	112.70	569.80	851.40
Other financial liabilities	-	-	-	1,419.30	-	-	-	-	-	-	1,419.30
Total undiscounted financial liabilities	0.53	470.46	335.87	1,640.08	2,433.85	4,231.28	6,276.34	21,135.17	12,020.33	10,473.74	59,017.65
Net financial assets / (liabilities)	593.07	377.18	141.57	(54.11)	(412.09)	293.62	2,538.27	(6,970.68)	869.07	47,520.72	44,896.62

Note - The company has financing arrangement from banks/ financial institutions in form of committed credit lines. Undrawn committed credit lines as at March 31, 2019 is Rs. 2927.60 million.

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

Undrawn loan commitments	-	-	-	-	-	-	1,517.21	-	-	-	1,517.21
Total	-	-	-	-	-	-	1,517.21	-	-	-	1,517.21



Edelweiss Housing Finance Limited
Notes to financial statements
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46.2. Liquidity Risk

46.2.3. Financial assets available to support future funding

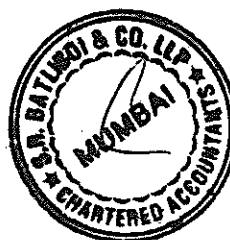
Following table sets out the availability of Company's financial assets to support funding

As at March 31, 2020	Encumbered		Unencumbered Available as collateral	others ²	Total carrying amount
	Pledge as collateral	Contractually/ legally restricted assets ¹			
Cash and cash equivalent including bank balance	5,628.39	40.09	0.00	-	5,668.48
Trade receivables	-	-	58.46	-	58.46
Loans	37,714.82	4,513.33	972.47	-	43,200.62
Investments	-	1,044.73	-	-	1,044.73
Property, Plant and Equipment	1.21	-	-	-	1.21
Other financial assets	-	-	-	-	-
Total assets	43,344.42	5,598.15	1,030.93	-	49,973.50

As at March 31, 2019	Encumbered		Unencumbered Available as collateral	others ²	Total carrying amount
	Pledge as collateral	Contractually/ legally restricted assets ¹			
Cash and cash equivalent including bank balance	38.88	40.04	594.89	-	673.82
Trade receivables	-	-	8.49	-	8.49
Loans	50,765.70	-	2,833.31	-	53,599.01
Investments	-	-	-	-	-
Property, Plant and Equipment	1.21	-	-	-	1.21
Other financial assets	-	-	-	-	-
Total assets	50,805.79	40.04	3,436.69	-	54,282.53

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

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



Edelweiss Housing Finance Limited
Notes to the financial statements (Continued)
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46.3. Market Risk

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

Exposure to market risk – Non trading portfolios

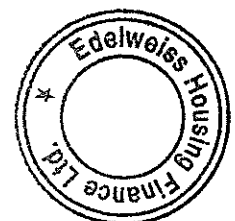
Interest rate risk - The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates. Interest rate risk is managed principally through monitoring interest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

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

46.3.1 Market risk exposure

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

Particulars	As at March 31, 2020			As at March 31, 2019			Primary risk sensitivity
	Carrying amount	Traded risk	Non-traded risk	Carrying amount	Traded risk	Non-traded risk	
Financial Assets							
Cash and cash equivalent and other bank balances	5,668.48	-	5,668.48	673.82	-	673.82	Interest rate
Loans	43,200.62	-	43,200.62	53,599.01	-	53,599.01	Interest rate
Investments	1,044.73	-	1,044.73	-	-	-	Interest rate
Trade receivables	58.46	-	58.46	8.49	-	8.49	
Other financial assets	244.92	-	244.92	62.86	-	62.86	
Total	50,217.21	-	50,217.21	54,344.18	-	54,344.18	
Financial Liabilities							
Debt securities	10,091.57	-	10,091.57	12,582.50	-	12,582.50	Interest rate
Borrowings (other than Debt Securities)	27,992.02	-	27,992.02	31,634.95	-	31,634.95	Interest rate
Subordinated liabilities	508.61	-	508.61	508.48	-	508.48	Interest rate
Trade payables	85.37	-	85.37	224.26	-	224.26	
Other liabilities	3,948.80	-	3,948.80	1,419.30	-	1,419.30	
Total	42,626.37	-	42,626.37	46,369.49	-	46,369.49	



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

46.3. Market Risk

46.3.2 Interest rate risk

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

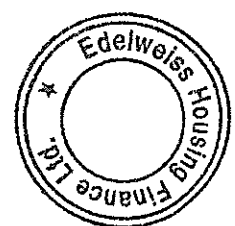
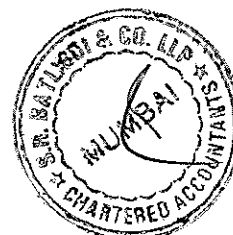
The following table demonstrates the sensitivity to a reasonably possible change in interest rates (all other variables being constant) of the Company's statement of profit and loss and equity.

INR Loans

For the year ended	Increase/ (Decrease) in basis points	Increase in profit after tax	Decrease in profit after tax	Increase in Equity (Decrease) in Equity
<u>INR Loans</u>				
March 31, 2020	25/(25)	45.46	(45.46)	45.46 (45.46)
March 31, 2019	25/(25)	52.52	(52.52)	52.52 (52.52)

INR Borrowings

March 31, 2020	25/(25)	(50.97)	50.97	(50.97) 50.97
March 31, 2019	25/(25)	(49.76)	49.76	(49.76) 49.76



47.1. Fair Value measurement:

A. Valuation principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique. In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques:

Level 1 – valuation technique using quoted market price: financial instruments with quoted prices for identical instruments in active markets that company can access at the measurement date.

Level 2 – valuation technique using observable inputs: Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life.

Level 3 – valuation technique with significant unobservable inputs: Those that include one or more unobservable input that is significant to the measurement as whole.

Refer note 3.11 for more details on fair value hierarchy

B. Valuation governance framework

The Company's fair value methodology and the governance over its models includes a number of controls and other procedures to ensure appropriate safeguards are in place to ensure its quality and adequacy. All new product initiatives (including their valuation methodologies) are subject to approvals by various functions of the Company including the risk and finance functions.

Where fair values are determined by reference to externally quoted prices or observable pricing inputs to models, independent price determination or validation is used. For inactive markets, Company sources alternative market information, with greater weight given to information that is considered to be more relevant and reliable.

The responsibility of ongoing measurement resides with the business and product line divisions. However finance department is also responsible for establishing procedures governing valuation and ensuring fair values are in compliance with accounting standards.

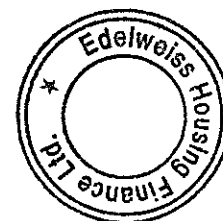
C. The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy

As at March 31, 2020	Level 1	Level 2	Level 3	Total
Assets measured at fair value on a recurring basis				
Other financial assets				
Security receipts	-	-	1,044.73	1,044.73
Total financial instruments measured at fair value - C	-	-	1,044.73	1,044.73
As at March 31, 2019	Level 1	Level 2	Level 3	Total
Assets measured at fair value on a recurring basis				
Other financial assets				
Security receipts	-	-	-	-
Total financial instruments measured at fair value - C	-	-	-	-

D. Valuation techniques:

Security receipts

The market for these securities is not active. Therefore, the Company uses valuation techniques to measure their fair values. Since the security receipts are less liquid instruments therefore they are valued by discounted cash flow models. Expected cash flow levels are estimated by using quantitative and qualitative measures regarding the characteristics of the underlying assets including prepayment rates, default rates and other economic drivers. Securities receipts with significant unobservable valuation inputs are classified as Level 3



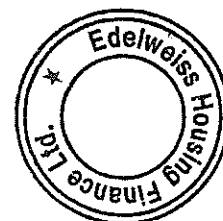
Edelweiss Housing Finance Limited
Notes to the financial statements (Continued)
(Currency : Indian rupees in millions)

47.1. Fair Value measurement:

E. There have been no transfers between levels during the year ended March 31, 2020 and March 31, 2019.

F. The following table shows a reconciliation of the opening balances and the closing balances for fair value measurements in Level 3 of the fair value hierarchy.

Financial year ended March 2020	<u>Security receipts</u>	<u>Total</u>
Investments - at April 1, 2019	-	-
Purchase	1,044.88	1,044.88
Sale/Redemption proceeds	(0.14)	(0.14)
Profit for the year recognised in profit or loss	-	-
Investments - at March 31, 2020	<u>1,044.73</u>	<u>1,044.73</u>
Unrealised gain/(Loss) related to balances held at the end of the year	-	-
Financial year ended March 2019	<u>Security receipts</u>	<u>Total</u>
Investments - at April 1, 2018	-	-
Purchase	-	-
Sale/Redemption proceeds	-	-
Profit for the year recognised in profit or loss	-	-
Investments - at March 31, 2019	<u>-</u>	<u>-</u>
Unrealised gain/(Loss) related to balances held at the end of the year	-	-



Edelweiss Housing Finance Limited
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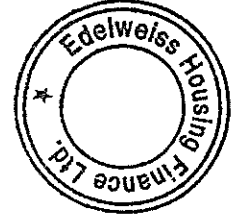
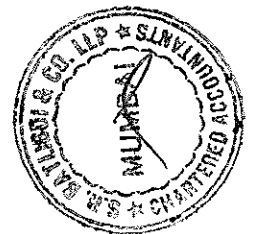
47.1. Fair Value measurement:

G. Impact on fair value of level 3 financial instrument of changes to key unobservable inputs

The below table summarises the valuation techniques together with the significant unobservable inputs used to calculate the fair value of the Company's Level 3 Instruments i.e. Securities receipts. The range of values indicates the highest and lowest level input used in the valuation technique and, as such, only reflects the characteristics of the instruments as opposed to the level of uncertainty to their valuation. Relationships between unobservable inputs have not been incorporated in this summary.

Type of Financial Instruments	Fair value of asset as on 31 March 2020	Valuation techniques	Significant unobservable input	Range of estimates for unobservable input	Increase in the unobservable input	Change in fair value	Decrease in the unobservable input	Change in fair value
Security receipts	1,044.73	Discounted Cash flow. The present value of expected future economic benefits to be derived from the ownership of the underlying investments of the Trust.	Expected future cash flows	1,317.72	5% increase in Expected future Cash flow	56.47	5% Decrease in Expected future Cash flow	(56.47)
			Risk-adjusted discount rate	12.00%	0.5% increase in Risk-adjusted discount rate	(4.64)	0.5% Decrease in Risk-adjusted discount rate	4.69

Type of Financial Instruments	Fair value of asset as on 31 March 2019	Valuation techniques	Significant unobservable input	Range of estimates for unobservable input	Increase in the unobservable input	Change in fair value	Decrease in the unobservable input	Change in fair value
Security receipts	-	Discounted Cash flow. The present value of expected future economic benefits to be derived from the ownership of the underlying investments of the Trust.	Expected future cash flows	-	5% increase in Expected future Cash flow	-	5% Decrease in Expected future Cash flow	-
			Risk-adjusted discount rate	-	0.5% increase in Risk-adjusted discount rate	-	0.5% Decrease in Risk-adjusted discount rate	-



47.2. Financial instruments not measured at fair value

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

<u>As on March 31, 2020</u>	Total Carrying Amount	Total fair value	Level 1	Level 2	Level 3
Financial assets:					
Loans	43,200.62	44,884.56	-	-	44,884.56
Total	43,200.62	44,884.56	-	-	44,884.56
Financial liabilities					
Debt securities	10,091.57	10,367.03	-	10,367.03	-
Borrowing (other than debt securities)	2,384.83	2,397.47	-	2,397.47	-
Subordinated liabilities	508.61	556.74	-	556.74	-
Total	12,985.01	13,321.24	-	13,321.24	-
Off-balance sheet items					
Loan commitments	484.19	242.10	-	-	242.10
Total	484.19	242.10	-	-	242.10
<u>As on March 31, 2019</u>					
Financial assets:					
Loans	53,599.01	54,647.65	-	-	54,647.65
Total	53,599.01	54,647.65	-	-	54,647.65
Financial liabilities					
Debt securities	12,582.50	12,700.30	-	12,700.30	-
Borrowing (other than debt securities)	3,106.17	3,122.47	-	3,122.47	-
Subordinated liabilities	508.48	556.55	-	556.55	-
Total	16,197.15	16,379.32	-	16,379.32	-
Off-balance sheet items					
Loan commitments	1,517.21	758.61	-	-	758.61
Total	1,517.21	758.61	-	-	758.61

Valuation Methodologies of Financial Instruments not measured at fair value

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

Short Term Financial Assets and Liabilities

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

Financial assets at amortised cost

The fair values of financial assets measured at amortised cost are estimated using a discounted cash flow model based on contractual cash flows using actual or estimated yields and discounting by yields incorporating the counterparties' credit risk. In case of floating interest rate linked loans, since such loans are subject to repricing periodically (less than twelve months), with the interest rate reflecting current market price. Hence carrying value of such loans is deemed to be equivalent of fair value.

Issued Debt

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

Financial liabilities at amortised cost

The fair values of financial liabilities measured at amortised cost are estimated using a discounted cash flow model based on contractual cash flows using actual or estimated yields and discounting by yields. In case of floating interest rate linked borrowings, since such borrowings are subject to repricing periodically (less than twelve months), with the interest rate reflecting current market price. Hence carrying value of such borrowings is deemed to be equivalent of fair value.

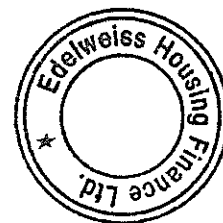


Edelweiss Housing Finance Limited
Notes to the financial statements (Continued)
(Currency : Indian rupees in millions)

48. Trade receivables

Provision matrix for Trade receivables

Particulars	Trade receivables days past due	1-90days	91-180 days	181-360 days	more than 360 days	Total
ECL rate		0%	0%	0%	100%	
As at	Estimated total gross carrying amount at default	11.42	0.33	0.81	0.10	12.66
March 31, 2020	ECL - Simplified approach	(0.01)	(0.00)	(0.14)	(0.10)	(0.26)
	Net carrying amount	11.41	0.33	0.67	-	12.40
As at	Estimated total gross carrying amount at default	7.62	0.16	0.22	0.57	8.56
March 31, 2019	ECL - Simplified approach	-	-	-	(0.07)	(0.07)
	Net carrying amount	7.62	0.16	0.22	0.50	8.49



Edelweiss Housing Finance Limited
Notes to the financial statements (Continued)
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49 Details of the loan taken from Banks and other parties

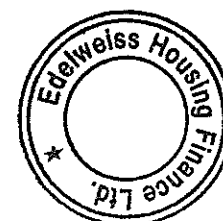
Nature of security and terms of repayment for secured borrowings (other than debentures):

All secured long term borrowings are secured by way of hypothecation of receivables i.e. loans and advances and corporate guarantee from the ultimate holding company and/or holding company.

(a) From Banks
As at March 31, 2020

Month of Maturity / Repayment	Rate of Interest		Total*
	< 10%	10.01-11.00%	
February-2025	-	35.71	35.71
December-2024	697.92	-	697.92
November-2024	-	35.71	35.71
September-2024	72.92	-	72.92
August-2024	-	35.71	35.71
June-2024	747.92	-	747.92
May-2024	-	35.71	35.71
March-2024	226.32	-	226.32
February-2024	-	35.71	35.71
December-2023	852.12	-	852.12
November-2023	-	35.71	35.71
September-2023	595.54	-	595.54
August-2023	-	35.71	35.71
June-2023	1,283.04	-	1,283.04
May-2023	-	35.71	35.71
March-2023	1,001.79	-	1,001.79
February-2023	-	35.71	35.71
December-2022	1,744.06	-	1,744.06
November-2022	-	35.71	35.71
September-2022	1,276.14	-	1,276.14
August-2022	-	35.71	35.71
June-2022	1,901.14	-	1,901.14
May-2022	-	35.71	35.71
March-2022	1,276.14	-	1,276.14
February-2022	-	35.71	35.71
December-2021	1,901.14	-	1,901.14
November-2021	-	35.71	35.71
September-2021	1,276.14	-	1,276.14
August-2021	-	35.71	35.71
June-2021	1,901.14	-	1,901.14
May-2021	-	35.71	35.71
March-2021	1,613.21	35.90	1,649.11
February-2021	33.33	35.71	69.05
December-2020	1,619.89	35.71	1,655.60
November-2020	33.33	35.71	69.05
September-2020	1,794.47	35.71	1,830.18
August-2020	80.21	35.71	115.92
June-2020	1,888.65	35.71	1,924.36
May-2020	80.21	35.71	115.92
Total	23,896.73	857.32	24,754.05

*Excluding of interest accrued and EIR Impact



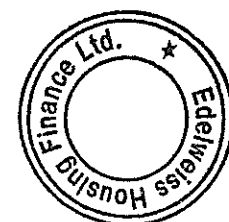
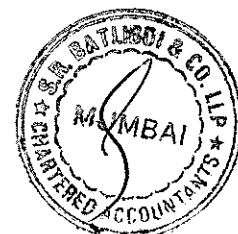
Edelweiss Housing Finance Limited
Notes to the financial statements (Continued)
(Currency : Indian rupees in millions)

49 Details of the loan taken from Banks and other parties

(a) From Banks
As at March 31, 2019

Month of Maturity / Repayment	Rate of Interest		Total
	< 10%	10.01-11.00%	
February-2025	35.71	-	35.71
December-2024	72.92	-	72.92
November-2024	35.71	-	35.71
September-2024	72.92	-	72.92
August-2024	35.71	-	35.71
June-2024	72.92	-	72.92
May-2024	35.71	-	35.71
March-2024	184.13	-	184.13
February-2024	35.71	-	35.71
December-2023	184.93	-	184.93
November-2023	35.71	-	35.71
September-2023	553.35	-	553.35
August-2023	35.71	-	35.71
June-2023	615.85	-	615.85
May-2023	35.71	-	35.71
March-2023	959.60	-	959.60
February-2023	37.28	-	37.28
December-2022	1,076.88	-	1,076.88
November-2022	37.28	-	37.28
September-2022	1,233.95	-	1,233.95
August-2022	37.28	-	37.28
June-2022	1,233.95	-	1,233.95
May-2022	37.28	-	37.28
March-2022	1,233.95	-	1,233.95
February-2022	37.28	-	37.28
December-2021	1,233.95	-	1,233.95
November-2021	37.28	-	37.28
September-2021	1,258.95	-	1,258.95
August-2021	92.49	-	92.49
July-2021	8.33	-	8.33
June-2021	1,258.95	-	1,258.95
May-2021	92.49	-	92.49
April-2021	8.33	-	8.33
March-2021	1,631.92	-	1,631.92
February-2021	125.82	-	125.82
January-2021	8.33	-	8.33
December-2020	1,638.40	-	1,638.40
November-2020	125.82	-	125.82
October-2020	8.33	-	8.33
September-2020	1,812.98	-	1,812.98
August-2020	125.82	-	125.82
July-2020	8.33	-	8.33
June-2020	1,932.16	-	1,932.16
May-2020	125.82	-	125.82
April-2020	8.33	-	8.33
March-2020	1,963.23	-	1,963.23
February-2020	125.82	-	125.82
January-2020	8.33	-	8.33
December-2019	1,969.66	-	1,969.66
November-2019	125.82	-	125.82
October-2019	8.33	-	8.33
September-2019	2,062.85	-	2,062.85
August-2019	125.82	-	125.82
July-2019	8.33	-	8.33
June-2019	2,000.91	-	2,000.91
May-2019	125.82	-	125.82
April-2019	8.33	-	8.33
Total	28,043.53	-	28,043.53

*Excluding of interest accrued and EIR Impact

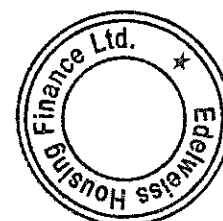


Edelweiss Housing Finance Limited
Notes to the financial statements (Continued)
(Currency : Indian rupees in millions)

49 Details of the loan taken from Banks and other parties

(b) From The National Housing Bank
As at March 31, 2020

Month of Maturity / Repayment	Rate of Interest				Total
	<6.5%	6.5% to <=8.50%	8.51% to 9.5%	>9.50%	
October-2031	-	-	-	9.40	9.40
July-2031	-	-	-	20.22	20.22
April-2031	-	-	-	20.66	20.66
January-2031	-	-	-	20.66	20.66
October-2030	-	-	-	20.66	20.66
July-2030	-	-	-	20.66	20.66
April-2030	-	-	6.74	20.66	27.40
January-2030	-	-	12.74	20.66	33.40
October-2029	-	-	12.74	20.66	33.40
July-2029	-	-	12.74	20.66	33.40
April-2029	-	-	12.74	20.66	33.40
January-2029	-	-	12.74	20.66	33.40
October-2028	-	-	12.74	20.66	33.40
July-2028	-	-	12.74	20.66	33.40
April-2028	-	-	12.74	20.66	33.40
January-2028	-	-	12.74	20.66	33.40
October-2027	-	-	12.74	20.66	33.40
July-2027	-	-	12.74	20.66	33.40
April-2027	-	-	12.74	20.66	33.40
January-2027	-	-	12.74	20.66	33.40
October-2026	-	-	12.74	20.66	33.40
July-2026	-	-	12.74	20.66	33.40
April-2026	-	-	12.74	20.66	33.40
January-2026	-	-	12.74	20.66	33.40
October-2025	-	-	12.74	20.66	33.40
July-2025	27.30	-	12.74	20.66	60.70
April-2025	30.50	-	12.74	20.66	63.90
January-2025	31.45	-	12.74	20.66	64.85
October-2024	31.95	0.37	12.74	20.66	65.72
July-2024	39.97	0.48	12.74	20.66	73.85
April-2024	41.21	0.48	12.74	20.66	75.09
January-2024	41.21	0.48	12.74	20.66	75.09
October-2023	41.21	0.48	12.74	20.66	75.09
July-2023	41.21	0.48	12.74	20.66	75.09
April-2023	41.21	0.48	18.73	20.66	81.08
January-2023	41.21	0.48	19.97	20.66	82.32
October-2022	41.21	0.48	19.97	20.66	82.32
July-2022	41.21	0.48	20.95	20.66	83.30
April-2022	41.21	0.48	23.36	20.66	85.71
January-2022	41.21	0.48	23.36	20.66	85.71
October-2021	41.21	0.48	23.36	20.66	85.71
July-2021	41.21	0.48	23.36	20.66	85.71
April-2021	41.21	0.48	23.36	20.66	85.71
January-2021	41.21	0.48	23.36	20.66	85.71
October-2020	41.21	0.48	23.36	20.66	85.71
July-2020	41.21	0.48	23.36	20.66	85.71
Total	820.53	8.52	617.12	938.66	2,384.83

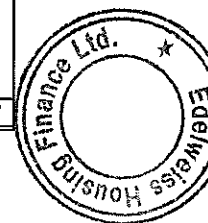
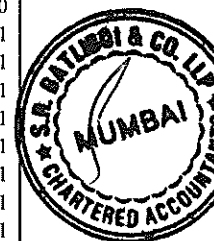


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(Currency : Indian rupees in millions)

49 Details of the loan taken from Banks and other parties

(b) From The National Housing Bank
As at March 31, 2019

Month of Maturity / Repayment	Rate of Interest				Total
	<6.5%	6.5% to <=8.50%	8.51% to 9.5%	>9.50%	
December-2033	-	-	-	1.72	1.72
September-2033	-	-	-	20.66	20.66
June-2033	-	-	-	20.66	20.66
March-2033	-	-	-	20.66	20.66
December-2032	-	-	-	20.66	20.66
September-2032	-	-	-	20.66	20.66
June-2032	-	7.62	-	20.66	28.28
March-2032	-	12.54	-	20.66	33.20
December-2031	-	12.54	-	20.66	33.20
September-2031	-	12.54	-	20.66	33.20
June-2031	-	12.54	-	20.66	33.20
March-2031	-	12.54	-	20.66	33.20
December-2030	-	12.64	-	20.66	33.30
September-2030	-	12.74	-	20.66	33.40
June-2030	-	12.74	-	20.66	33.40
March-2030	-	12.74	-	20.66	33.40
December-2029	-	12.74	-	20.66	33.40
September-2029	-	12.74	-	20.66	33.40
June-2029	-	12.74	-	20.66	33.40
March-2029	-	12.74	-	20.66	33.40
December-2028	-	12.74	-	20.66	33.40
September-2028	-	12.74	-	20.66	33.40
June-2028	-	12.74	-	20.66	33.40
March-2028	-	12.74	-	20.66	33.40
December-2027	-	12.74	-	20.66	33.40
September-2027	-	12.74	-	20.66	33.40
June-2027	-	12.74	-	20.66	33.40
March-2027	-	12.74	-	20.66	33.40
December-2026	-	12.74	-	20.66	33.40
September-2026	-	12.74	-	20.66	33.40
June-2026	-	12.74	-	20.66	33.40
March-2026	0.20	12.74	-	20.66	33.60
December-2025	8.45	12.74	-	20.66	41.85
September-2025	31.95	12.74	-	20.66	65.35
June-2025	31.95	12.74	-	20.66	65.35
March-2025	31.95	12.74	-	20.66	65.35
December-2024	39.65	12.83	-	20.66	73.14
September-2024	41.21	13.22	-	20.66	75.09
June-2024	41.21	13.22	-	20.66	75.09
March-2024	41.21	13.22	-	20.66	75.09
December-2023	41.21	13.22	4.09	20.66	79.17
September-2023	41.21	13.22	7.24	20.66	82.32
June-2023	41.21	13.22	7.24	20.66	82.32
March-2023	41.21	13.22	7.24	20.66	82.32
December-2022	41.21	13.22	7.24	20.66	82.32
September-2022	41.21	13.22	7.24	20.66	82.32
June-2022	41.21	13.22	8.22	20.66	83.30
March-2022	41.21	13.22	10.63	20.66	85.71
December-2021	41.21	13.22	10.63	20.66	85.71
September-2021	41.21	13.22	10.63	20.66	85.71
June-2021	41.21	13.22	10.63	20.66	85.71
March-2021	41.21	13.22	10.63	20.66	85.71
December-2020	41.21	13.22	10.63	20.66	85.71
September-2020	41.21	13.22	10.63	20.66	85.71
June-2020	41.21	13.22	10.63	20.66	85.71
March-2020	41.21	13.22	10.63	20.66	85.71
December-2019	41.21	13.22	10.63	20.66	85.71
September-2019	41.21	13.22	10.63	20.66	85.71
June-2019	41.21	13.22	10.63	20.66	85.71
Total	1,050.77	679.42	175.98	1,200.00	3,106.17



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

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

As at March 31, 2020

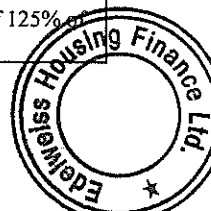
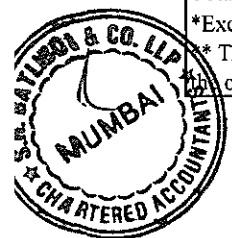
Description of Secured Redeemable Non Convertible Debentures (NCD)	Rate	Issue Date	Redemption Date	No. of NCDs	Amount*
EHFL 10.03%, Monthly**	10.03%	18-Mar-2019	18-Mar-2029	1,500	1,500.00
EHFL/Public NCD/Series VII	0.00%	19-Jul-2016	19-Jul-2026	59,841	59.84
EHFL/Public NCD/Series VI	10.00%	19-Jul-2016	19-Jul-2026	34,62,048	3,462.05
EHFL/Public NCD/Series V	9.57%	19-Jul-2016	19-Jul-2026	2,48,424	248.42
EHFL/NCD/29Apr26	9.62%	29-Apr-2016	29-Apr-2026	250	250.00
EHFL/NCD/30Jun22	8.55%	30-Jun-2017	30-Jun-2022	100	100.00
EHFL_Reissuance	8.55%	12-Jul-2017	30-Jun-2022	200	200.00
EHFL/NCD/21Jun22	8.55%	21-Jun-2017	21-Jun-2022	500	500.00
EHFL/NCD/19May22	8.55%	19-May-2017	19-May-2022	500	500.00
EHFL Aug 2021	0.00%	27-Jul-2018	12-Aug-2021	500	500.00
EHFL/Public NCD/Series IV	0.00%	19-Jul-2016	19-Jul-2021	41,815	41.82
EHFL/Public NCD/Series III	9.75%	19-Jul-2016	19-Jul-2021	5,89,016	589.02
EHFL ZCB 2021	0.00%	04-Apr-2018	04-May-2021	450	450.00
EHFL/NCD/15Apr21	0.00%	20-Feb-2018	15-Apr-2021	70	70.00
EHFL/NCD/15Apr21	0.00%	22-Mar-2018	15-Apr-2021	178	178.00
EHFL/NCD/02Jun20	0.00%	13-Jun-2017	02-Jun-2020	100	100.00
EHFL_Reissuance_2	0.00%	20-Jul-2017	02-Jun-2020	300	300.00
EHFL_Reissuance	0.00%	19-Sep-2017	02-Jun-2020	150	150.00
EHFL/NCD/12May20	0.00%	21-Apr-2017	12-May-2020	125	125.00
Total					9,324.14

*Excluding of interest accrued of NCD and EIR Impact.
** The debentures are secured by way of pari passu charge on an immovable property and standard loan assets to the extent of 125% of the outstanding amount.

As at March 31, 2019

Description of Secured Redeemable Non Convertible Debentures (NCD)	Rate	Issue Date	Redemption Date	No. of NCDs	Amount
EHFL 10.03%, Monthly**	10.03%	18-Mar-2019	18-Mar-2029	1,500	1,500.00
EHFL/Public NCD/Series VII	0.00%	19-Jul-2016	19-Jul-2026	59,841	59.84
EHFL/Public NCD/Series VI	10.00%	19-Jul-2016	19-Jul-2026	34,62,048	3,462.05
EHFL/Public NCD/Series V	9.57%	19-Jul-2016	19-Jul-2026	2,48,424	248.42
EHFL/NCD/29Apr26	9.62%	29-Apr-2016	29-Apr-2026	250	250.00
EHFL/NCD/30Jun22	8.55%	30-Jun-2017	30-Jun-2022	100	100.00
EHFL_Reissuance	8.55%	12-Jul-2017	30-Jun-2022	200	200.00
EHFL/NCD/21Jun22	8.55%	21-Jun-2017	21-Jun-2022	500	500.00
EHFL/NCD/19May22	8.55%	19-May-2017	19-May-2022	500	500.00
EHFL Aug 2021	0.00%	27-Jul-2018	12-Aug-2021	500	500.00
EHFL/Public NCD/Series IV	0.00%	19-Jul-2016	19-Jul-2021	41,815	41.82
EHFL/Public NCD/Series III	9.75%	19-Jul-2016	19-Jul-2021	5,89,016	589.02
EHFL ZCB 2021	0.00%	04-Apr-2018	04-May-2021	450	450.00
EHFL/NCD/15Apr21	0.00%	20-Feb-2018	15-Apr-2021	70	70.00
EHFL/NCD/15Apr21	0.00%	22-Mar-2018	15-Apr-2021	178	178.00
EHFL/NCD/02Jun20	0.00%	13-Jun-2017	02-Jun-2020	100	100.00
EHFL_Reissuance_2	0.00%	20-Jul-2017	02-Jun-2020	300	300.00
EHFL_Reissuance	0.00%	19-Sep-2017	02-Jun-2020	150	150.00
EHFL/NCD/12May20	0.00%	21-Apr-2017	12-May-2020	125	125.00
EHFL/Public NCD/Series II	0.00%	19-Jul-2016	19-Jul-2019	51,853	51.85
EHFL/Public NCD/Series I	9.50%	19-Jul-2016	19-Jul-2019	5,17,003	517.00
EHFL/NCD/08Apr19	9.25%	21-Oct-2016	08-Apr-2019	250	250.00
EHFL/NCD/04Apr19	9.25%	21-Oct-2016	04-Apr-2019	1,750	1,750.00
Total					11,893.00

*Excluding of interest accrued and EIR Impact.
** The debentures are secured by way of pari passu charge on an immovable property and standard loan assets to the extent of 125% of the outstanding amount.



51 Details of Unsecured Subordinated Debentures

As at March 31, 2020

Description of Unsecured Redeemable Non Convertible Debentures (NCD)	CouponRate	Issue Date	Redemption Date	No. of NCDs	Amount
EHFL/NCD/3May2025	11.25%	04-Feb-2015	03-May-2025	500	500.00
					<u>500.00</u>

*Excluding of interest accrued and EIR Impact.

As at March 31, 2019

Description of Unsecured Redeemable Non Convertible Debentures (NCD)	CouponRate	Issue Date	Redemption Date	No. of NCDs	Amount
EHFL/NCD/3May2025	11.25%	04-Feb-2015	03-May-2025	500	500.00
					<u>500.00</u>

*Excluding of interest accrued and EIR Impact.



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

52. Capital Management

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

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

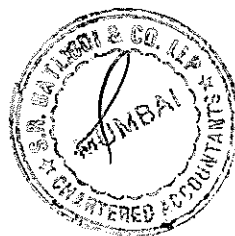
- a) Maintain diversity of sources of financing and spreading the maturity across tenure buckets in order to minimize liquidity risk.
- b) Maintain investment grade ratings for all its liabilities issuances domestically and internationally by ensuring that the financial strength of their balance sheets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

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

(b) Regulatory Capital

The below regulatory capital is computed in accordance with Master Circular - The Housing Finance Companies (NHB) Directions, 2010, NHB(ND)/DRS/REG/MC-01/2019 dated July 01, 2019 issued by National Housing Bank on Ind AS financial statements.

Particulars	As at March 31, 2020	As at March 31, 2019
Capital Funds		
Common Equity Tier1 (CET1) capital	7,499.78	7,676.43
Other Tier 2 capital instruments (CET2)	144.08	222.05
Total capital	7,643.86	7,898.48
Risk weighted assets	26,758.65	36,907.17
CET1 Capital ratio	28.03%	20.80%
CET2 Capital ratio	0.54%	0.60%
Total Capital ratio	28.57%	21.40%



53. Disclosures required by the National Housing Bank (NHB)

The following minimum disclosures have been given in terms of Notification no. NHB(ND)/DRS/REG/MC-07/2019 dated 01 July, 2019 read with NHB (ND)/DRS/Policy Circular No.89/2017-18 - Implementation of Indian Accounting Standards (Ind AS) dated June 14, 2018 issued by NHB. Accordingly, these disclosures have been prepared and disclosed as per the extant Indian GAAP, which have been presented solely based on the information compiled by the Management.

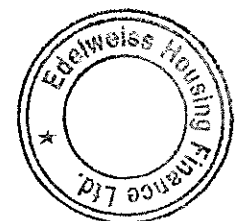
(i) Statutory reserve

As per Section 29C of the The National Housing Bank Act, 1987 (the "NHB Act"), the company is required to transfer at least 20% of its net profits every year to a reserve before any dividend is declared. For this purpose any Special Reserve created by the company under Section 36(1)(viii) of the Income- tax Act, is considered to be an eligible transfer. The company has transferred an amount of Rs. 2.49 million (Previous Year Rs. 74.33 million) to Special Reserve No. II in terms of Section 36(1)(viii) of the Income-tax Act, 1961 and an amount of Rs. 0.63 million (Previous Year Rs. 50.59 million) to "Statutory Reserve (As per Section 29C of The NHB Act)".

Reserve Fund under section 29C of National Housing Bank Act, 1987

Particulars	As at March 31, 2020	As at March 31, 2019
Balance at the beginning of the year	Amount	Amount
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	150.57	99.98
b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under section 29C of the NHB Act, 1987	386.65	312.32
c) Total	537.22	412.30
Addition/Appropriation/Withdrawal during the year		
Add : a) Amount transferred u/s 29C of the NHB Act, 1987	0.63	50.59
b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under section 29C of the NHB Act, 1987	2.49	74.33
Less : a) Amount appropriated from the Statutory Reserve u/s 29C of the NHB Act, 1987	-	-
b) Amount withdrawn from the Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 which has been taken into account for the purpose of provision u/ s 29C of the NHB Act, 1987	-	-
Balance at the end of the year		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	151.20	150.57
b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purpose of Statutory Reserve under section 29C of the NHB Act, 1987	389.14	386.65
c) Total	540.34	537.22

Note: Transfer to reserve u/s 29C of National Housing Bank Act, 1987 is done as per profit under Ind AS financial statement for the year ended March 31, 2020 and March 31, 2019 respectively, as Ind AS is the primary books of accounts.



53. *Disclosures required by the National Housing Bank (NHB)*

(ii) *Fraud Reporting*

There were fraud cases aggregating to Rs.31.94 millions (Previous year Rs. 43.14 millions) identified and reported to NIIB during the financial year ended on March 31, 2020.

(iii) *Foreign Exchange Transaction and Un-hedged Foreign Currency Risk*

The Company has not undertaken any foreign currency transaction during the year ended March 31, 2020 (Previous year: Rs Nil). Also the company does not have any un-hedged foreign currency exposure as at March 31, 2020 (Previous year Rs. Nil)

(iv) *Details of dues to micro enterprise and small enterprise*

Trade Payables include Rs. Nil (Previous year: Rs. Nil) payable to "Suppliers" registered under the Micro, Small and Medium Enterprises Development Act, 2006. No interest has been paid / is payable by the Company during the year to "Suppliers" registered under this Act. The aforementioned is based on the responses received by the Company to its inquiries with suppliers with regard to applicability under the said act.

(v) *Capital*

	As at March 31, 2020	As at March 31, 2019
(i) CRAR (%)	24.89%	18.40%
(ii) CRAR - Tier I capital (%)	24.76%	17.77%
(iii) CRAR - Tier II Capital (%)	0.13%	0.63%
(iv) Amount of subordinated debt raised as Tier-II capital	-	-
(v) Amount raised by issue of perpetual debt instruments	-	-

(vi) *Investments*

Value of Investments	As at March 31, 2020	As at March 31, 2019
(i) Gross value of Investments		
(a) In India	1,044.73	Nil
(b) Outside India	-	Nil
(ii) Provisions for Depreciation		
(a) In India	-	Nil
(b) Outside India	-	Nil
(iii) Net value of Investments		
(a) In India	1,044.73	Nil
(b) Outside India	-	Nil
Movement of provisions held towards depreciation on investments		
(i) Opening balance	-	Nil
(ii) Add: Provisions made during the year	-	Nil
(iii) Less: Write-off / Written-bank of excess provisions during the year	-	Nil
(iv) Closing balance	-	Nil

(vii) *Derivatives and Long Term Contracts*

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



53. *Disclosures required by the National Housing Bank (NHB)*

(viii) *Forward Rate Agreement (FRA) / Interest Rate Swap (IRS)*

	As at March 31, 2020	As at March 31, 2019
(i) The notional principal of swap agreements	Nil	Nil
(ii) Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	Nil	Nil
(iii) Collateral required by the HFC upon entering into swaps	Nil	Nil
(iv) Concentration of credit risk arising from the swaps	Nil	Nil
(v) The fair value of the swap book	Nil	Nil

(ix) *Exchange Traded Interest Rate (IR) Derivative*

	As at March 31, 2020	As at March 31, 2019
(i) Notional principal amount of exchange traded IR derivatives undertaken during the year (instrumentwise)	Nil	Nil
(ii) Notional principal amount of exchange traded IR derivatives outstanding as on March 31, 2020 (instrument-wise)	Nil	Nil
(iii) Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	Nil	Nil
(iv) Mark-to-market value of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	Nil	Nil

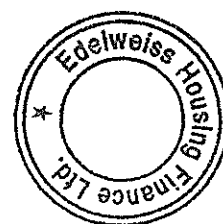
(x) *Disclosures on Risk Exposure in Derivatives*

A. Qualitative Disclosure

The Company has not entered into any derivative contracts during the year. (Previous year Rs. Nil)

B. Quantitative Disclosure

	As at March 31, 2020	As at March 31, 2019
(i) Derivatives (Notional Principal Amount)	Nil	Nil
(ii) Marked to Market Positions [1]		
(a) Assets (+)	Nil	Nil
(b) Liability (-)	Nil	Nil
(iii) Credit Exposure [2]	Nil	Nil
(iv) Unhedged Exposures	Nil	Nil



53. Disclosures required by the National Housing Bank (NHB)

(xi) Securitisation/ Direct Assignment:

(a) Disclosures in the notes to the accounts in respect of securitisation transactions as required under revised guidelines on securitization transactions issued by NHB vide circular no. NHB.HFC.CG-DIR.1/MD&CEO/2016

Particulars	As at	As at
	March 31, 2020	March 31, 2019
1 No. of SPVs sponsored by the HFC for securitisation transactions	1	1
2 Total amount of securitised assets as per books of the SPVs sponsored by the HFC	2.88	4.42
3 Total amount of exposures retained by the HFC to comply with MRR as on the date of balance sheet	-	-
(i) Off-balance sheet exposures towards Credit Enhancements		
a) First Loss	-	-
b) Others	-	-
(ii) On-balance sheet exposures towards Credit Enhancements		
a) First Loss	-	-
b) Others	-	-
4 Amount of exposures to securitisation transactions other than MRR	10.60	16.22
(i) Off-balance sheet exposures towards Credit Enhancements		
a) Exposure to own securitisations		
i.) First Loss	-	-
ii.) Others	-	-
b) Exposure to third party securitisations		
i.) First Loss	-	-
ii.) Others	-	-
(ii) On-balance sheet exposures towards Credit Enhancements		
a) Exposure to own securitisations		
i.) First Loss	10.60	16.22
ii.) Others	-	-
b) Exposure to third party securitisations		
i.) First Loss	-	-
ii.) Others	-	-

* Only the SPVs relating to outstanding securitisation transactions may be reported here

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

Particulars	As at	As at
	March 31, 2020	March 31, 2019
i) No. of accounts	307	Nil
ii) Aggregate value (net of provisions) of accounts sold to SC / RC	1,475.99	Nil
iii) Aggregate consideration	1,325.00	Nil
iv) Additional consideration realized in respect of accounts transferred in earlier years	0	Nil
v) Aggregate gain / loss over net book value	(150.99)	Nil



53. Disclosures required by the National Housing Bank (NHB)

(c) Disclosures in the notes to the accounts in respect of assignment transactions as required under revised guidelines on securitization transactions issued by NHB vide circular no. NHB.HFC.CG-DIR.1/MD&CEO/2016

	As at March 31, 2020	As at March 31, 2019
1 No. of transactions assigned by the HFC	16	10
2 Total amount outstanding	10,380.26	7,498.21
3 Total amount of exposures retained by the HFC to comply with MRR as on the date of balance sheet	911.07	845.64
(I) Off-balance sheet exposures		
a) First Loss	-	-
b) Others	-	-
(II) On-balance sheet exposures		
a) First Loss	-	-
b) Others	911.07	845.64
4 Amount of exposures to assignment transactions other than MRR	555.50	-
(I) Off-balance sheet exposures		
a) Exposure to own assignments		
i.) First Loss	-	-
ii.) Others	-	-
b) Exposure to third party assignments		
i.) First Loss	-	-
ii.) Others	-	-
(II) On-balance sheet exposures		
a) Exposure to own assignments		
i.) First Loss	555.50	-
ii.) Others	-	-
b) Exposure to third party assignments		
i.) First Loss	-	-
ii.) Others	-	-

(d) Details of Assignment transactions undertaken by HFCs

	For the year ended March 31, 2020	For the year ended March 31, 2019
i) No. of accounts	1,650	2,721
ii) Aggregate value (net of provisions) of accounts sold	5,601.89	5,938.17
iii) Aggregate consideration	5,601.89	5,938.17
iv) Additional consideration realized in respect of accounts transferred in earlier years	-	-
v) Aggregate gain / loss over net book value	-	-

(e) Details of non-performing financial assets purchased / sold

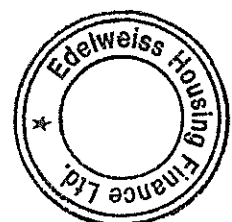
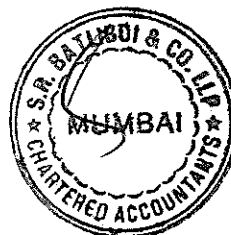
During the year the Company has not purchases non-performing financial assets. (Previous year : Nil)

A. Details of non-performing financial assets purchased :

	As at March 31, 2020	As at March 31, 2019
1 (a) No. of accounts purchased during the year	Nil	Nil
(b) Aggregate outstanding	Nil	Nil
2 (a) Of these, number of accounts restructured during the year	Nil	Nil
(b) Aggregate outstanding	Nil	Nil

B. Details of Non-performing Financial Assets sold:

	As at March 31, 2020	As at March 31, 2019
1 No. of accounts sold	Nil	Nil
2 Aggregate outstanding	Nil	Nil
3 Aggregate consideration received	Nil	Nil



53. Disclosures required by the National Housing Bank (NHB)

(xii) *Disclosure of Restructured Accounts*

During the year the company has not restructured any loan / advances; (Previous year Rs. Nil)

(xiii) *Exposure to real estate sector*

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

Category	As at March 31, 2020	As at March 31, 2019
a) Direct exposure		
(i) Residential mortgages - Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; [Individual housing loans up to Rs. 15 lakh Rs. 9,230.52 million (Previous Year Rs. 6,927.63 million)]	35,514.06	43,927.19
(ii) Commercial real estate - Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc).	4,689.78	8,683.30
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised		
a) Residential	Nil	Nil
b) Commercial real estate	Nil	Nil
b) Indirect exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	Nil	Nil

b) *Exposure to capital market*

Particulars	As at March 31, 2020	As at March 31, 2019
(i) direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt	Nil	Nil
(ii) advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds	Nil	Nil
(iii) advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	Nil	Nil
(iv) advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances	Nil	Nil
(v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	Nil	Nil
(vi) loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	Nil	Nil
(vii) bridge loans to companies against expected equity flows / issues	Nil	Nil
(viii) all exposures to Venture Capital Funds (both registered and unregistered)	Nil	Nil
Total Exposure to Capital Market	Nil	Nil

(xiv) *Details of financing of parent Company products - Nil (Previous year - Nil)*

(xv) *Details of Single Borrower Limit (SBL) / Group Borrower Limit (GBL) exceeded by the HFC*

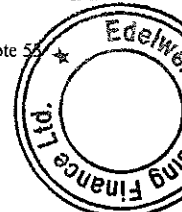
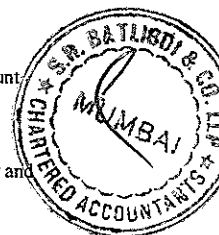
During the year ended March 31, 2020 and March 31, 2019, the Company's credit exposure (whether in terms of sanctioned amount or entire amount outstanding, whichever is higher) to single borrowers and group borrowers were within the limits prescribed by the NHB.

(xvi) *Unsecured Advances*

The Company has not taken any charge over the rights, licenses, authorisations, etc., against unsecured loans given to borrowers in the current year and previous year.

(xvii) *Remuneration of Directors*

The Company has not entered into any transactions with non-executive directors during the year (Previous Year Rs.Nil), except for those disclosed in note 53 (xxxii)



53. Disclosures required by the National Housing Bank (NHB)

(xviii) Net Profit or Loss for the period, prior period items and changes in accounting policies

There are no prior period items during the year (Previous Year Rs.Nil). No changes in accounting policies during the current year except as disclose in note 44.1.

(xix) Accounting Standard 21 - Consolidated Financial Statements (CFS)

The company does not have any subsidiary, associate, or joint venture in the current year and previous year and hence consolidation of accounts is not required.

(xx) Details of 'provisions and contingencies'

Break up of 'provisions and Contingencies' shown under the head expenditure in statement of profit and loss.	For the year ended March 31, 2020	For the year ended March 31, 2019
(i) Provisions for depreciation on investment	Nil	Nil
(ii) Provision towards NPA	(69.75)	92.88
(iii) Provision made towards income tax*	88.66	276.08
(iv) Provision for standard assets** (with details like teaser loan, CRE, CRE-RH etc.)	(48.28)	13.29
(v) Other provision and contingencies		
(a) Provision for credit loss on securitisation	15.08	Nil

* Provision made towards income tax is as per profit under Ind AS financial statement for the year ended March 31, 2020 and March 31, 2019 respectively, as Ind AS is the primary books of accounts.

** Provision for standard assets include CRE - RH of Rs (13.01) million (Previous Year Rs (17.52) million), CRE - Non-RH of Rs (24.59) million (Previous Year Rs (1.36) million), Non CRE of Rs (8.70) million (Previous Year Rs 27.24 million and Teasure Loan of Rs. (1.98) millions (Previous Year 4.93 millions)

(xxi)

Break up of Loan & Advances and Provisions thereon	Housing		Non-Housing	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Standard Assets				
(a) Total Outstanding Amount #	25,238.97	32,025.79	13,874.38	20,390.21
(b) Provisions made	99.07	116.65	91.46	122.19
Sub-Standard Assets				
(a) Total Outstanding Amount	284.88	301.50	69.39	79.77
(b) Provisions made	42.73	45.23	10.41	11.97
Doubtful Assets - Category-I				
(a) Total Outstanding Amount	91.27	118.33	18.73	94.15
(b) Provisions made	22.82	29.58	4.68	23.54
Doubtful Assets - Category-II				
(a) Total Outstanding Amount	81.66	129.44	42.68	29.40
(b) Provisions made	34.28	57.39	17.07	11.76
Doubtful Assets - Category-III				
(a) Total Outstanding Amount	17.95	26.94	5.56	-
(b) Provisions made	17.95	26.94	5.56	-
Loss Assets				
(a) Total Outstanding Amount	23.58	22.45	-	19.97
(b) Provisions made	23.58	22.45	-	19.97
TOTAL				
(a) Total Outstanding Amount	25,738.31	32,624.45	14,010.74	20,613.50
(b) Provisions made	240.43	298.24	129.18	189.43

Note:

#	Housing		Non-Housing	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Standard Assets				
Principal outstanding	24,995.16	31,735.59	13,641.39	20,128.10
Interest accrued	243.82	290.20	232.98	262.11

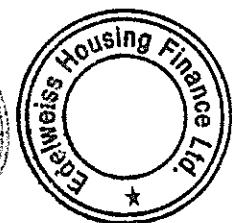
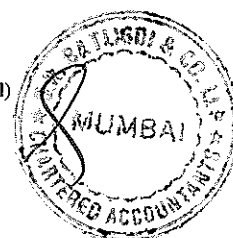
2. The Category of Doubtful Assets will be as under:

Period for which the assets has been considered as doubtful	Category
Up to one year	Category-I
One to three years	Category-II
More than three years	Category-III

The above classification of loan assets is as per the master direction issued by National Housing Bank under reference NHB.HFC.DIR.1/CMD/2010

(xxii) Draw Down from Reserves

No Draw Down made from the Statutory Reserves during FY 2019-20 (Previous Year Rs. Nil)



53. Disclosures required by the National Housing Bank (NHB)

(xxiii) Concentration of Public Deposits, Advances, Exposures and NPAs

Concentration of Public Deposits (for Public Deposit taking/holding HFCs)

Particular	As at	As at
	March 31, 2020	March 31, 2019
Total Deposit of twenty largest depositors	NA	NA
% of deposits to twenty largest depositors to total Deposits of the HFC	NA	NA

Concentration of Loans & Advances

Particular	As at	As at
	March 31, 2020	March 31, 2019
Total Loans & Advances to twenty largest borrowers	1,486.78	3,167.37
% of Loans & Advances to twenty largest borrowers to total advances of the HFC	3.79%	6.01%

Concentration of all exposure (including off-balance sheet exposure)

Particular	As at	As at
	March 31, 2020	March 31, 2019
Total exposures to twenty largest borrowers / customers	1,834.99	3,798.01
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the	4.56%	7.01%

Concentration of NPAs

Particular	As at	As at
	March 31, 2020	March 31, 2019
Total exposures to top ten NPAs	154.90	213.38

Sector-wise NPAs

SL No.	Sector	% of NPAs to total advances in that sector	
		As at	As at
		March 31, 2020	March 31, 2019
A. Housing Loans:			
1 Individual		1.89%	1.76%
2 Builders / Project Loans		2.26%	3.27%
3 Corporates		6.37%	0.00%
4 Other (specify)		0.00%	0.00%
B. Non-Housing Loans:			
1 Individual		1.01%	1.12%
2 Builders / Project Loans		0.00%	0.00%
3 Corporates		0.00%	1.14%
4 Other (HUF & Partnership Firm)		0.65%	0.28%

(xxiv) Movements of NPAs

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

Particular	As at	As at
	March 31, 2020	March 31, 2019
i) Net NPAs to net advances (%)	1.17%	1.09%
ii) Movement of NPAs (Gross)		
a) Opening balance	821.95	709.30
b) Additions during the year	1,127.08	410.87
c) Reductions during the year	(1,313.33)	(298.22)
d) Closing balance	635.70	821.95
iii) Movement of net NPAs		
a) Opening balance	573.13	553.35
b) Additions during the year	264.33	266.64
c) Reductions during the year	(380.85)	(246.86)
d) Closing balance	456.61	573.13
iv) Movement of provisions for NPAs (excluding provision on standard assets)		
a) Opening balance	248.82	155.95
b) Provisions made during the year	264.30	144.23
c) Write-off/write-back of excess provisions	(334.04)	(51.36)
d) Closing balance	179.08	248.82



53. Disclosures required by the National Housing Bank (NHB)

(xxv) Asset liability management

Maturity pattern of certain items of assets and liabilities
As at March 31, 2020

Particulars	Upto 30/31 days (one month)	Over 1 month upto 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months upto 1 year	Over 1 year upto 3 years	Over 3 years upto 5 years	Over 5 years upto 7 Years	Over 7 years upto 10 Years	Over 10 Years	Total
Liabilities											
Deposits	-	-	-	-	-	-	-	-	-	-	-
Borrowings from Bank	-	115.92	2,224.35	1,946.09	4,072.48	12,563.39	4,761.47	-	-	-	25,683.70
Market Borrowing	13.00	125.00	550.00	85.71	257.13	4,101.03	429.19	4,921.06	1,710.69	29.62	12,222.43
Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-	-	-
Assets											
Gross Advances	432.95	598.39	868.06	1,793.40	3,630.10	7,247.52	2,746.27	3,162.00	5,158.95	13,634.60	39,272.24
Investments	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency Assets	-	-	-	-	-	-	-	-	-	-	-

As at March 31, 2019

Particulars	Upto 30/31 days	Over 1 month upto 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months upto 1 year	Over 1 year upto 3 years	Over 3 years upto 5 years	Over 5 years upto 7 Years	Over 7 years upto 10 Years	Over 10 Years	Total
Liabilities											
Deposits	-	-	-	-	-	-	-	-	-	-	-
Borrowings from Bank	8.33	125.82	2,000.91	2,197.00	4,706.27	12,814.06	6,334.60	361.54	-	-	28,548.53
Market Borrowing	470.99	-	85.71	654.57	171.42	3,189.51	3,449.16	994.79	5,951.06	532.95	15,500.16
Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-	-	-
Assets											
Gross Advances	782.38	902.83	1,167.17	2,455.55	4,746.60	4,009.84	4,078.74	4,931.92	7,590.85	22,019.76	52,685.64
Investments	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency Assets	-	-	-	-	-	-	-	-	-	-	-

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

(xxvi) Details of ratings assigned by credit rating agencies and migration of ratings during the year

As at March 31, 2020

Instrument Category	ICRA	CARE	Brickworks	ACUITE	CRISIL
i) Long Term Instruments :	LT-NCD, BLR and LT Sub-Debt	LT-NCD, LT Sub-Debt and BLR	LT-NCD and Perpetual Debt		LT-NCD, LT Sub-Debt and BLR
Rating	ICRA AA-/Negative	CARE AA-Stable and CARE AA-(SO)/Stable	BWR AA/Negative and BWR AA-/Negative	NA	CRISIL AA-/Stable
Amount	67,600.00	31,780.00	8,500.00	NA	35,350.00
ii) Short Term	CPs-ST	CPs-ST			CPs-ST
Rating	NA	CARE A1+	NA	NA	CRISIL A1+
Amount	NA	10,000.00	NA	NA	10,000.00

Notes:

(i) ICRA Ratings revised the outlook on Long Term Debt ratings from Stable to Negative in April'2019 and downgraded the Long term ratings from ICRA AA to ICRA AA- while keeping the outlook unchanged in June 2019.

(ii) CARE Ratings downgraded the Long term Debt ratings from CARE AA to CARE AA- and revised the outlook from Stable and Negative in July'2019.

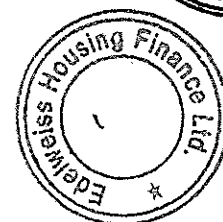
(iii) Brickworks Ratings revised the outlook on Long Term Debt ratings from Stable to Negative in July'2019 and downgraded the Long term ratings from BWR AA+ to BWR AA while keeping the outlook unchanged in September 2019.

(iv) Crisil Ratings revised the outlook on Long Term Debt ratings from Stable to Negative in July'2019 and downgraded the Long term ratings from CRISIL AA to CRISIL AA- changing the outlook from Negative to Stable in October 2019.

As at March 31, 2019

Instrument Category	ICRA	CARE	Brickworks	ACUITE	CRISIL
i) Long Term Instruments :	LT-NCD, BLR and LT Sub-Debt	LT-NCD, BLR, LT Sub-Debt and Long term Retail NCD	LT-NCD, BLR, Perpetual Debt and Long term Retail NCD	LT-NCD	LT-NCD, BLR and LT Sub-Debt
Rating	ICRA AA/ (Stable)	CARE AA and CARE AA (SO)	BWR AA+ and BWR AA	ACUITE AA+	CRISIL AA/ (Stable)
Amount	67,600.00	31,780.00	8,500.00	1,000.00	35,350.00
ii) Short Term Instruments :	CPs-ST	CPs-ST			CPs-ST
Rating	ICRA A1+	CARE A1+	NA	NA	CRISIL A1+
Amount	10,000.00	10,000.00	NA	NA	10,000.00

1. There were no changes in any of the ratings or outlook during the year.



53. Disclosures required by the National Housing Bank (NHB)

(xxvii) *Overseas Assets*

The Company do not hold any Overseas Assets; (Previous Year Nil).

Particular	As at	As at
	March 31, 2020	March 31, 2019
Overseas Assets	None	None

(xxviii) *Off-balance Sheet SPVs sponsored - None (Previous Year: None)*

As at March 31, 2020

Name of the SPV sponsored	
Domestic	Overseas
None	None

As at March 31, 2019

Name of the SPV sponsored	
Domestic	Overseas
None	None

(xxix) *Disclosure of complaints*

Customer complaints

Particular	As at	As at
	March 31, 2020	March 31, 2019
(a) No. of complaints pending at the beginning of the year	6	6
(b) No. of complaints received during the year	85	126
(c) No. of complaints redressed during the year	88	126
(d) No. of complaints pending at the end of the year	3	6

(xxx) *Company information*

The country of operation for the Company is in India and it does not have any joint venture partners with regard to Joint ventures and overseas subsidiaries.

(xxxi) *Details of transaction with independent directors*

Name of the Director	Nature of Transaction	For the year ended	For the year ended
		March 31, 2020	March 31, 2019
Mr. P. Vaidyanathan	Sitting fees	0.32	0.02
Mr. Vijayalakshmi Rajaram Iyer	Sitting fees	-	0.24
Mr. P N Venkatachalam	Sitting fees	0.48	0.30

(xxxii) *Registration/License obtained from other financial sector regulators - Nil (Previous year Nil).*

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

(xxxiv) *Disclosure of penalties imposed by NHB and other regulators - Nil (Previous year Nil).*

54. *Details of moratorium / deferment extended to eligible customers under COVID19 Regulatory package*

- (a) The company has extended moratorium/ deferment of term loan installments falling due in moratorium period to its eligible customers who have opted for moratorium under RBI circular on 'COVID-19 – Regulatory Package' dated March 27, 2020 and 'COVID19 Regulatory Package - Asset Classification and Provisioning' dated April 17, 2020. The aggregating amount of customers in SMA/ Overdue categories as at March 31, 2020 is Rs. 1,897.01 million.
- (b) Asset classification has been extended for an aggregate amount of Rs. 445.80 million and expected credit loss allowance of Rs. 23.40 million is maintained on such loan accounts.



55. Other disclosures

(i) Disclosure under Regulation 53(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Related Party transactions

Particulars	As at March 31, 2020	As at March 31, 2019
Loans and advances in the nature of loans to subsidiaries	21.90	-
Loans and advances in the nature of loans to associates	-	-
Loans and advances in the nature of loans to firms/companies in which directors are interested	-	-
Investments by the loanee in the shares of parent company and subsidiary company, when the company has made a loan or advance in the nature of loan	-	-

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

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

Sr. # Particulars	Details
1 Name of the Company	Edelweiss Housing Finance Limited
2 CIN	U65922MH2008PLC182906
3 Outstanding borrowing of Company as on March 31, 2020	38,592.20
4 Highest Credit Rating during the previous FY along with name of the Credit Rating Agency	As per Table 1 below
5 Name of Stock Exchange in which the fine shall be paid, in case of shortfall in the required borrowing under the framework	BSE LIMITED

Table 1

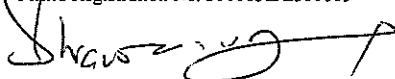
Product	Credit Rating	Name of Rating Agency
Bank Borrowings	ICRA AA-/Negative	ICRA Limited
Bank Borrowings	CRISIL AA-/Stable	CRISIL
Bank Borrowings	CARE AA-/Stable	CARE Limited
Commercial Papers	CARE A1+	CARE Limited
Commercial Papers	CRISIL A1+	CRISIL
Long Term Sub-Debt	CARE AA-/Stable	CARE Limited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

(iii) There are no amount due and outstanding to be credited to Investor Education and Protection Fund as at March 31, 2020 and as at March 31, 2019.

56. Figures for the previous year have been regrouped/ reclassified wherever necessary to conform to current period presentation.

As per our report of even date attached.

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




per Shrawan Jalan
Partner
Membership No: 102102



Place : Mumbai
Date : July 3, 2020

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

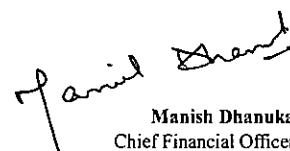


Rajat Avasthi
Chief Executive Officer

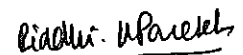
Deepak Mittal
Director
DIN: 00010337



Sunil Phatarphekar
Director
DIN: 00005164



Manish Dhanuka
Chief Financial Officer



Riddhi Parekh
Company Secretary
Membership No. A20867