



## EDELWEISS HOUSING FINANCE LIMITED

Our Company was incorporated at Mumbai as Edelweiss Housing Finance Limited on May 30, 2008 as a public limited company under the Companies Act, 1956, as amended, and was granted a certificate of incorporation by the Registrar of Companies, Maharashtra at Mumbai ("RoC"). Our Company is registered as a non deposit accepting housing finance company with the National Housing Bank under Section 29A of the National Housing Bank Act, 1987. For further details, see the section titled "History Main Objects and Key Agreements" on page 80 of this Draft Prospectus.

Corporate Identity Number of our Company is U65922MH2008PLC182906.

**Registered Office & Corporate Office:** Edelweiss House, Off. C.S.T Road, Kalina, Mumbai - 400 098, Maharashtra, India

**Tel:** +91 22 4009 4400; **Fax:** +91 22 4019 4925

**Company Secretary and Compliance Officer:** Mr. Kulprakash Singh; **Tel:** +91 11 4262 9900; **Fax:** +91 11 4357 1122

**E-mail:** kulprakash.Singh@edelweissfin.com; **Website:** www.edelweisshousingfin.com

**PUBLIC ISSUE BY EDELWEISS HOUSING FINANCE LIMITED ("COMPANY" OR THE "ISSUER") OF SECURED REDEEMABLE NON CONVERTIBLE DEBENTURES ("NCDs") OF FACE VALUE OF ₹ 1,000 AGGREGATING UP TO ₹ 2,500 MILLION, HEREINAFTER REFERRED TO AS THE "BASE ISSUE" WITH AN OPTION TO RETAIN OVER-SUBSCRIPTION UP TO ₹ 2,500 MILLION AGGREGATING UP TO ₹ 5,000 MILLION, HEREINAFTER REFERRED TO AS THE "ISSUE". THE ISSUE IS BEING MADE PURSUANT TO THE PROVISIONS OF SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF DEBT SECURITIES) REGULATIONS, 2008 AS AMENDED (THE "SEBI DEBT REGULATIONS"), THE COMPANIES ACT, 2013 AND RULES MADE THEREUNDER AS AMENDED TO THE EXTENT NOTIFIED.**

### PROMOTERS

Our promoters are Edelweiss Financial Services Limited and Edelweiss Commodities Services Limited. For further details refer to the chapter "Our Promoter" on page 99 of this Draft Prospectus.

### GENERAL RISKS

For taking an investment decision, investors must rely on their own examination of the Issuer and the Issue, including the risks involved, specific attention of the Investor is invited to the section titled "Risk Factors" and "Material Developments" on page 10 and 115 respectively of this Draft Prospectus. This Draft Prospectus has not been and will not be approved by any regulatory authority in India, including the Securities and Exchange Board of India ("SEBI"), the National Housing Board ("NHB"), the Reserve Bank of India ("RBI"), any registrar of companies or any stock exchange in India.

### ISSUER'S ABSOLUTE RESPONSIBILITY

The Issuer, having made all reasonable inquiries, accepts responsibility for, and confirms that this Draft Prospectus contains all information with regard to the Issuer, which is material in the context of the Issue. The information contained in this Draft Prospectus is true and correct in all material respects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Draft Prospectus as a whole or any part of such information or the expression of any such opinions or intentions misleading, in any material respect.

### COUPON RATE, COUPON PAYMENT FREQUENCY, REDEMPTION DATE, REDEMPTION AMOUNT & ELIGIBLE INVESTORS

For the details relating to Coupon Rate, Coupon Payment Frequency, Redemption Date and Redemption Amount of the NCDs, see section titled "Terms of the Issue" on page 158 of this Draft Prospectus. For details relating to Eligible Investors please see "Issue related information" on page 153 on of this Draft Prospectus.

### CREDIT RATINGS

The NCDs proposed to be issued under this Issue have been rated 'CARE AA [Double A]' for an amount of ₹ 7,000 million, by Credit Analysis & Research Ltd. ("CARE") vide their letter no. CARE/HO/RL/2016-17/1325 dated May 31, 2016, [ICRA] AA (Stable) an amount of ₹ 5,000 million, by ICRA Limited vide their letter dated May 13, 2016, BWR AA+ (Stable) an amount of ₹ 5,000 million, by Brickwork Ratings India Private Limited ("Brickwork") vide their letter no. BWR/NCD/HO/ERC/MM/0086/2016-17 dated June 1, 2016. The rating of NCDs by CARE, ICRA Limited and Brickwork indicate that instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations and carry very low credit risk. For the rationale for these ratings, see Annexure A of this Draft Prospectus. This rating is not a recommendation to buy, sell or hold securities and investors should take their own decision. This rating is subject to revision or withdrawal at any time by the assigning rating agencies and should be evaluated independently of any other ratings.

### LISTING

The NCDs offered through this Draft Prospectus are proposed to be listed on the BSE Limited ("BSE") and the National Stock Exchange of India Limited ("NSE") ("Stock Exchanges"). Our Company has received an 'in-principle' approval from the BSE Limited vide its letter no. [•] dated [•] and NSE vide its letter no. [•] dated [•]. For the purposes of the Issue BSE Limited shall be the Designated Stock Exchange.

### PUBLIC COMMENTS

This Draft Prospectus dated June 17, 2016 has been filed with BSE and NSE, pursuant to Regulation 6(2) of the SEBI Debt Regulations and is open for public comments for a period of seven Working Days (i.e., until 5 p.m.) from the date of filing of this Draft Prospectus with the Designated Stock Exchange. All comments on this Draft Prospectus are to be forwarded to the attention of the Compliance Officer of our Company. Comments may be sent through post, facsimile or e-mail.

### LEAD MANAGERS TO THE ISSUE



#### SBICAPITAL MARKETS LIMITED

202, Maker Tower E Cuffe Parade,  
Mumbai - 400 005,  
Maharashtra, India  
Tel: +91 22 2217 8300  
Fax: +91 22 2218 8332  
E-mail: ehfl.ncd@sbicaps.com  
Investor Grievance Email:  
investor.relations@sbicaps.com  
Website: www.sbicaps.com  
Contact Person: Mr. Gitesh Vargantwar/ Mr. Aditya  
Deshpande  
SEBI Registration No : INM000003531



#### EDELWEISS FINANCIAL SERVICES LIMITED\*\*

Edelweiss House, Off CST Road, Kalina, Mumbai 400  
098, Maharashtra, India  
Tel: +91 22 4086 3535  
Fax: +91 22 4086 3610  
Email: ehfl.ncd@edelweissfin.com  
Investor Grievance Email:  
customerservice.mb@edelweissfin.com  
Website: www.edelweissfin.com  
Contact Person : Mr. Lokesh Singh/ Mr. Mandeep Singh  
SEBI Registration No.: INM0000010650

### DEBENTURE TRUSTEE\*



**IDBI Trusteeship Services Limited**  
Asian Building, Ground floor, 17, R Kamani Marg,  
Ballard Estate,  
Mumbai-400 001, Maharashtra, India  
Tel: +91 22 4080 7003;  
Fax: +91 22 6631 1776  
Email: sgunware@idbitrustee.com  
Investor Grievance email: response@ idbitrustee.com  
Website: www.idbitrustee.com  
Contact Person: Mr. Shivaji Gunware  
SEBI Registration Number: IND0000000460

### REGISTRAR TO THE ISSUE



**Karvy Computershare Private Limited**  
Karvy Selenium Tower B, Plot 31-32,  
Financial District, Nanakramguda, Gachibowli,  
Hyderabad - 500 032, India  
Tel: +91 40 67162222  
Fax: +91 40 23431551  
Email: einward.ris@karvy.com  
Investor Grievance Email:  
edelweisshousingfinance.ncdipo@karvy.com  
Website: www.karisma.karvy.com  
Contact Person: Mr. M Murali Krishna  
SEBI Registration Number: INR000000221  
CIN: U72400TG2003PTC041636

### ISSUE PROGRAMME\*\*\*

#### ISSUE OPENS ON: [•]

#### ISSUE CLOSES ON: [•]

\*IDBI Trusteeship Services Limited under regulation 4(4) of SEBI Debt Regulations has by its letter no.1363/OPR/ITSL/2016 dated June 2, 2016 given its consent for its appointment as Debenture Trustee to the Issue and for its name to be included in this Draft Prospectus and in all the subsequent periodical communications sent to the holders of the NCDs, issued pursuant to this Issue.

A copy of the Prospectus shall be filed with the Registrar of Companies, Maharashtra at Mumbai in terms of Section 26 and 31 of Companies Act, 2013, along with the endorsed/certified copies of all requisite documents. For further details please refer to the section titled "Material Contracts and Documents for Inspection" on page 212 of this Draft Prospectus.

\*\* Edelweiss Financial Services Limited (EFSL) is the Promoter of our Company. As EFSL is the holding company of our Company and there are common directors between EFSL and our Company, EFSL is deemed to be our associate as per the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992, as amended (Merchant Bankers Regulations). Further, in compliance with the provisions of Regulation 21A (1) and explanation to Regulation 21A (1) of the Merchant Bankers Regulations, EFSL would be involved only in marketing of the Issue.

\*\*\*The Issue shall remain open for subscription on Working Days from 10 a.m. to 5 p.m. during the period indicated above, except that the Issue may close on such earlier date or extended date as may be decided by the Board of Director of our Company ("Board") or a duly constituted committee thereof. In the event of an early closure or extension of the Issue, our Company shall ensure that notice of the same is provided to the prospective investors through an advertisement in a reputed daily national newspaper with wide circulation on or before such earlier or extended date of Issue closure. On the Issue Closing Date, the Application Forms will be accepted only between 10 a.m. and 3 p.m. (Indian Standard Time) and uploaded until 5 p.m. or such extended time as may be permitted by the BSE and NSE.

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## SECTION I - GENERAL

### DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates, all references in this Draft Prospectus to “the Issuer”, “our Company”, “the Company” or “EHFL” are to Edelweiss Housing Finance Limited, a public limited company incorporated under the Companies Act, 1956, as amended and replaced from time to time, having its registered office at Edelweiss House, Off. C.S.T Road, Kalina, Mumbai - 400 098. Unless the context otherwise indicates, all references in this Draft Prospectus to “we” or “us” or “our” are to our Company. All references to “Edelweiss Group” are to Edelweiss Financial Services Limited and its subsidiaries.

Unless the context otherwise indicates or implies, the following terms have the following meanings in this Draft Prospectus, and references to any statute or regulations or policies includes any amendments or re-enactments thereto, from time to time.

#### Company related terms

Term	Description
Articles/ Articles of Association/AoA	Articles of Association of our Company, as amended.
Board/ Board of Directors	Board of Directors of our Company or a duly constituted committee thereof.
Directors	Directors of our Company, unless otherwise specified
Equity Shares	Equity shares of our Company of face value of ₹ 10 each.
Edelweiss Group	Edelweiss Financial Services Limited and its subsidiaries
Loan Assets	Assets under financing activities
Memorandum/ Memorandum of Association/ MoA	Memorandum of Association of our Company, as amended.
Net Loan Assets	Assets under financing activities net of provision for non-performing assets
Promoters	Edelweiss Financial Services Limited and Edelweiss Commodities Services Limited
₹ / Rs./ INR / Rupees	Indian Rupees
Reformatted Financial Statements	The statement of reformatted standalone assets and liabilities of our Company as at March 31, 2016, March 31, 2015, March 31, 2014, March 31, 2013 and March 31, 2012 and the related statement of reformatted standalone statement of profit and loss for the Fiscals 2016, 2015, 2014, 2013 and 2012 and the related statement of reformatted standalone cash flow for the Fiscals 2016, 2015, 2014, 2013 and 2012 as examined by our Company’s Statutory Auditors, B S R & Associates LLP, Chartered Accountants.  Our audited standalone financial statements as at and for the years ended March 31, 2016, March 31, 2015, March 31, 2014, March 31, 2013 and March 31, 2012 form the basis for such Reformatted Financial Statements.
Registered and Corporate Office	The Registered and Corporate Office is Edelweiss House, Off. C.S.T Road, Kalina, Mumbai - 400 098, Maharashtra, India.
RoC	Registrar of Companies, Maharashtra at Mumbai.
Securities IPO Committee	The committee constituted by our Board of Directors by a board resolution dated May 11, 2016
Statutory Auditors/Auditors	The statutory auditors of our Company being B S R & Associates LLP, Chartered Accountants.

## Issue related terms

Term	Description
Allotment Advice	The communication sent to the Allottees conveying details of NCDs allotted to the Allottees in accordance with the Basis of Allotment.
Allotment/ Allot/ Allotted	The issue and allotment of the NCDs to successful Applicants pursuant to the Issue.
Allottee(s)	The successful Applicant to whom the NCDs are Allotted either in full or part, pursuant to the Issue
Applicant/ Investor	A person who applies for the issuance and Allotment of NCDs pursuant to the terms of this Draft Prospectus, Prospectus, Abridged Prospectus and the Application Form for the Issue.
Application	An application to subscribe to the NCDs offered pursuant to the Issue by submission of a valid Application Form and payment of the Application Amount by any of the modes as prescribed under the Prospectus.
Application Amount	The aggregate value of the NCDs applied for, as indicated in the Application Form for the Issue.
Application Form	The form in terms of which the Applicant shall make an offer to subscribe to the NCDs through the ASBA or non-ASBA process, in terms of the Prospectus.
“ASBA” or “Application Supported by Blocked Amount” or “ASBA Application”	The application (whether physical or electronic) used by an ASBA Applicant to make an Application by authorizing the SCSB to block the bid amount in the specified bank account maintained with such SCSB.
ASBA Account	An account maintained with an SCSB which will be blocked by such SCSB to the extent of the appropriate Application Amount of an ASBA Applicant.
ASBA Applicant	Any Applicant who applies for NCDs through the ASBA process.
Banker(s) to the Issue/ Escrow Collection Bank(s)	The banks which are clearing members and registered with SEBI as bankers to the issue, with whom the Escrow Accounts and/or Public Issue Accounts will be opened by our Company in respect of the Issue, and as specified in the Prospectus.
Base Issue Size	₹ 2,500 million.
Basis of Allotment	The basis on which NCDs will be allotted to successful applicants under the Issue and which is described in “ <b>Issue Procedure</b> ” on page 172.
Brickwork	Brickwork Ratings India Private Limited
BSE	BSE Limited
CARE	Credit Analysis & Research Limited
Category I Investor	<ul style="list-style-type: none"> <li>Public financial institutions, statutory corporations, scheduled commercial banks, co-operative banks, Indian multilateral and bilateral development financial institution and RRBs which are authorized to invest in the NCDs;</li> <li>Provident funds, pension funds, superannuation funds and gratuity funds, which are authorized to invest in the NCDs;</li> <li>Venture Capital Funds/ Alternative Investment Fund registered with SEBI;</li> <li>Insurance Companies registered with IRDA;</li> <li>State industrial development corporations;</li> <li>Insurance funds set up and managed by the army, navy, or air force of the Union of India;</li> <li>Insurance funds set up and managed by the Department of Posts, the Union of India;</li> <li>National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India; and</li> <li>Mutual Funds.</li> </ul>
Category II Investor	<ul style="list-style-type: none"> <li>Companies within the meaning of section 2(20) of the Companies Act, 2013; statutory bodies/ corporations and societies registered under the applicable laws in India and authorized to invest in the NCDs;</li> <li>Public/private charitable/religious trusts which are authorized to invest</li> </ul>



Term	Description
	<p>in the NCDs;</p> <ul style="list-style-type: none"> <li>• Scientific and/or industrial research organisations, which are authorized to invest in the NCDs;</li> <li>• Partnership firms in the name of the partners;</li> <li>• Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009);</li> <li>• Association of Persons; and</li> <li>• Any other incorporated and/ or unincorporated body of persons.</li> </ul>
Category III Investor	<ul style="list-style-type: none"> <li>• Resident Indian individuals; and</li> <li>• Hindu Undivided Families through the Karta</li> </ul>
Credit Rating Agencies	For the present Issue, the credit rating agencies, being CARE, ICRA Limited and Brickwork.
CRISIL	CRISIL Limited
Debenture Trustee Agreement	The agreement dated June 14, 2016 entered into between the Debenture Trustee and our Company.
Debenture Trust Deed	The trust deed to be entered into between the Debenture Trustee and our Company.
Debenture Trustee/ Trustee	Debenture Trustee for the Debentureholders, in this Issue being IDBI Trusteeship Services Limited.
Debt Application Circular	Circular no. CIR/IMD/DF – 1/20/ 2012 issued by SEBI on July 27, 2012.
Deemed Date of Allotment	The date on which the Board of Directors or the duly constituted committee approves the Allotment of the NCDs for the Issue or such date as may be determined by the Board of Directors or the duly constituted committee and notified to the Designated Stock Exchange. The actual Allotment of NCDs may take place on a date other than the Deemed Date of Allotment. All benefits relating to the NCDs including interest on NCDs (as specified for in Prospectus) shall be available to the Debentureholders from the Deemed Date of Allotment.
Demographic Details	The demographic details of an Applicant, such as his address, occupation, bank account details, Category, PAN for printing on refund orders which are based on the details provided by the Applicant in the Application Form.
Depositories Act	The Depositories Act, 1996, as amended from time to time.
Depository(ies)	National Securities Depository Limited (NSDL) and/or Central Depository Services (India) Limited (CDSL).
Designated Branches	Such branches of the SCSBs which shall collect the ASBA Applications and a list of which is available on <a href="http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries">http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries</a> or at such other website as may be prescribed by SEBI from time to time.
Designated Date	The date on which Application Amounts are transferred from the Escrow Accounts to the Public Issue Accounts or the Refund Account, as appropriate and the Registrar to the Issue issues instruction to SCSBs for transfer of funds from the ASBA Accounts to the Public Issue Account(s) following which the Board or the duly constituted committee shall Allot the NCDs to the successful Applicants, provided that the sums received in respect of the Issue will be kept in the Escrow Accounts up to this date.
Designated Stock Exchange	BSE
Direct Online Application	The application made using an online interface enabling direct application by investors to a public issue of their debt securities with an online payment facility through a recognized stock exchange. This facility is available only for demat account holders who wish to hold the NCDs pursuant to the Issue in dematerialized form. Please note that the Applicants will not have the option to apply for NCDs under the Issue, through the direct online applications mechanism of the Stock Exchanges
DP / Depository Participant	A depository participant as defined under the Depositories Act.
Draft Prospectus	This Draft Prospectus dated June 17, 2016 filed by our Company with the Designated Stock Exchange for receiving public comments, in accordance with the provisions of the SEBI Debt Regulations.

Term	Description
Escrow Accounts	Accounts opened in connection with the Issue with the Escrow Collection Bank(s) and in whose favour the Applicant will issue cheques or bank drafts in respect of the Application Amount while submitting the Application
Escrow Agreement	Agreement dated [•] entered into amongst our Company, the Registrar to the Issue, the Lead Managers and the Escrow Collection Banks for collection of the Application Amounts from non-ASBA Applicants and where applicable, refunds of the amounts collected from the Applicants on the terms and conditions thereof.
Interest Payment Date	Interest Payment Date as specified in the Prospectus for the Issue.
Issue	Public Issue by our Company of NCDs aggregating up to ₹ 2,500 million with an option to retain over-subscription up to ₹ 2,500 million aggregating up to ₹ 5,000 million, on the terms and in the manner set forth herein
Issue Closing Date	[•]
Issue Opening Date	[•]
Issue Period	The period between the Issue Opening Date and the Issue Closing Date inclusive of both days, during which prospective Applicants may submit their Application Forms.
Lead Managers/ LMs	SBI Capital Markets Limited and Edelweiss Financial Services Limited
Lead Brokers	[•]
Lead Broker Agreement	Agreement to be entered into amongst our Company, Lead Managers and Lead Brokers
Market Lot	One NCD
NCDs	Secured redeemable non-convertible debentures of face value of ₹ 1,000.
NSE	National Stock Exchange of India Limited
Offer Document	This Draft Prospectus and Prospectus
Prospectus	The Prospectus dated [•] shall be filed by our Company with the ROC, SEBI and the Stock Exchanges in accordance with the provisions of the Companies Act, 2013 and the SEBI Debt Regulations.
Public Issue Account	An account opened with the Banker(s) to the Issue to receive monies from the Escrow Accounts for the Issue and/ or the SCSBs on the Designated Date.
Record Date	15 (fifteen) days prior to the relevant interest payment date, relevant Redemption Date for NCDs issued under the Prospectus. In the event the Record Date falls on a second or fourth Saturday or a Sunday or a public holiday in India or Mumbai, the succeeding Working Day will be considered as the Record Date.
Redemption Amount	The amount repayable on the NCDs, as specified in the section titled “ <b>Issue related Information</b> ” on page 153 of this Draft Prospectus.
Redemption Date	The date on which the NCDs will be redeemed, as specified in the section titled “ <b>Issue related Information</b> ” on page 153 of this Draft Prospectus.
Refund Account	The account opened with the Refund Bank(s), from which refunds, if any, of the whole or part of the Application Amount shall be made (excluding all Application Amounts received from ASBA Applicants).
Refund Bank	[•]
Register of Debentureholders	The Register of Debentureholders maintained by the Issuer in accordance with the provisions of the Companies Act, 2013.
Registrar Agreement	Agreement dated June 17, 2016 entered into between our Company and the Registrar to the Issue, in relation to the responsibilities and obligations of the Registrar to the Issue, pertaining to the Issue.
Registrar to the Issue/ Registrar	Karvy Computershare Private Limited
Self Certified Syndicate Banks or SCSBs	The banks which are registered with SEBI under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994 and offer services in relation to ASBA, including blocking of an ASBA Account, a list of which is available on <a href="http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries">http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries</a> or at such other website as may be prescribed by SEBI from time to time.
Simplified Listing Agreement	The Listing Agreement entered into between our Company and the relevant

Term	Description
Stock Exchanges	stock exchange(s) in connection with the listing of the debt securities BSE and NSE
Syndicate or Member(s) of the Syndicate	Collectively, the Lead Managers, Lead brokers and sub-brokers appointed in relation to the Issue
Syndicate ASBA Application Locations	ASBA Applications through the Lead Managers, Lead brokers, sub-brokers or the Trading Members of the Stock Exchange only in the Specified Cities.
Syndicate SCSB Branches	In relation to ASBA Applications submitted to a Member of the Syndicate, such branches of the SCSBs at the Syndicate ASBA Application Locations named by the SCSBs to receive deposits of the Application Forms from the members of the Syndicate, and a list of which is available on <a href="http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries">http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries</a> or at such other website as may be prescribed by SEBI from time to time.
Tenor	Tenor shall mean the tenor of the NCDs as specified in the Prospectus.
Trading Members	Intermediaries registered with a Broker or a Sub-Broker under the SEBI (Stock Brokers and Sub-Brokers) Regulations, 1992 and/or with the Stock Exchanges under the applicable byelaws, rules, regulations, guidelines, circulars issued by Stock Exchanges from time to time and duly registered with the Stock Exchanges for collection and electronic upload of Application Forms on the electronic application platform provided by the Stock Exchanges
Transaction Registration Slip or TRS	The acknowledgement slip or document issued by any of the Members of the Syndicate, the SCSBs, or the Trading Members as the case may be, to an Applicant upon demand as proof of registration of his application for the NCDs.
Tripartite Agreements	Tripartite agreement dated June 17, 2016 among our Company, the Registrar and CDSL and tripartite agreement dated June 16, 2016 among our Company, the Registrar and NSDL.
Working Day(s)	Working Day shall mean all days excluding Sundays or a holiday of commercial banks in Mumbai, except with reference to Issue Period, where Working Days shall mean all days, excluding Saturdays, Sundays and public holiday in India. Furthermore, for the purpose of post issue period, i.e. period beginning from Issue Closure to listing of the securities, Working Days shall mean all days excluding 2 <sup>nd</sup> and 4 <sup>th</sup> Saturdays of a month or Sundays or a holiday of commercial banks in Mumbai or a public holiday in India.

#### Conventional and general terms or abbreviation

Term/Abbreviation	Description/ Full Form
₹ or Rupees or Indian Rupees or INR	The lawful currency of India.
ACH	Automated Clearing House.
AGM	Annual General Meeting.
AS	Accounting Standards issued by Institute of Chartered Accountants of India.
ASBA	Application Supported by Blocked Amount.
BSE	BSE Limited
CAGR	Compound Annual Growth Rate
CAR	Capital Adequacy Ratio
CDSL	Central Depository Services (India) Limited.
Companies Act	Companies Act 1956 and/or Companies Act 2013, as applicable
Companies Act, 1956	Companies Act, 1956, to the extent in force.
Companies Act, 2013	The Companies Act, 2013 (18 of 2013), to the extent notified by the MCA and in force as on the date of this Draft Prospectus
CRAR	Capital to Risk-Weighted Assets Ratio.

<b>Term/Abbreviation</b>	<b>Description/ Full Form</b>
CRISIL	Credit Rating Information Services of India Limited
CrPC	The Code of Criminal Procedure, 1973
CSR	Corporate Social Responsibility.
ECS	Electronic Clearing Scheme.
Depositories Act	Depositories Act, 1996.
Depository(ies)	CDSL and NSDL.
DIN	Director Identification Number.
DP/ Depository Participant	Depository Participant as defined under the Depositories Act, 1996.
DRR	Debenture Redemption Reserve.
FDI	Foreign Direct Investment.
FDI Policy	The Government policy and the regulations (including the applicable provisions of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000) issued by the Government of India prevailing on that date in relation to foreign investments in our Company's sector of business as amended from time to time.
FEMA	Foreign Exchange Management Act, 1999.
Financial Year/ Fiscal/ FY	Period of 12 months ended March 31 of that particular year.
FIR	First Information Report.
GDP	Gross Domestic Product.
GoI or Government	Government of India.
HFC	Housing Finance Institution as defined under the National Housing Bank Act, 1987
HNI	High Networth Individual.
HUF	Hindu Undivided Family.
Ind-AS	Indian Accounting Standards
ICAI	Institute of Chartered Accountants of India.
IFRS	International Financial Reporting Standards.
IMF	International Monetary Fund
Income Tax Act	Income Tax Act, 1961.
India	Republic of India.
Indian GAAP	Generally Accepted Accounting Principles followed in India.
IRDA	Insurance Regulatory and Development Authority.
IT	Information Technology.
IT Act	Income Tax Act, 1961
LIBOR	London Inter-Bank Offered Rate.
MCA	Ministry of Corporate Affairs, GoI.
Merchant Bankers Regulations	SEBI (Merchant Bankers) Regulations, 1992 as amended.
MoF	Ministry of Finance, GoI.
NAV	Net Asset Value
NBFC	Non Banking Financial Company, as defined under applicable RBI guidelines.
NECS	National Electronic Clearing System.
NEFT	National Electronic Fund Transfer.
NHB	National Housing Bank as defined under the National Housing Bank Act, 1987
NHB Act	The National Housing Bank Act, 1987, as amended
NPA	Non-Performing Asset
NRI or "Non-Resident"	A person resident outside India, as defined under the FEMA.
NSDL	National Securities Depository Limited.
NSE	National Stock Exchange of India Limited.
p.a.	Per annum.
PAN	Permanent Account Number.
PAT	Profit After Tax.
RBI	Reserve Bank of India.
RBI Act	Reserve Bank of India Act, 1934, as amended.
SARFAESI Act	Securitisation & Reconstruction of Financial Assets and Enforcement of

Term/Abbreviation	Description/ Full Form
	Security Interest Act, 2002
SEBI	Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992 as amended.
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended.
SEBI Debt Regulations	Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 as amended.
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended.

#### Business/ Industry related terms

Term/Abbreviation	Description/ Full Form
ALCO	Asset Liability Management Committee.
BMU	Balance Sheet Management Unit
CERSAI	Central Registry of Securitisation Asset Reconstruction & Security Interest of India
ECBs	External Commercial Borrowing.
FCNR	Foreign Currency Non-Resident.
IFC	Infrastructure Finance Company
KYC	Know Your Customer
LIC	Life Insurance Corporation of India
LAP	Loan Against Property
LTV	Loan To Value
MICR	Magnetic Ink Character Recognition.
MoU	Memorandum of Understanding.
NPAs	Non-Performing Assets.
NPL	Non Performing Loan
RBI	Reserve Bank of India.
UTI	Unit Trust of India
WCDL	Working Capital Demand Loan.
XIRR	Internal rate of return for irregular cash flows.
Yield	Ratio of interest income to the daily average of interest earning assets.

Notwithstanding anything contained herein, capitalised terms that have been defined in the sections titled “*Capital Structure*”, “*Regulations and Policies*”, “*History Main Objects and Key Agreements*”, “*Statement of Tax Benefits*”, “*Our Management*”, “*Financial Indebtedness*”, “*Outstanding Litigations and Defaults*” and “*Issue Procedure*” on pages 37, 83, 80, 43, 91, 116, 133 and 172 respectively will have the meanings ascribed to them in such sections.

## **CERTAIN CONVENTIONS, USE OF FINANCIAL, INDUSTRY AND MARKET DATA AND CURRENCY OF PRESENTATION**

### **Certain Conventions**

All references in this Draft Prospectus to “**India**” are to the Republic of India and its territories and possessions.

### **Presentation of Financial Information**

Our Company publishes its financial statements in Rupees. Our Company’s financial statements for the year ended March 31, 2016 and March 31, 2015 have been prepared in accordance with Indian GAAP including the Accounting Standards notified under the Companies Act, 1956 read with General Circular 8/2014 dated April 4, 2014 and for the years ended March 31, 2014, 2013 and 2012 are prepared in accordance with Indian GAAP including the Accounting Standards referred to in Section 133 of the Companies Act, 2013.

The Reformatted Financial Statements are included in this Draft Prospectus and referred to hereinafter as the (“**Reformatted Financial Statements**”). The Examination reports on the Reformatted Financial Statements, as issued by our Company’s Statutory Auditors, B S R & Associates LLP, are included in this Draft Prospectus in the section titled “**Financial Statements**” beginning at page 114 of this Draft Prospectus.

Any discrepancies in the tables included herein between the amounts listed and the totals thereof are due to rounding off.

Unless stated otherwise, macroeconomic and industry data used throughout this Draft Prospectus has been obtained from publications prepared by providers of industry information, government sources and multilateral institutions. Such publications generally state that the information contained therein has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although the Issuer believes that industry data used in this Draft Prospectus is reliable, it has not been independently verified. Further, the extent to which the market and industry data presented in this Draft Prospectus is meaningful depends on the readers’ familiarity with and understanding of methodologies used in compiling such data.

### **Currency and Unit of Presentation**

In this Draft Prospectus, all references to ‘Rupees’/ ‘Rs.’ / ‘INR’/ ‘₹’ are to Indian Rupees, the official currency of the Republic of India.

Except where stated otherwise in this Draft Prospectus, all figures have been expressed in ‘Million’. All references to ‘million/Million/Mn’ refer to one million, which is equivalent to ‘ten lakhs’ or ‘ten lacs’, the word ‘Lakhs/Lacs/Lac’ means ‘one hundred thousand’ and ‘Crore’ means ‘ten million’ and ‘billion/bn./Billions’ means ‘one hundred crores’

### **Industry and Market Data**

Any industry and market data used in this Draft Prospectus consists of estimates based on data reports compiled by Government bodies, professional organizations and analysts, data from other external sources including CRISIL, available in the public domain and knowledge of the markets in which we compete. These publications generally state that the information contained therein has been obtained from publicly available documents from various sources believed to be reliable, but it has not been independently verified by us, its accuracy and completeness is not guaranteed and its reliability cannot be assured. Although we believe that the industry and market data used in this Draft Prospectus is reliable, it has not been independently verified by us. The data used in these sources may have been reclassified by us for purposes of presentation. Data from these sources may also not be comparable. The extent to which the industry and market data presented in this Draft Prospectus is meaningful depends on the reader’s familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business and methodologies and assumptions may vary widely among different market and industry sources.

Further, in case of specific provision in the loan agreement for a rate other than the RBI rate, the rate has been taken as prescribed as in the respective loan agreement.

In this Draft Prospectus, any discrepancy in any table between total and the sum of the amounts listed are due to rounding off.



## FORWARD-LOOKING STATEMENTS

Certain statements contained in this Draft Prospectus that are not statements of historical fact constitute “forward-looking statements”. Investors can generally identify forward-looking statements by terminology such as “aim”, “anticipate”, “believe”, “continue”, “could”, “estimate”, “expect”, “intend”, “may”, “objective”, “plan”, “potential”, “project”, “pursue”, “shall”, “seek”, “should”, “will”, “would”, or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. All statements regarding our expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, revenue and profitability, new business and other matters discussed in this Draft Prospectus that are not historical facts. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our expectations include, among others:

- our ability to manage our credit quality;
- interest rates and inflation in India;
- growth prospects of the Indian housing and urban infrastructure sector and related policy developments;
- changes in the demand and supply scenario in housing and urban infrastructure sector in India ;;
- general, political, economic, social and business conditions in Indian and other global markets;
- our ability to successfully implement our strategy, growth and expansion plans;
- change in the government regulations;
- performance of the Indian debt and equity markets;
- our ability to comply with certain specific conditions prescribed by the GoI in relation to our business changes in laws and regulations applicable to companies in India, including foreign exchange control regulations in India; and
- other factors discussed in this Draft Prospectus, including under the section titled “**Risk Factors**” on page 10 of this Draft Prospectus.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed in the section titled “**Our Business**” and “**Outstanding Litigations and Defaults**” on pages 65 and 133 respectively of this Draft Prospectus. The forward-looking statements contained in this Draft Prospectus are based on the beliefs of management, as well as the assumptions made by, and information currently available to management. Although our Company believes that the expectations reflected in such forward-looking statements are reasonable as of the date of this Draft Prospectus, our Company cannot assure investors that such expectations will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. If any of these risks and uncertainties materialize, or if any of our underlying assumptions prove to be incorrect, our actual results of operations or financial condition could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to us are expressly qualified in their entirety by reference to these cautionary statements.

Neither the Lead Managers, our Company, its Directors and its officers, nor any of their respective affiliates or associates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with the SEBI Debt Regulations, our Company, the Lead Managers will ensure that investors in India are informed of material developments between the date of filing the Draft Prospectus with the Stock Exchanges and the date of the Allotment.

## SECTION II - RISK FACTORS

*An investment in NCDs involves a certain degree of risk. You should carefully consider all the information contained in this Draft Prospectus, including the risks and uncertainties described below, and the information provided in the sections titled “Our Business” on page 65 and “Financial Statements” on page 114 before making an investment decision. The risk factors set forth below do not purport to be complete or comprehensive in terms of all the risk factors that may arise in connection with our business or any decision to purchase, own or dispose of the NCDs. The following risk factors are determined on the basis of their materiality. In determining the materiality of risk factors, we have considered risks which may not be material individually but may be material when considered collectively, which may have a qualitative impact though not quantitative, which may not be material at present but may have a material impact in the future. Additional risks, which are currently unknown, if materialises, may in the future have a material adverse effect on our business, financial condition and results of operations. The market prices of the NCDs could decline due to such risks and you may lose all or part of your investment.*

*Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implication of any of the risks described in this section. This Draft Prospectus also contains forward-looking statements that involve risks and uncertainties. Our results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including events described below and elsewhere in this Draft Prospectus. Unless otherwise stated, the financial information used in this section is derived from and should be read in conjunction with Financial Statements.*

### **Internal Risk Factors**

- 1. We are subject to periodic inspections by the NHB. Non-compliance with the NHB’s observations made during any such inspections could adversely affect our reputation, business, financial condition, results of operations and cash flows.***

The NHB conducts periodic inspections of our books of accounts and other records for the purpose of verifying the correctness or completeness of any statement, information or particulars furnished to the NHB or for obtaining any information which our Company might have failed to furnish on being called upon to do so. Inspection by the NHB is a regular exercise and is carried out periodically by the NHB for all housing finance institutions under Section 24 of the NHB Act. In the past, the NHB had made certain observations during its periodic inspections in connection with our operations.

Our Company was *inter alia* subjected to NHB’s inspection under the provisions of the NHB Act, 1987 for the financial position as on March 31, 2014. Subsequently NHB vide its letter dated July 28, 2015, bearing reference number NHB(ND)//HFC/DRS/Sup./7338/2015 reported certain observations which *inter alia* included computation of net owned fund, approval obtained from the shareholders, with regards to the borrowing limit being more than 16 times of the NOF, in contravention of the NHB Directions, , the demand/call loans policy not being approved by the Board, and conflict of the MoA which omitted stating that HFCs cannot be partners in a partnership firm, certain other discrepancies pertaining to KYC and AML guidelines, and fair practices codes etc., were observed by the NHB.

Our Company replied to the said letter vide a letter dated August 31, 2015, *inter-alia* stating that that since additional equity was infused in our Company on April 22, 2013, the NOF stood increased, and therefore the borrowing limits sanctioned by the shareholders was within the prescribed 16 times limit of the NOF. Also, since our Company did not intend to grant any demand or call loans the Board in its meeting held on February 25, 2015 passed a resolution for not granting any demand or call loans. Our Company also confirmed in its response to NHB that the MoA shall be suitably amended to reflect the change of HFCs not being a partner in a partnership firm in accordance with the NHB Directions, with regards to discrepancies pertaining to policies, our Company certified and confirmed to NHB that compliance has either been carried out or actions for compliance have been taken up in line with NHB’s observations, etc. Subsequently, NHB issued a follow up on compliance letter dated November 24, 2015 with advice and directions to the Company to take requisite measures in order to comply with NHB’s directions, in response to which our Company vide its letter dated January 8, 2016, replied to NHB detailing all the actions undertaken to comply with NHB’s observations.

Further, in 2015, NHB conducted a credit inspection of our Company and vide a letter dated July 30, 2015 provided its observation’s such as, compliance with previous observations such as mentioning prepayment

charges in our application forms, details of beneficiary loans not being reflected in our statement of accounts along with certain specific observations, pertaining to cases of our loan account holders. Our Company vide a letter dated October 23, 2015, responded to the NHB, categorically addressing all the concerns raised by the NHB. Subsequently, NHB issued a follow up on compliance letter dated 3 November 2015 with advice and directions to the Company to take requisite measures in order to comply with NHB's observations in relation to the credit inspection, in response to which our Company vide its letter dated November 18, 2015, replied to NHB submitting the requisite details of actions undertaken in order to comply with NHB's directions.

Even though we have provided the NHB with necessary clarifications and taken necessary steps to comply with the NHB's observations, any adverse notices or orders by the NHB during any future inspections could adversely affect our reputation, business, financial condition, results of operations and cash flows.

**2. *We are a HFC and therefore subject to various regulatory and legal requirements. Also, future regulatory changes may have a material adverse effect on our business, results of operations and financial condition.***

Our business is highly-regulated. The operations of a HFC in India are subject to various regulations framed by the Ministry of Corporate Affairs and the NHB, amongst others. We are also subject to the corporate, taxation and other laws in effect in India which require continued monitoring and compliance. These regulations, apart from regulating the manner in which a company carries out its business and internal operation, prescribe various periodical compliances and filings including but not limited to filing of forms and declarations with the relevant registrar of companies, and the NHB. Pursuant to the NHB regulations, HFCs are currently required to maintain a minimum CRAR consisting of Tier I and Tier II capital which collectively shall not be less than 12.00% of their aggregate risk weighted assets and their risk adjusted value of off-balance sheet items.

In particular, according to the NHB Directions, 2010, at no point can our total Tier II capital exceed 100% of the Tier I capital. For further details, please see the section titled "***Regulations and Policies***". This ratio is used to measure an HFC's capital strength and to promote the stability and efficiency of the housing finance system. Our capital adequacy ratio, calculated in accordance with Indian GAAP, was 19.40% as at March 31, 2016. As our asset book grows further our CRAR may decline and this may require us to raise fresh capital. There is no assurance that NHB will not increase the minimum capital adequacy requirements. Should we be required to raise additional capital in the future in order to maintain our CRAR above the existing and future minimum required levels, we cannot guarantee that we will be able to obtain this capital on favorable terms, in a timely manner or at all. Additionally, under Clause 29C of the NHB Act, our Company is required to create a reserve fund and transfer to such fund an amount of no less than 20% of its net profits every year before any dividend is declared. If we fail to meet the requirements prescribed by the NHB, then the NHB may take certain actions, including but not limited to levying penalties, restricting our lending activities, investment activities and asset growth, and suspending all but our low-risk activities and imposing restrictions on the payment of dividends.

The requirement for compliance with such applicable regulations presents a number of risks, particularly in areas where applicable regulations may be subject to varying interpretations. Further, if the interpretations of the regulators and authorities with respect to these regulations vary from our interpretation, we may be subject to penalties and the business of the Company could be adversely affected.

Furthermore, we are also subject to changes in Indian laws, regulations and accounting principles. There can be no assurance that the laws and regulations governing companies in India will not change in the future or that such changes or the interpretations or enforcement of existing and future laws and rules by governmental and regulatory authorities will not affect our business and future financial performance. The introduction of additional government controls or newly implemented laws and regulations, depending on the nature and extent thereof and our ability to make corresponding adjustments, may result in a material adverse effect on our business, results of operations and financial condition and our future growth plans. In particular, decisions taken by regulators concerning economic policies or goals that are inconsistent with our interests, could adversely affect our results of operations.

We cannot assure you that our Company will be in compliance with the various regulatory and legal requirements in a timely manner or at all. Further, we cannot assure you that we will be able to adapt to new laws, regulations or policies that may come into effect from time to time with respect to the housing finance industry in general. Further, changes in tax laws may adversely affect demand for real estate and therefore,

for housing finance in India.

**3. *Our business is vulnerable to interest rate volatility and we will be impacted by any volatility in such interest rates in our operations, which could cause our net interest margins to decline and adversely affect our profitability.***

A significant component of our income is the interest income we receive from the loans we disburse. Our interest income is affected by any volatility in interest rates in our lending operations. Interest rates are highly volatile due to many factors beyond our control, including the monetary policies of the RBI, deregulation of the financial sector in India, domestic and international economic and political conditions.

If there is an increase in the interest rates that we pay on our borrowings, which we are unable to pass to our customers, we may find it difficult to compete with our competitors, who may have access to lower cost funds.

Further, we may lend money on a long-term, fixed interest rate basis, typically without an escalation clause in our loan agreements. Any increase in interest rates over the duration of such loans may result in our losing potential interest income. Our failure to pass on increased interest rates on our borrowings may cause our net interest income to decline, which would decrease our return on assets and could adversely affect our business, future financial performance and result of operations.

Moreover, when interest rates decline, we are subject to greater re-pricing and prepayment risks as borrowers take advantage of the attractive interest rate environment. In periods of low interest rates and high competition among lenders, borrowers may seek to reduce their borrowing cost by asking lenders to re-price loans. If we are required to restructure loans, it could adversely affect our profitability. If borrowers prepay loans, the return on our capital may be impaired if we are not able to deploy the received funds at similar interest rates.

**4. *Any increase in the levels of non-performing assets in our loan portfolio, for any reason whatsoever, would adversely affect our business, results of operations and financial condition.***

With the growth in our business, we expect an increase in our loan portfolio. Should the overall credit quality of our loan portfolio deteriorate, the current level of our provisions may not be adequate to cover further increases in the amount of our NPAs. There can be no assurance that there will be no further deterioration in our provisioning coverage as a percentage of gross NPAs or otherwise, or that the percentage of NPAs that we will be able to recover will be similar to our past experience of recoveries of NPAs.

As at March 31, 2016, our gross NPAs as a percentage of our outstanding loans was 1.17% and our net NPAs, as a percentage of our outstanding loans, was 0.83%. The provisioning in respect of our outstanding loan portfolio has been undertaken in accordance with the NHB guidelines and other applicable laws. However, these provisioning requirements may require us to reserve lower amounts than the provisioning requirements applicable to financial institutions and banks in other countries. The provisioning requirements may also require the exercise of subjective judgments of management. The level of our provisions may be inadequate to cover further increases in the amount of our non-performing loans or decrease in the value of the underlying collateral. If our provisioning requirements are insufficient to cover our existing or future levels of non-performing loans or other loan losses that may occur, or if future regulation requires us to increase our provisions, our ability to raise additional capital and debt funds at favorable terms as well as our results of operations, liquidity and financial condition could be adversely affected.

In addition, provisioning norms may be revised by the NHB and become more stringent for HFCs. For instance, the NHB Directions, 2010, have been amended by notification no. NHB.HFC.DIR.3/CMD/2011 dated August 5, 2011, notification no. NHB.HFC.DIR.4/CMD/2012 dated January 19, 2012, and notification no. NHB.HFC.DIR.9/CMD/2013 dated September 6, 2013. As a result of the aforesaid notifications, we have had to increase our provisioning in accordance with these norms as they changed. For further details, please refer to the chapter "**Regulations and Policies**" on page 83.

If the quality of our loan portfolio deteriorates or we are unable to implement effective monitoring and collection methods, our financial condition and results of operations may be affected. In addition, we anticipate that the size of our loan portfolio will grow as a result of our expansion strategy in existing as well as new products, which will expose us to an increased risk of defaults.

A significant number of our customers are part of the low and middle income segment and are generally more likely to be affected by declining economic conditions than larger corporate borrowers. If our customers are unable to meet their financial obligation in a timely manner then it could adversely affect our results of operation. Any negative trends or financial difficulties particularly among our borrowers could increase the level of non-performing assets in our portfolio and adversely affect our business and financial performance. If a significant number of our customers are unable to meet their financial obligations in a timely manner it may lead to an increase in our level of NPAs. If we are not able to prevent increases in our level of NPAs, our business and our future financial performance could be adversely affected.

**5. *We regularly introduce new products, schemes for our customers, and there can be no assurance that our new products will be profitable in the future.***

We regularly introduce new products and schemes to expand our customer base. We may incur costs to promote our new range of products and schemes and cannot guarantee that such new products and schemes will be successful once offered, whether due to factors within or outside of our control, such as general economic conditions, a failure to understand customer demand and market requirements. If we fail to develop and launch these products and schemes successfully, we may lose a part or all of the costs incurred in development and promotion or discontinue these products and schemes entirely, which could in turn adversely affect our business and results of operations.

**6. *Our inability to obtain, renew or maintain our statutory and regulatory permits and approvals required to operate our business may have a material adverse effect on our business, financial condition and results of operations.***

HFCs in India are subject to strict regulation and supervision by the NHB. In addition to the conditions required for the registration as a HFC with the NHB, we are also required to comply with certain other statutory and regulatory requirements for our business. In the future, we will be required to renew the applicable permits and approvals and obtain new permits and approvals for the current and any proposed operations. There can be no assurance that the relevant authorities will issue any of such permits or approvals in the time-frame anticipated by us or at all. Failure by us to renew, maintain or obtain the required permits or approvals may result in the interruption of our operations and may have a material adverse effect on our business, financial condition and results of operation.

In addition, our branches are required to be registered under the relevant shops and establishments laws of the states in which they are located. The shops and establishment laws regulate various employment conditions, including working hours, holidays and leave and overtime compensation. If we fail to obtain or retain any of these approvals or licenses, or renewals thereof, in a timely manner, or at all, our business may be adversely affected. If we fail to comply, or a regulator claims we have not complied, with any of these conditions, our certificate of registration may be suspended or cancelled and we shall not be able to carry on such activities.

**7. *In order to sustain our growth, we will need to maintain a minimum capital adequacy ratio. There is no assurance that we will be able to access the capital markets when necessary in order to maintain such a ratio.***

The NHB Directions require a minimum capital adequacy ratio comprising of Tier I and Tier II capital aggregating to 12.00% to our total risk-weighted assets. The NHB Directions assign weightages to balance sheet assets. We must maintain this minimum capital adequacy level to support our continuous growth. Our capital adequacy ratio, calculated in accordance with Indian GAAP, was 19.40% on March 31, 2016. Our ability to support and grow our business could be limited by a declining capital adequacy ratio if we are unable to or have difficulty accessing the capital markets. Additionally, there is no assurance that the NHB will not increase the current capital adequacy ratio.

**8. *As a HFC, we face the risk of default and non-payment by borrowers. Any such defaults and non-payments would result in write-offs and/or provisions in our financial statements which may materially adversely affect our profitability and asset quality.***

Any lending activity is exposed to credit risk arising from the risk of default and non-payment

by borrowers. Our outstanding loan portfolio has grown at a CAGR of 49.50% from ₹ 4,776.16 million as of March 31, 2012 to ₹ 23,872.67 million as of March 31, 2016. As at March 31, 2016, the size of our outstanding loan portfolio was ₹ 23,872.67 million. The size of our loan portfolio is expected to continue to grow as a result of our expansion strategy. A significant number of our customers are in the low and middle income segment and are generally more likely to be affected by declining economic conditions than larger corporate borrowers. As our portfolio expands, we will be exposed to an increasing risk of defaults. Any negative trends or financial difficulties among our borrowers could increase the level of non-performing assets in our portfolio and adversely affect our business and financial performance. The borrowers may default in their repayment obligations due to various reasons including insolvency, lack of liquidity, etc. Any such defaults and non-payments would result in write-offs and/or provisions in our financial statements which may materially and adversely affect our profitability and asset quality.

**9. *If we fail to identify, monitor and manage risks and effectively implement our risk management policies, it could have a material adverse effect on our business, financial condition, results of operations and cash flows.***

We have devoted resources to develop our risk management policies and procedures and aim to continue to do so in the future. For details, see '**Our Business**' on page 65. Despite this, our policies and procedures to identify, monitor and manage risks may not be fully effective. Some of our risk management systems are not automated and are subject to human error. Some of our methods of managing risks are based upon the use of observed historical market behavior. As a result, these methods may not accurately predict future risk exposures, which could be significantly greater than those indicated by the historical measures.

To the extent any of the instruments and strategies we use to hedge or otherwise manage our exposure to market or credit risk are not effective, we may not be able to mitigate effectively our risk exposures in particular market environments or against particular types of risk. Further, some of our risk management strategies may not be effective in a difficult or less liquid market environment, where other market participants may be attempting to use the same or similar strategies to deal with the difficult market conditions. In such circumstances, it may be difficult for us to reduce our risk positions due to the activity of such other market participants. Other risk management methods depend upon an evaluation of information regarding markets, clients or other matters. This information may not in all cases be accurate, complete, up-to-date or properly evaluated.

Our investment and interest rate risk are dependent upon our ability to properly identify, and mark-to-market changes in the value of financial instruments caused by changes in market prices or rates. Our earnings are dependent upon the effectiveness of our management of changes in credit quality and risk concentrations, the accuracy of our valuation models and our critical accounting estimates and the adequacy of our allowances for loan losses.

To the extent our assessments, assumptions or estimates prove inaccurate or not predictive of actual results, we could suffer higher than anticipated losses. If we fail to effectively implement our risk management policies, it could materially and adversely affect our business, financial condition, results of operations and cash flows.

**10. *We are not permitted to have an aggregate exposure to capital markets in excess of 40% of our net worth.***

Pursuant to the NHB Directions, 2010, and directions thereunder, our Company, being a HFC, is not permitted to have an aggregate exposure to capital markets (both fund and non-fund based) in excess of 40% of our net worth as of March 31, of the previous year. The capital market exposure of the Company as on March 31, 2016 is within the limit as prescribed under NHB Directions, 2010. Within the overall ceiling, direct investments in shares, convertible bonds/debentures, units of equity-oriented mutual funds and all exposures to venture capital funds should not exceed 20% of our net worth.

**11. *We may be unable to realize the expected value of collateral when borrowers default on their obligations to us, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.***

We follow internal risk management guidelines in relation to portfolio monitoring which, *inter alia*, include a periodic assessment of loan to security value on the basis of conservative market price levels and ageing analysis amongst others. However, we may not be able to realize the full value of the collateral as a result of



the following, among other factors:

- defects or deficiencies in the perfection of collateral (including due to inability to obtain any approvals that may be required from third parties);
- fraud by borrowers;
- errors in assessing the value of the collateral;
- illiquid market for the sale of the collateral; and
- applicable legislative provisions or changes thereto and past or future judicial pronouncements.

There is no assurance that we will be able to realise the full value of our security, due to the aforesaid factors and among other things, delays on our part to take immediate action, economic downturns, adverse court orders and fraudulent transfers by borrowers. In the event that a specialised regulatory agency asserts jurisdiction over the enforcement proceedings, creditor actions can be further delayed. There can therefore be no assurance that we will be able to foreclose on collateral on a timely basis, or at all, and if we are able to foreclose on the collateral, that the value will be sufficient to cover the outstanding amounts owed to us, which could have an adverse effect on our financial condition, results of operations and cash flows.

**12. *We and our Promoters and one of our Directors is involved in certain legal and other proceedings and we cannot assure you that we will be successful in all of these actions. In the event we are unsuccessful in litigating any or all of the disputes, our business and results of operations may be adversely affected.***

Our Company is involved in certain legal proceedings, including civil suits, consumer cases and tax disputes. These legal proceedings are pending at different levels of adjudication before various courts, investing authorities and tribunals. Further, one of our Directors have been named in criminal proceedings, which are currently pending. For further details in relation to legal proceedings, see the section titled “*Outstanding Litigations and Defaults*” on page 133.

We incur cost in defending these proceedings. We cannot provide any assurance in relation to the outcome of these proceedings. Any adverse decision may have an adverse effect on our business, financial condition and results of operations. Further, there is no assurance that similar proceedings will not be initiated against us in the future.

**13. *We have high loan concentrations with our top twenty borrowers contributing to 15.83% of our total loans outstanding as on March 31, 2016 and default by any one of them could significantly affect our business.***

As of March 31, 2016, aggregate loans to our twenty and ten largest borrowers amounted to ₹ 3,779.77 million and ₹ 2,491.81 million, representing 15.83% and 10.44% of our loan book of ₹ 23,872.67 million, respectively. Our single largest borrower on such date had an outstanding balance of ₹ 380.35 million, representing 1.59 % of our total loans outstanding as of March 31, 2016. Whilst we are currently allowed by the NHB to extend an exposure of upto 15.00% of our net owned funds (NoF) to a single borrower, any deterioration in the credit quality of these assets could have a significant adverse effect on our business, prospects, results of operations, and financial condition.

**14. *Our Promoters have provided collateral and guarantees for loan facilities obtained by our Company, and any failure or default by our Company to repay such loans in accordance with the terms and conditions of the financing documents could trigger repayment obligations on them, which may impact their ability to effectively service their obligations as our Promoters and thereby, adversely impact our business and operations.***

Edelweiss Financial Services Limited and Edelweiss Commodities Services Limited, our Promoters have provided corporate guarantees in relation to the repayment of certain loan facilities availed by us. As at March 31, 2016, outstanding amounts from credit facilities for which our Promoters have executed corporate guarantees amounted to ₹ 11,555.81 million, which constituted 59.26% of our Company’s outstanding indebtedness as on such date.

Any default or failure by our Company to repay its loan obligations in a timely manner, or at all could trigger repayment obligations on the part of our Promoters, EFSL and/or ECSL, in respect of such loans, which in turn, could have an impact on their ability to effectively service their obligations as Promoters of our Company, thereby having an adverse effect on our business, results of operation and financial condition. Furthermore, in the event that these promoters withdraw or terminate their corporate guarantees, our lenders

for such facilities may ask for alternate guarantees, repayment of amounts outstanding under such facilities, or even terminate such facilities. We may not be successful in procuring guarantees satisfactory to the lenders, and as a result may need to repay outstanding amounts under such facilities or seek additional sources of capital, which could affect our financial condition and cash flows.

**15. *Financing of Indian housing is very competitive and increasing competition may result in declining margins and market shares.***

Interest rate deregulation, entry of commercial banks in the business of financing housing and other liberalisation measures affecting the business of financing of housing sector, together with increased demand for home finance, have increased competition significantly.

Historically, financing of housing was dominated by HFCs. While liberalisation has resulted in significant growth in the market, it has also provided increased access for borrowers to alternative sources of housing funding, in particular, from commercial banks. Most of the commercial banks have wider range of products and services, greater financial resources and a lower average cost of funds than HFCs by having access to retail deposits and greater marketing capabilities due to their more extensive branch networks. By comparison, HFCs are more reliant on sources of funding with higher costs, such as syndicated loans and debentures for their funding requirements, which affects their competitiveness in the market when compared to banks. As a result, HFCs have lost market share to commercial banks in the Indian housing and urban infrastructure finance sector.

As a result of increased competition, housing loans are becoming increasingly standard and terms such as floating rate interest options, monthly rest periods and no pre-payment penalties are becoming increasingly common. In addition, commercial banks and HFCs, including ourselves, have begun to include the cost of registration, stamp duty and other associated costs as part of the loan disbursement, which has benefited the borrower by increasing affordability. We cannot assure you that we will be able to retain our market share in the increasingly competitive housing and urban infrastructure finance sector. Increasing competition may have an adverse effect on our net interest margins and other operating income, and if we are unable to compete successfully, our market share will decline as the origination of new loans declines.

**16. *If we are unable to sustain our growth effectively, our business and financial results could be adversely affected.***

A principal component of our strategy is to continue to diversify into development of our new product portfolios to suit customer needs. This growth strategy will place significant demands on our management, financial and other resources. It will require us to continuously develop and improve our operational, financial and internal controls. Continuous expansion increases the challenges involved in financial management, recruitment, training and retaining high quality human resources, preserving our culture, values and entrepreneurial environment, and developing and improving our internal administrative infrastructure. Failure to train our employees properly may result in an increase in employee attrition rates, require additional hiring, erode the quality of customer service, divert management resources, increase our exposure to high-risk credit and impose significant costs on us. If we grow our loan book too rapidly or fail to make proper assessments of credit risks associated with the borrowers, a higher percentage of our loans may become non-performing, which would have a negative impact on the quality of our assets and our financial condition. Any inability on our part to manage such growth could disrupt our business prospects, impact our financial condition and adversely affect our results of operations.

**17. *We may face asset-liability mismatches which could affect our liquidity and consequently may adversely affect our operations and profitability.***

We regularly monitor our funding levels to ensure we are able to satisfy the requirement for loan disbursements and maturity of our liabilities. As is typical for HFCs, we maintain diverse sources of funding and liquid assets to facilitate flexibility in meeting our liquidity requirements. Liquidity is provided principally by long-term borrowings from banks and mutual funds, short and long-term general financing through the domestic debt markets and retained earnings, proceeds from securitization and equity issuances.

Our liquidity position could be adversely affected and we may be required to pay higher interest rates in order to meet our liquidity requirements in the future, which could have a material adverse effect on our business and financial results.

- 18. *We do not own the premises in which our registered office is situated and is on lease and license basis. In the event we lose such right to use, our business activities may be disrupted.***

At present we do not own the premise where our registered office is located. Our registered office is located on a premise which is owned by one of our Promoters, Edelweiss Commodities Services Limited (“ECSL”) and is used by our Company on a rental basis, pursuant to a Memorandum of Understanding (“MoU”) with ECSL, for usage of space and facilities management, with effect from April, 1, 2015. The MoU is subject to review on an annual basis and incorporates the terms in relation to the rent payable for the premise. Further, the MoU is not registered as per the requirements of Section 17 of the Registration Act, 1908.

- 19. *We do not own the premises where our branch offices are located and in the event our rights over the properties is not renewed or is revoked or is renewed on terms less favourable to us, our business activities may be disrupted.***

At present we do not own the premises of any of our branch offices. In the event the owner of the premises revokes the consent granted to us or fails to renew the tenancy, we may suffer disruption in our operations.

- 20. *Our business is dependent on relationships with our clients established through, amongst others, our branches. Closure of branches or loss of our key branch personnel may lead to damage to these relationships and a decline in our revenue and profits.***

Our business is dependent on the key branch personnel who directly manage client relationships. We encourage dedicated branch personnel to service specific clients since we believe that this leads to long-term client relationships, a trust based business environment and, over time, better cross-selling opportunities. While no branch manager or operating group of managers contributes a meaningful percentage of our business, our business may suffer materially if a substantial number of branch managers either become ineffective or leave the Company.

- 21. *As a HFC, we have significant exposure to the real estate sector and any negative events affecting this sector could adversely affect our business and result of operations.***

Our lending products include home loan, loan against property and construction finance. As of March 31, 2016, almost entire loan portfolio of the Company was exposed to the real estate market.

The primary security for the loans disbursed by the Company is the underlying property; the value of this security is largely dependent on housing market conditions prevalent at that time. The value of the collateral on the loans disbursed by the Company may decline due to adverse market conditions including an economic downturn or a downward movement in real estate prices. In the event the real estate sector is adversely affected due to a decline of demand for real properties, changes in regulations or other trends or events, which negatively impact the real estate sector, the value of our collaterals may diminish which may affect our business and results of operations. Failure to recover the expected value of collateral could expose the Company to losses and, in turn, result in a material adverse effect on our business, results of operations and financial condition.

Following the introduction of the SARFAESI Act and the subsequent extension of its application to HFCs, we are allowed to foreclose on secured property after 60 days’ notice to a borrower whose loan has been classified as non-performing. Although the enactment of the SARFAESI Act has strengthened the rights of creditors by allowing expedited enforcement of security in an event of default, there is still no assurance that cannot guarantee that we will be able to realize the full value of our collateral, due to, among other things, delays on our part in taking action to secure our property, defects in the perfection of collateral and fraudulent transfers by borrowers.

- 22. *Our growth in profitability depends on the continued growth of our loan portfolio.***

Our results of operations depend on a number of internal and external factors, including changes in demand for housing loans in India, the competitive landscape, our ability to expand geographically and diversify our product offerings and the size of our loan portfolio. Changes in market interest rates could impact the interest rates charged on our interest-earning assets in a way different to its effect on the interest rates paid on our interest-bearing liabilities, and thus affecting the value of our investments. Further, we may experience issues such as capital constraints. We cannot assure that we will be able to expand our existing business and

operations successfully, or that we will be able to retain existing personnel or to hire and train new personnel to manage and operate our expanded business.

- 23. *Any downgrade in our credit ratings may increase interest rates for refinancing our outstanding debt, which would increase our financing costs, and adversely affect our future issuances of debt and our ability to borrow on a competitive basis.***

We have received ‘[ICRA] AA (Stable)’, ‘CARE AA [Double A]’, and BWR AA+ (Stable) credit rating by the ICRA Limited, CARE and Brickwork respectively. These ratings indicate the high degree of safety regarding timely servicing of financial obligations and allow us to access debt financing at competitive rates of interest. Any downgrade in our credit ratings may increase interest rates for refinancing of our outstanding debt, which would increase our financing costs, and adversely affect our future issuances of debt and our ability to borrow on a competitive basis, which may adversely affect our business, results of operations and financial condition.

- 24. *We may not be able to consummate the Issue, if our Company is unable to obtain consents from all lenders in connection with creation of a pari-passu charge on the identified immovable property and receivables of our Company and consummation of the Issue.***

The SEBI Regulations require that the assets on which charge is created are free from any encumbrances and if the assets are already charged to secure a debt, the permissions or consent to create second or pari passu charge on the assets of the Issuer have been obtained from the charge holder. We intend to create a pari passu charge upon an identified immovable property and our receivables, as security for the NCDs offered under this Issue. Further some of our documents executed in connection with various borrowings require us to obtain prior permission and/or consent from the relevant lenders inter-alia in connection with raising additional borrowings/debt. We have not received the required consents from some of the lenders in connection with the above requirements as on the date of this Draft Prospectus. Our Company is in the process of receiving the abovementioned no-objection/consents from the lenders. We may not be able to consummate the Issue, if our Company is unable to obtain consents from all relevant lenders in connection with creation of a pari-passu charge on Security to be created for the purpose of this Issue and for the Issue.

- 25. *Our contingent liabilities could adversely affect our financial condition.***

As per the audited financial statements of our Company for year ended March 31, 2016, we had certain contingent liabilities not provided for, amounting to ₹ 53.32 million. The details are as follows:

1. Contingent liabilities: Corporate guarantee given by the Company of Rs. 53.32 million (Previous year Rs. Nil)

The contingent liability amounts disclosed in our audited financial statements represent estimates and assumptions of our management based on advice received. The contingent liabilities have arisen in the normal course of our business and are subject to the prudential norms as prescribed by the NHB. If, for any reason, these contingent liabilities materialize, it may adversely affect our financial condition. For further details, please refer to the chapter “*Financial Statements*” beginning on page 114.

- 26. *Our significant indebtedness and the conditions and restrictions imposed by our financing arrangements could restrict our ability to conduct our business and operations in the manner we desire.***

As of March 31, 2016, we had outstanding secured loans of ₹ 14,174.28 million (includes long term borrowings, short term borrowings and current maturities of long term debt, excluding interest accrued and due on secured loans included in Other Current Liabilities) and unsecured loans of ₹ 5,324.49 million (includes long term borrowings, short term borrowings and excluding interest accrued and due on unsecured loans included in other current liabilities) and we will continue to incur additional indebtedness in the future. Most of our borrowings are secured by our standard business receivables.

Some of our financing agreements also include various conditions and covenants that require us to obtain lender consents prior to carrying out certain activities and entering into certain transactions. Failure to meet these conditions or obtain these consents could have significant consequences on our business and operations. Under some of our financing agreements, we require, and may be unable to obtain, consents from the relevant lenders for, amongst others, the following matters: to declare and/ or pay dividend to any of its

shareholders whether equity or preference, during any financial year unless our Company has paid to the lender the dues payable by our Company in that year, to undertake or permit any merger, amalgamation or compromise with its shareholders, creditors or effect any scheme of amalgamation or reconstruction or disposal of whole of the undertaking, to amend its MOA and AOA, etc. These covenants vary depending on the requirements of the financial institution extending the loan and the conditions negotiated under each financing document. Such covenants may restrict or delay certain actions or initiatives that we may propose to take from time to time. Further, our lenders may recall certain short-term demand loans availed of by us at any time. For details relating to our borrowings please see the section titled “*Financial Indebtedness*” beginning on page 116.

**27. *Our success depends in large part upon our management team and key personnel and our ability to attract, train and retain such persons. Our inability to attract and retain talented professionals, or the resignation or loss of key management personnel, may have an adverse impact on our business and future financial performance.***

Our ability to sustain the rate of growth depends significantly upon selecting and retaining key managerial personnel, developing managerial experience to address emerging challenges and ensuring a high standard of client service. In order to be successful, we must attract, train, motivate and retain highly skilled employees, especially branch managers and product executives. If we cannot hire additional qualified personnel or retain them, our ability to expand our business will be impaired and our revenue could decline. We will need to recruit new employees, who will have to be trained and integrated with our operations. We will also have to train existing employees to adhere properly to internal controls and risk management procedures. Failure to train and motivate our employees properly may result in an increase in employee attrition rates, require additional hiring, erode the quality of customer service, divert management resources, increase our exposure to high-risk credit and impose significant costs on us. Hiring and retaining qualified and skilled managers is critical to our future, as our business model depends on our credit-appraisal and asset valuation mechanism, which are personnel-driven. Moreover, competition for experienced employees can be intense. While we have an incentive structure our inability to attract and retain talented professionals, or the resignation or loss of key management personnel, may have an adverse impact on our business and future financial performance.

**28. *We are party to certain legal proceedings and any adverse outcome in these or other proceedings may adversely affect our business.***

We are involved in several legal proceedings in the ordinary course of our business such as consumer disputes, debt-recovery proceedings, proceedings under the SARFAESI Act, income tax proceedings and civil disputes. These proceedings are pending at different levels of adjudication before various courts, tribunals and appellate tribunals. A significant degree of judgment is required to assess our exposure in these proceedings and determine the appropriate level of provisions, if any. There can be no assurance on the outcome of the legal proceedings or that the provisions we make will be adequate to cover all losses we may incur in such proceedings, or that our actual liability will be as reflected in any provision that we have made in connection with any such legal proceedings.

Although we intend to defend or appeal any adverse order in relation to these proceedings, we will be required to devote management and financial resources in their defence or prosecution. If a significant number of these disputes are determined against our Company and if our Company is required to pay all or a portion of the disputed amounts or if we are unable to recover amounts for which we have filed recovery proceedings, there could be an adverse impact on our reputation, business, results of operations and financial condition.

**29. *We may not be able to successfully sustain our growth rate.***

In recent years, our growth has been fairly substantial. Our growth strategy includes growing our lending and expanding our retail customer base. There can be no assurance that we will be able to sustain our growth plan successfully or that we will be able to expand further or diversify our product portfolio. If we grow our loan book too rapidly or fail to make proper assessments of credit risks associated with new borrowers, a higher percentage of our loans may become non-performing, which would have a negative impact on the quality of our assets and our financial condition.

We also face a number of operational risks in executing our growth strategy. We have experienced growth

in our corporate finance and loan against property businesses. Our rapid growth exposes us to a wide range of increased risks, including business and operational risks, such as the possibility of growth of NPAs, fraud risks and regulatory and legal risks.

Our ability to sustain our rate of growth also significantly depends upon our ability to recruit trained and efficient personnel and retain key managerial personnel, maintain effective risk management policies, continuing to offer products which are relevant to our target base of clients, developing managerial experience to address emerging challenges and ensuring a high standard of client service. We will need to recruit new employees, who will have to be trained and integrated into our operations. We will also have to train existing employees to adhere properly to internal controls and risk management procedures. Failure to train our employees properly may result in an increase in employee attrition rates, erode the quality of customer service, divert management resources, increase our exposure to high-risk credit and impose significant costs on us.

**30. *We have negative cash flows in recent periods and an inability to generate and sustain positive cash flows in the future may adversely affect our business, results of operation and financial condition.***

We have had negative cash flows in recent periods, the details of which are as under:

	(₹ in million)				
Particulars	Fiscal 2016	Fiscal 2015	Fiscal 2014	Fiscal 2013	Fiscal 2012
Net cash used in operating activities	(8,962.34)	(4,712.17)	(4,022.90)	(2,192.70)	(357.41)
Net cash generated from/(used in) investing activities	229.42	(290.64)	(7.64)	(30.32)	(13.15)
Net cash generated from financing activities	8,479.21	4,957.38	4,211.30	2,347.54	400.00

For further details, see the section titled “**Financial Statements**” on page 114 of this Draft Prospectus.

Negative cash flow over a long period and inability to generate and sustain positive cash flows in the future may adversely affect our business, results of operation and financial condition.

**31. *We are exposed to operational risks, including employee negligence, petty theft, burglary and embezzlement and fraud by employees, agents, customers or third parties, which could harm our results of operations and financial position.***

We are exposed to many types of operational risks, including the risk of fraud or other misconduct by employees or outsiders, unauthorized transactions by employees, inadequate training and operational errors, improperly documented transactions, failure of operational and information security procedures, computer systems, software or equipment. We attempt to mitigate operational risk by maintaining a comprehensive system of internal controls, establishing systems and procedures to monitor transactions, maintaining key back-up procedures, undertaking regular contingency planning and providing employees with continuous training. Although we carefully recruit all our employees, we have in the past been subject to the fraudulent acts committed by our employees or third parties. For details relating to frauds see the section titled “**Outstanding Litigations and defaults**” beginning on page 133.

In order to prevent frauds in loan cases involving multiple lending from different banks or HFCs, the GoI has set up the Central Registry of Securitization Asset Reconstruction and Security Interest of India (CERSAI) under Section 20 of the SARFAESI Act 2002 in order to create a central database of all mortgages given by and to lending institutions. We are registered with CERSAI and we submit the relevant data to the CERSAI from time to time. We also appoint a number of providers of credit verification and investigation services to obtain information on the credit worthiness of our prospective customers. However, there can be no assurance that these measures will be effective in preventing frauds.

We seek to protect our computer systems and network infrastructure from physical break-ins as well as fraud and system failures. Computer break-ins and power and communication disruptions could affect the security of information stored in and transmitted through our computer systems and network infrastructure. We employ security systems, including firewalls and password encryption, designed to minimize the risk of



security breaches. Although we intend to continue to implement security technology and establish operational procedures to prevent fraud, break-ins, damage and failures, there can be no assurance that these security measures will be adequate. A significant failure of security measures or operational procedures could have a material adverse effect on our business and our future financial performance. Further, we may need to regularly upgrade our technology systems, at substantial cost, to increase efficiency and remain competitive. There can be no assurance that such technology upgrades will be successful and that we will recover the cost of our investments.

Further, all loan documentation, including original security documents, are kept in physical custody. Loss of the original documents could impede enforcement of our security interest and expose us to liability towards our customers.

**32. *We may be required to bear additional tax liability for previous assessment years, which could adversely affect our financial condition.***

According to extant guidelines from the NHB, an HFC is not permitted to recognise income if the amount due in respect of a loan has not been paid by the borrower for 90 days or more and such amount is considered an NPA. However, under section 43D read with rule 6EB of the Income Tax Rules, the definition of an NPA under the Income Tax Act is different from that provided by extant guidelines of the NHB in force at present.

While we have been following the guidelines of the NHB on income recognition, if the interpretation of the income tax department is different to ours, we may be required to bear additional tax liabilities for previous assessment years, as well as an increased tax liability in the future as a result of our income being recognized by the income tax department at a higher level than the income offered for taxation under the guidelines set out by the NHB.

**33. *Our insurance coverage may not adequately protect us against losses which could adversely affect our business, financial condition and results of operations.***

We maintain such insurance coverage that we believe is adequate for our operations. Our insurance policies, however, may not provide adequate coverage in certain circumstances and are subject to certain deductibles, exclusions and limits on coverage. We maintain general insurance for burglary, employee fidelity, Directors and Officers Liability and Comprehensive General Liability insurance. We cannot, however, assure you that the terms of our insurance policies will be adequate to cover any damage or loss suffered by us or that such coverage will continue to be available on reasonable terms or will be available in sufficient amounts to cover one or more large claims, or that the insurer will not disclaim coverage as to any future claim.

A successful assertion of one or more large claims against us that exceeds our available insurance coverage or changes in our insurance policies, including premium increases or the imposition of a larger deductible or coinsurance requirement, could adversely affect our business, financial condition and results of operations.

**34. *Our ability to assess, monitor and manage risks inherent in our business differs from the standards of some of our counterparts.***

We are exposed to a variety of risks, including liquidity risk, interest rate risk, credit risk, operational risk and legal risk. The effectiveness of our risk management is limited by the quality and timeliness of available data. Our hedging strategies and other risk management techniques may not be fully effective in mitigating our risks in all market environments or against all types of risk, including risks that are unidentified or unanticipated. Some methods of managing risks are based upon observed historical market behaviour. As a result, these methods may not predict future risk exposures, which could be greater than the historical measures indicated. Other risk management methods depend upon an evaluation of information regarding markets, customers or other matters. This information may not in all cases be accurate, complete, up-to-date or properly evaluated. Management of operational, legal or regulatory risk requires among other things, policies and procedures properly to record and verify a number of transactions and events. Although we have established these policies and procedures, they may not be fully effective.

Our future success will depend, in part, on our ability to respond to new technological advances and emerging banking standards and practices in a cost-effective and timely manner. The development and implementation of such technology entails significant technical and business risks. There can be no assurance that we will be able to successfully implement new technologies or adapt its transaction processing systems to customer

requirements or emerging market standards.

35. ***Borrowing for the purchase or construction of property may not continue to offer borrowers the same fiscal benefits it currently offers, which would result in lower demand for our housing finance portfolio, and thereby, adversely affect our business.***

The growth in the financing of housing sector in India in the last decade is in part due to the introduction of tax benefits for homeowners. Tax benefits on borrowed capital for the repairs, renewals, construction, reconstruction or acquisition of house property have been allowed up to certain limits. There can be no assurance that the GoI will continue to offer such tax benefits to borrowers at the current levels or at all. In addition, there can be no assurance that the GoI will not introduce tax efficient investment options which are more attractive to borrowers than investment in property. The demand for housing and/or housing finance may be reduced if any of these changes occur, thereby adversely affecting our business.

36. ***A failure, inadequacy or security breach in our information technology and telecommunication systems may adversely affect our business, results of operation and financial condition.***

Our ability to operate and remain competitive depends in part on our ability to maintain and upgrade our information technology systems and infrastructure on a timely and cost-effective basis, including our ability to process a large number of transactions on a daily basis. Our operations also rely on the secure processing, storage and transmission of confidential and other information in our computer systems and networks. Our financial, accounting or other data processing systems and management information systems or our corporate website may fail to operate adequately or become disabled as a result of events that may be beyond our control, including a disruption of electrical or communications services. Further, our computer systems, software and networks may be vulnerable to unauthorized access, computer viruses or other attacks that may compromise data integrity and security and result in client information or identity theft, for which we may potentially be liable. Further, the information available to and received by our management through our existing systems may not be timely and sufficient to manage risks or to plan for and respond to changes in market conditions and other developments in our operations. If any of these systems are disabled or if there are other shortcomings or failures in our internal processes or systems, it may disrupt our business or impact our operational efficiencies, and render us liable to regulatory intervention or damage to our reputation. The occurrence of any such events may adversely affect our business, results of operation and financial condition.

37. ***We depend on the accuracy and completeness of information provided by our potential borrowers. Our reliance on any misleading information given by potential borrowers may affect our judgment of credit worthiness of potential borrowers, and the value of and title to the collateral, which may affect our business, results of operations and financial condition.***

In deciding whether to extend credit or enter into other transactions with potential borrowers, we rely on information furnished to us by potential borrowers, and analysis of the information by independent valuer and advocates. To further verify the information provided by potential borrowers, we conduct searches on various credit bureau for creditworthiness of our borrowers. We also verify information with registrar and sub-registrar of assurances for encumbrances on collateral. We follow the KYC guidelines as prescribed by the NHB on the potential borrower, verify the place of business or place of employment as applicable to the potential borrower and also verify the details with the caution list of the NHB as circulated from time to time. Such information includes representations with respect to the accuracy and completeness of information relating to the financial condition of potential borrowers, and independent valuation reports and title reports with respect to the property mortgaged. We have framed our policies to prevent frauds in accordance with the KYC guidelines issued by NHB dated October 11, 2010 mandating the policies of HFCs to have certain key elements, including, *inter-alia*, a customer acceptance policy, customer identification procedures, monitoring of transactions and risk management. Further, our Company has a well-established and streamlined credit appraisal process. We cannot assure you that information furnished to us by potential borrowers and analysis of the information by independent valuer or the independent searches conducted by us with various credit bureau and NHB will be accurate, and our reliance on such information given by potential borrowers may affect our judgment of the credit worthiness of potential borrowers, and the value of and title to the collateral, which may affect our business, results of operations and financial condition.

**38. *Our results of operations could be adversely affected by any disputes with employees.***

As on March 31, 2016, we employed 288 full-time employees. Currently, none of our employees are members of any labour union. While we believe that we maintain good relationships with our employees, there can be no assurance that we will not experience future disruptions to our operations due to disputes or other problems with our work force, which may adversely affect our business and results of operations.

**39. *Inaccurate appraisal of credit may adversely impact our business***

We may be affected by failure of employees to comply with internal procedures and inaccurate appraisal of credit or financial worth of our clients. Inaccurate appraisal of credit may allow a loan sanction which may eventually result in a NPA on our books of accounts. In the event we are unable to check the risks arising out of such lapses, our business and results of operations may be adversely affected.

**40. *We may experience difficulties in expanding our business into new regions and markets in India and introducing our complete range of products in each of our branches.***

We continue to evaluate attractive growth opportunities to expand our business into new regions and markets in India. Factors such as competition, culture, regulatory regimes, business practices and customs and customer requirements in these new markets may differ from those in our current markets and our experience in our current markets may not be applicable to these new markets. In addition, as we enter new markets and geographical regions, we are likely to compete with other banks and financial institutions that already have a presence in those geographies and markets and are therefore more familiar with local regulations, business practices and customs and have stronger relationships with customers.

Our business may be exposed to various additional challenges including obtaining necessary governmental approvals, identifying and collaborating with local business and partners with whom we may have no previous working relationship; successfully gauging market conditions in local markets with which we have no previous familiarity; attracting potential customers in a market in which we do not have significant experience or visibility; being susceptible to local taxation in additional geographical areas of India and adapting our marketing strategy and operations to different regions of India in which different languages are spoken. Our inability to expand our current operations may adversely affect our business prospects, financial conditions and results of operations.

**41. *Any change in control of our Promoters or our Company may correspondingly adversely affect our goodwill, operations and profitability.***

As on March 31, 2016, our Promoters holds 100% of our paid up share capital. If our Promoter ceases to exercise majority control over our Company as a result of any transfer of shares or otherwise, our ability to derive any benefit from the brand name “Edelweiss” and our goodwill as a part of the Edelweiss Group of companies may be adversely affected, which in turn could adversely affect our business and results of operations.

Any disassociation of our Company from the Edelweiss Group and/or our inability to have access to the infrastructure provided by other companies in the Edelweiss Group could adversely affect our ability to attract customers and to expand our business, which in turn could adversely affect our goodwill, operations and profitability.

**42. *Our Promoters, Directors and related entities have interests in a number of entities, which are in businesses similar to ours and this may result in potential conflicts of interest with us.***

Certain decisions concerning our operations or financial structure may present conflicts of interest among our Promoters, and Directors. Our Promoters, Directors and related entities have interests in various entities that are engaged in businesses similar to ours.

Commercial transactions in the future between us and related parties could result in conflicting interests. A conflict of interest may occur directly or indirectly between our business and the business of our Promoters which could have an adverse effect on our operations. Conflicts of interest may also arise out of common

business objectives shared by us, our Promoters, Directors and their related entities. Our Promoters, Directors and their related entities may compete with us and have no obligation to direct any opportunities to us. We cannot provide any assurance that these or other conflicts of interest will be resolved in an impartial manner.

- 43. *We are dependent on EFSL, one of our Promoters, for the goodwill that we enjoy in the industry and our brand name and any factor affecting the business and reputation of EFSL may have a concurrent adverse effect on our business and results of operations.***

As on March 31, 2016, EFSL directly holds 22.39% of our paid up capital and Edelweiss Commodities Services Limited (a wholly owned subsidiary of EFSL) holds 77.61% of our paid up capital. We leverage on the goodwill of the Edelweiss group. We believe that this goodwill ensures a steady inflow of business. In the event Edelweiss group is unable to maintain the quality of its services or its goodwill deteriorates for any reason whatsoever, our business and results of operations may be adversely affected. Moreover, we have not entered into any formal arrangements for usage of the “Edelweiss” brand name and logo which is owned by EFSL. We operate in a competitive environment, and we believe that our brand recognition is a significant competitive advantage to us. Any failure to retain our Company name may deprive us of the associated brand equity that we have developed which may have a material adverse effect on our business and results of operations.

- 44. *We have entered into related party transactions and may continue to enter into related party transactions, which may involve conflict of interest.***

We have entered into related party transactions, within the meaning of AS 18 as issued by the Companies (Accounting Standards) Rules, 2006. Such transactions may give rise to current or potential conflicts of interest with respect to dealings between us and such related parties. Additionally, there can be no assurance that any dispute that may arise between us and related parties will be resolved in our favour. For further details, please refer to statement of related party transactions in ‘*Financial Statements*’ beginning on page 114 of this Draft Prospectus.

#### **Risks pertaining to this Issue**

- 45. *If we do not generate adequate profits, we may not be able to maintain an adequate DRR for the NCDs issued pursuant to this Draft Prospectus, which may have a bearing on the timely redemption of the NCDs by our Company.***

Regulation 16 of the SEBI Debt Regulations and Section 71 of the Companies Act 2013 states that any company that intends to issue debentures must create a Debenture Redemption Reserve out of the profits of the company available for payment of dividend until the redemption of the debentures. Further, the Companies (Share Capital and Debentures) Rules, 2014 states that the Company shall create Debenture Redemption Reserve and ‘the adequacy’ of DRR will be 25% of the value of debentures issued through public issue as per present SEBI Debt regulations. Accordingly, if we are unable to generate adequate profits, the DRR created by us may not be adequate to meet the 25% of the value of the NCDs. Further, every company required to create Debenture Redemption Reserve shall on or before the 30th day of April in each year, invest or deposit, as the case may be, a sum which shall not be less than fifteen percent, of the amount of its debentures maturing during the year ending on the 31st day of March of the next year, in any one or more of the following methods, namely: (i) in deposits with any scheduled bank, free from any charge or lien; (ii) in unencumbered securities of the Central Government or of any State Government; (iii) in unencumbered securities mentioned in sub-clauses (a) to (d) and (ee) of Section 20 of the Indian Trusts Act, 1882; (iv) in unencumbered bonds issued by any other company which is notified under sub-clause (f) of Section 20 of the Indian Trusts Act, 1882; (v) the amount invested or deposited as above shall not be used for any purpose other than for redemption of debentures maturing during the year referred above provided that the amount remaining invested or deposited, as the case may be, shall not at any time fall below fifteen percent of the amount of the debentures maturing during the year ending on the 31st day of March of that year. If we do not generate adequate profits, we may not be able to maintain an adequate DRR for the NCDs issued pursuant to this Prospectus, which may have a bearing on the timely redemption of the NCDs by our Company.

**46. *Changes in interest rates may affect the price of our NCDs.***

All securities where a fixed rate of interest is offered, such as our NCDs, are subject to price risk issue. The price of such securities will vary inversely with changes in prevailing interest rates, i.e. when interest rates rise, prices of fixed income securities tend to fall and when interest rates drop, the prices tend to increase. The extent of fall or rise in the prices is a function of the existing coupon, days to maturity and the increase or decrease in the level of prevailing interest rates. Increased rates of interest, which frequently accompany inflation and/or a growing economy, are likely to have a negative effect on the price of our NCDs.

**47. *You may not be able to recover, on a timely basis or at all, the full value of the outstanding amounts and/or the interest accrued thereon in connection with the NCDs.***

Our ability to pay interest accrued on the NCDs and/or the principal amount outstanding from time to time in connection therewith would be subject to various factors inter-alia including our financial condition, profitability and the general economic conditions in India and in the global financial markets. We cannot assure you that we would be able to repay the principal amount outstanding from time to time on the NCDs and/or the interest accrued thereon in a timely manner or at all. Although our Company will create appropriate security in favour of the Debenture Trustee for the NCD holders on the assets adequate to ensure 100.00% asset cover for the NCDs, which shall be free from any encumbrances, the realisable value of the assets charged as security, when liquidated, may be lower than the outstanding principal and/or interest accrued thereon in connection with the NCDs. A failure or delay to recover the expected value from a sale or disposition of the assets charged as security in connection with the NCDs could expose you to a potential loss.

**48. *There is no assurance that the NCDs issued pursuant to this Issue will be listed on Stock Exchanges in a timely manner, or at all.***

In accordance with Indian law and practice, permissions for listing and trading of the NCDs issued pursuant to this Issue will not be granted until after the NCDs have been issued and Allotted. Approval for listing and trading will require all relevant documents to be submitted and carrying out of necessary procedures with the Stock Exchanges. There could be a failure or delay in listing the NCDs on the Stock Exchanges for reasons unforeseen. If permission to deal in and for an official quotation of the NCDs is not granted by the Stock Exchanges, our Company will forthwith repay, without interest, all monies received from the Applicants in accordance with prevailing law in this context, and pursuant to the Draft Prospectus.

There is no assurance that the NCDs issued pursuant to this Issue will be listed on Stock Exchanges in a timely manner, or at all.

**49. *Our Company may raise further borrowings and charge its assets after receipt of necessary consents from its existing lenders.***

Our Company may, subject to receipt of all necessary consents from its existing lenders and the Debenture Trustee to the Issue, raise further borrowings and charge its assets. Our Company is free to decide the nature of security that may be provided for future borrowings. In such a scenario, the NCD holders will rank pari passu with other charge holder and to that extent, may reduce the amounts recoverable by the NCD holders upon our Company's bankruptcy, winding-up or liquidation.

**50. *Payments to be made on the NCDs will be subordinated to certain tax and other liabilities preferred by law. In the event of bankruptcy, liquidation or winding-up, there may not be sufficient assets remaining to pay amounts due on the NCDs.***

The NCDs will be subordinated to certain liabilities preferred by law such as the claims of the Government on account of taxes, and certain liabilities incurred in the ordinary course of our business. In particular, in the event of bankruptcy, liquidation or winding-up, our Company's assets will be available to pay obligations on the NCDs only after all of those liabilities that rank senior to these NCDs have been paid as per Section 530 of the Companies Act, 1956. In the event of bankruptcy, liquidation or winding-up, there may not be sufficient assets remaining to pay amounts due on the NCDs.

**51. *You may be subject to taxes arising on the sale of the NCDs.***

Sales of NCDs by any holder may give rise to tax liability, as discussed in section titled ‘*Statement of Tax Benefits*’ on page 43.

**52. *There may be no active market for the non-convertible debentures on the WDM segment of the stock exchange. As a result the liquidity and market prices of the non-convertible debentures may fail to develop and may accordingly be adversely affected.***

There can be no assurance that an active market for the NCDs will develop. If an active market for the NCDs fails to develop or be sustained, the liquidity and market prices of the NCDs may be adversely affected. The market price of the NCDs would depend on various factors inter alia including (i) the interest rate on similar securities available in the market and the general interest rate scenario in the country; (ii) the market for listed debt securities; (iii) general economic conditions; and (iv) our financial performance, growth prospects and results of operations. The aforementioned factors may adversely affect the liquidity and market price of the NCDs, which may trade at a discount to the price at which you purchase the NCDs and/or be relatively illiquid.

**53. *The fund requirement and deployment mentioned in the Objects of the Issue have not been appraised by any bank or financial institution***

We intend to use the proceeds of the Issue, after meeting the expenditures of and related to the Issue, for the purpose of onward lending, financing, and for repayment of interest and principal of existing borrowings of the Company. For further details, see the section titled “*Objects of the Issue*”. The fund requirement and deployment is based on internal management estimates and has not been appraised by any bank or financial institution. The management will have significant flexibility in applying the proceeds received by us from the Issue. Further, as per the provisions of the Debt Regulations, we are not required to appoint a monitoring agency and therefore no monitoring agency has been appointed for the Issue.

**54. *There may be a delay in making refund to Applicants.***

We cannot assure you that the monies refundable to you, on account of (i) withdrawal of your applications, (ii) our failure to receive minimum subscription in connection with the Base Issue, (ii) withdrawal of the Issue, or (iii) failure to obtain the final approval from the NSE and/or BSE for listing of the NCDs, will be refunded to you in a timely manner. We however, shall refund such monies, with the interest due and payable thereon as prescribed under applicable statutory and/or regulatory provisions.

**External Risk Factors**

**55. *A slowdown in economic growth in India may adversely affect our business, results of operations and financial condition.***

Our financial performance and the quality and growth of our business depend significantly on the health of the overall Indian economy, the gross domestic product growth rate and the economic cycle in India. A substantial portion of our assets and employees are located in India, and we intend to continue to develop and expand our facilities in India.

Our performance and the growth of our business depend on the performance of the Indian economy and the economies of the regional markets we currently serve. These economies could be adversely affected by various factors, such as political and regulatory changes including adverse changes in liberalization policies, social disturbances, religious or communal tensions, terrorist attacks and other acts of violence or war, natural calamities, interest rates, commodity and energy prices and various other factors. Any slowdown in these economies could adversely affect the ability of our customers to afford our services, which in turn would adversely affect our business, results of operation and financial condition.

**56. *The Indian housing finance industry is competitive and increasing competition may result in declining margins if we are unable to compete effectively.***

Historically, the housing finance industry in India has been dominated by HFCs. We now face increasing competition from commercial banks. Interest rate deregulation and other liberalization measures affecting



the housing finance industry, together with increased demand for home finance, have increased our exposure to competition. Our ability to compete effectively with commercial banks and other HFCs will depend, to some extent, on our ability to raise low-cost funding in the future. If we are unable to compete effectively with other participants in the housing finance industry, our business, results of operation and financial condition may be adversely affected.

Furthermore, as a result of increased competition in the housing finance industry, home loans are becoming increasingly standardized and terms such as floating rate interest options, lower processing fees and monthly rest periods are becoming increasingly common in the housing finance industry in India. There can be no assurance that the Company will be able to react effectively to these or other market developments or compete effectively with new and existing players in the increasingly competitive housing finance industry. Increasing competition may have an adverse effect on our net interest margin and other income, and, if we are unable to compete successfully, our market share may decline as the origination of new loans declines.

**57. *The growth rate of India's housing finance industry may not be sustainable.***

We expect the housing finance industry in India to continue to grow as a result of anticipated growth in India's economy, increases in household income, further social welfare reforms and demographic changes. However, it is not clear how certain trends and events, such as the pace of India's economic growth, the development of domestic capital markets and the ongoing reform will affect India's housing finance industry. In addition, there can be no assurance that the housing finance industry in India is free from systemic risks. Consequently, there can be no assurance that the growth and development of India's housing finance industry will be sustainable.

**58. *Public companies in India, including us, may be required to prepare financial statements under Ind-AS. The transition to Ind-AS in India is still unclear and we may be adversely affected by this transition.***

The Ministry of Corporate Affairs ("MCA") notified the "Companies (Indian Accounting Standards) Rules, 2015" on February 16, 2015 (the "IAS Rules"). The IAS Rules do not apply to banking companies, insurance companies and NBFCs. The IAS Rules provide that the financial statements of the companies to which they apply (as more specifically described below) shall be prepared and audited in accordance with Indian Accounting Standards ("Ind-AS"). Under the IAS Rules, any company may voluntarily implement Ind-AS for the accounting period beginning from April 1, 2015. Further, the IAS Rules prescribe that any company having a net worth of more than ₹5,000 million, and any holding company, subsidiary, joint venture or an associate company of such company, would have to mandatorily adopt Ind-AS for the accounting period beginning from April 1, 2016 with comparatives for the period ending March 31, 2016. Our Company has not determined with any degree of certainty the impact such adoption will have on its financial reporting. There can be no assurance that the Company's financial condition, results of operations, cash flows or changes in shareholders' equity will not appear materially worse under Ind-AS than under Indian GAAP. In the Company's transition to Ind-AS reporting, our Company may encounter difficulties in the ongoing process of implementing and enhancing its management information systems. Moreover, there is increasing competition for the small number of Ind-AS experienced accounting personnel available as more Indian companies begin to prepare Ind-AS financial statements. Further, there is no significant body of established practice on which to draw in forming judgments regarding the new system's implementation and application. There can be no assurance that our Company's adoption of Ind-AS will not adversely affect its reported results of operations or financial condition and any failure to successfully adopt Ind-AS could adversely affect our Company's business, results of operations and financial condition.

**59. *Financial difficulties and other problems in certain financial institutions in India could cause our business to suffer and adversely affect our results of operations.***

We are exposed to the risks of the Indian financial system, which in turn may be affected by financial difficulties and other problems faced by certain Indian financial institutions. Certain Indian financial institutions have experienced difficulties in recent years. Some co-operative banks (which tend to operate in rural sector) have also faced serious financial and liquidity crises. There has been a trend towards consolidation with weaker banks and NBFCs being merged with stronger entities. The problems faced by individual Indian financial institutions and any instability in or difficulties faced by the Indian financial system generally could create adverse market perception about Indian financial institutions, banks and NBFCs. This in turn could adversely affect our business, our future financial performance, our shareholders' funds and the market price of our NCDs.

**60. *Terrorist attacks, civil unrest and other acts of violence or war involving India and other countries could adversely affect the financial markets and our business***

Terrorist attacks and other acts of violence or war may negatively affect our business and may also adversely affect the worldwide financial markets. These acts may also result in a loss of business confidence. In addition, any deterioration in relations between India and its neighbouring countries might result in investor concern about stability in the region, which could adversely affect our business.

India has also witnessed civil disturbances in recent years and it is possible that future civil unrest as well as other adverse social, economic and political events in India could have a negative impact on us. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse impact on our business and the market price of our NCDs.

**61. *Natural calamities could have a negative impact on the Indian economy, particularly the agriculture sector, and cause our business to suffer***

India has experienced natural calamities such as earthquakes, a tsunami, floods and drought in the past few years. The extent and severity of these natural disasters determines their impact on the Indian economy. Further, prolonged spells of below normal rainfall or other natural calamities could have a negative impact on the Indian economy thereby, adversely affecting our business.

**62. *Any downgrading of India's debt rating by rating agencies could have a negative impact on our business.***

Any adverse revisions to India's credit ratings for domestic and international debt by rating agencies may adversely impact our ability to raise additional financing, the interest rates and other commercial terms at which such additional financing is available. This could have a material adverse effect on our business and financial performance, our ability to raise financing for onward lending and the price of our NCDs.

**63. *Instability of economic policies and the political situation in India could adversely affect the fortunes of the industry***

There is no assurance that the liberalization policies of the government will continue in the future. Protests against privatization could slow down the pace of liberalization and deregulation. The Government of India plays an important role by regulating the policies and regulations that govern the private sector. The current economic policies of the government may change at a later date. The pace of economic liberalization could change and specific laws and policies affecting the industry and other policies affecting investments in our Company's business could change as well. A significant change in India's economic liberalization and deregulation policies could disrupt business and economic conditions in India and thereby affect our Company's business.

Unstable domestic as well as international political environment could impact the economic performance in the short term as well as the long term. The Government of India has pursued the economic liberalization policies including relaxing restrictions on the private sector over the past several years.

The Government has traditionally exercised and continues to exercise a significant influence over many aspects of the Indian economy. Our Company's business may be affected not only by changes in interest rates, changes in Government policy, taxation, social and civil unrest but also by other political, economic or other developments in or affecting India.

**64. *Companies operating in India are subject to a variety of central and state government taxes and surcharges.***

Tax and other levies imposed by the central and state governments in India that affect our tax liability include: (i) central and state taxes and other levies; (ii) income tax; (iii) value added tax; (iv) turnover tax; (v) service tax; (vi) stamp duty; and (vii) other special taxes and surcharges which are introduced on a temporary or permanent basis from time to time. Moreover, the central and state tax scheme in India is extensive and subject to change from time to time.

The statutory corporate income tax in India, which includes a surcharge on the tax and an education cess on the tax and the surcharge. The central or state government may in the future increase the corporate income tax it imposes. Any such future increases or amendments may affect the overall tax efficiency of companies

operating in India and may result in significant additional taxes becoming payable. Additional tax exposure could adversely affect our business and results of operations.

**65. *Financial instability in other countries could disrupt our business.***

The Indian market and the Indian economy are influenced by economic and market conditions in other countries. Although economic conditions are different in each country, investors' reactions to developments in one country may have adverse effects on the economy as a whole, in other countries, including India. A loss of investor confidence in the financial systems of other emerging markets may cause volatility in Indian financial markets and indirectly, in the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy, including the movement of exchange rates and interest rates in India.

In the event that the current difficult conditions in the global credit markets continue or if the recovery is slower than expected or if there any significant financial disruption, this could have an adverse effect on our cost of funding, loan portfolio, business, prospects, results of operations and financial condition.

**PROMINENT NOTES**

1. This is a public issue of NCDs by our Company aggregating up to ₹ 2,500 million with an option to retain over-subscription up to ₹ 2,500 million for issuance of additional NCDs, aggregating to a total of ₹ 5,000 million.
2. For details on the interest of our Company's Directors, please refer to the sections titled "**Our Management**" and "**Capital Structure**" beginning on pages 91 and 37, respectively.
3. Our Company has entered into certain related party transactions, within the meaning of AS 18 as notified by the Companies (Accounting Standards) Rules, 2006, as disclosed in the chapter titled "**Financial Statements**" beginning on page 114.
4. Any clarification or information relating to the Issue shall be made available by the Lead Managers, and our Company to the investors at large and no selective or additional information would be available for a section of investors in any manner whatsoever.
5. Investors may contact the Registrar to the Issue and Compliance Officer for any complaints pertaining to the Issue. In case of any specific queries on allotment/refund, Investor may contact Registrar to the Issue.
6. In the event of oversubscription to the Issue, allocation of NCDs will be as per the "**Basis of Allotment**" set out in the chapter "**Issue Procedure**" on page 172.
7. Our Equity Shares are currently unlisted.
8. As of March 31, 2016, we had certain contingent liabilities not provided for, including the following:
  - i. Corporate guarantee given by the Company of Rs. 53.32 million (Previous year Rs. Nil).For further information on such contingent liabilities, see our "**Financial Statements**" on page 114.
9. For further information relating to certain significant legal proceedings that we are involved in, see "**Outstanding Litigations and Defaults**" beginning on page 133.

## **SECTION III - INTRODUCTION**

### **GENERAL INFORMATION**

Our Company was incorporated on May 30, 2008 as a public limited company under the provisions of the Companies Act, 1956 as Edelweiss Housing Finance Limited and received the Certificate of Commencement of Business on June 12, 2008.

#### **Registered Office & Corporate Office:**

Edelweiss House, Off C.S.T Road,  
Kalina, Mumbai 400098  
Maharashtra, India  
Tel.: +91 22 4009 4400  
Fax: +91 22 4019 4925  
Website: [www.edelweisshousingfin.com](http://www.edelweisshousingfin.com)

#### **Registration**

Corporate Identity Number: U65922MH2008PLC182906

Our Company has obtained a Certificate of Registration dated March 18, 2010 bearing registration no. 03.0081.10 issued by the National Housing Bank, to commence/carry on the business of a housing finance without accepting public deposits subject to the conditions mentioned in the Certificate of Registration.

#### **Chief Financial Officer:**

##### **Mr. Gaurang Tailor**

Edelweiss House, Off C.S.T Road,  
Kalina, Mumbai 400098  
Maharashtra, India  
E-mail: [Gaurang.Tailor@edelweissfin.com](mailto:Gaurang.Tailor@edelweissfin.com)  
Tel.: +91 22 4009 4400  
Fax: +91 22 4019 4925

#### **Company Secretary and Compliance Officer:**

##### **Mr. Kulprakash Singh**

103 & 105, First Floor,  
Mercantile House,  
15, K.G. Marg, Connaught Place  
New Delhi 110001, India  
E-mail: [Kulprakash.Singh@edelweissfin.com](mailto:Kulprakash.Singh@edelweissfin.com)  
Tel.: +91 11 4262 9900  
Fax: +91 11 4357 1122

Investors may contact the Registrar to the Issue or the Compliance Officer in case of any pre-issue or post Issue related issues such as non-receipt of Allotment Advice, demat credit of allotted NCDs, refund orders or interest on application money.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, Application Form number, address of the Applicant, number of NCDs applied for, amount paid on application, Depository Participant and the collection center of the Members of the Syndicate where the Application was submitted.

All grievances relating to the ASBA Application may be addressed to the Registrar to the Issue with a copy to the relevant SCSB, giving full details such as name, address of Applicant, Application Form number, number of NCDs applied for, amount blocked on Application and the Designated Branch or the collection centre of the SCSB where the Application Form was submitted by the ASBA Applicant.

All grievances arising out of Applications for the NCDs made through the Online Mechanism of the Stock Exchanges or through Trading Members may be addressed directly to the Stock Exchanges.

**Registrar of Companies, Maharashtra, Mumbai**

100, Everest House  
Marine Lines  
Mumbai 400 002  
Maharashtra, India

**Lead Managers to the Issue**

**SBI CAPITAL MARKETS LIMITED**

202, Maker Tower E Cuffe Parade,  
Mumbai – 400 005,  
Maharashtra, India  
Tel: +91 22 2217 8300  
Fax: +91 22 2218 8332  
E-mail: ehfl.ncd@sbicaps.com  
Investor Grievance Email: investor.relations@sbicaps.com  
Website: www.sbicaps.com  
Contact Person: Mr. Gitesh Vargantwar/ Mr. Aditya Deshpande  
Compliance Officer: Mr. Bhaskar Chakraborty  
E-mail (Compliance Officer): [bhaskar.chakraborty@sbicaps.com](mailto:bhaskar.chakraborty@sbicaps.com)  
Tel. (Compliance Officer): +91 22 2217 8300  
SEBI Registration No: INM000003531

**Edelweiss Financial Services Limited\***

Edelweiss House,  
Off CST Road, Kalina,  
Mumbai 400 098,  
Maharashtra, India  
Tel.: +91 22 4086 3535  
Fax: +91 22 4086 3610  
Email: ehfl.ncd@edelweissfin.com  
Investor grievance email: customerservice.mb@edelweissfin.com  
Website: www.edelweissfin.com  
Contact Person: Mr.Lokesh Singhi / Mr. Mandeep Singh  
Compliance Officer: Mr.B Renganathan  
E-mail (Compliance Officer): ehfl.ncd@edelweissfin.com  
Tel. (Compliance Officer): +91 22 4086 3535  
SEBI Regn. No.: INM0000010650

\*Edelweiss Financial Services Limited (EFSL) is the Promoter of our Company. As EFSL is the holding company of our Company and there are common directors between EFSL and our Company, EFSL is deemed to be our associate as per the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992, as amended (Merchant Bankers Regulations). Further, in compliance with the provisions of Regulation 21A (1) and explanation to Regulation 21A (1) of the Merchant Bankers Regulations, EFSL would be involved only in marketing of the Issue.

**Debenture Trustee**

**IDBI Trusteeship Services Limited**

IDBI Trusteeship Services Limited  
Asian Building, Ground floor, 17, R Kamani Marg, Ballard Estate,  
Mumbai-400 001, Maharashtra, India  
Tel: +91 22 4080 7003;

Fax: +91 22 6631 1776  
Email: sgunware@idbitrustee.com  
Investor Grievance email: response@idbitrustee.com  
Website: www.idbitrustee.com  
Contact Person: Mr. Shivaji Gunware  
SEBI Registration Number: IND0000000460

IDBI Trusteeship Services Limited has vide its letter no.1363/OPR/ITSL/2016 dated June 2, 2016 given their consent for their appointment as Debenture Trustee to the Issue and for their name to be included in this Draft Prospectus and in all the subsequent periodical communications to be sent to the holders of the NCDs issued pursuant to this Issue.

#### **Registrar to the Issue**

##### **Karvy Computershare Private Limited**

Karvy Selenium Tower B, Plot 31-32,  
Financial District, Nanakramguda, Gachibowli,  
Hyderabad – 500 032  
Tel: +91 40 67162222  
Fax: +9140 23431551  
Email: einward.ris@karvy.com  
Investor Grievance Email: edelweisshousingfinance.ncdipo@karvy.com  
Website: www.karisma.karvy.com  
Contact Person: Mr. M Murali Krishna  
SEBI Registration Number: INR000000221  
CIN: U72400140TG2003PTC041636

#### **Credit Rating Agencies**

##### **Credit Analysis and Research Limited**

4th Floor, Godrej Coliseum,  
Somaiya Hospital Road,  
Off Eastern Express Highway,  
Sion (E), Mumbai 400 022  
Maharashtra, India  
Tel: +91 22 6754 3456  
Fax: +91 22 6754 3457  
Email: vijay.agrawal@careratings.com  
Contact Person: Mr. Vijay Agarwal  
Website: www.careratings.com  
SEBI Registration No: IN/CRA/004/1999

##### **ICRA Limited**

Electric mansion, 3<sup>rd</sup> Floor,  
Appasaheb Marathe Marg, Prabhadevi,  
Mumbai-400025  
Tel: +91 22 6114 3406  
Fax: +91 22 2433 1390  
Email: shivakumar@icraindia.com  
Contact Person: Mr. L Shivakumar  
Website: www.icra.in  
SEBI Registration No: IN/CRA/008/2015

##### **Brickwork Ratings India Private Limited**

3rd Floor, Raj Alkaa Park, 29/3 & 32/2  
Kalena Agrahara,

Bannerghatta road  
 Maharashtra, India  
 Tel: +91 80 4040 9940  
 Fax: +91 80 4040 9941  
 Email: kc.holla@brickworkratings.com  
 Contact Person: Mr. KC Holla  
 Website: www.brickworkratings.com  
 SEBI Registration No: IN/CRA/005/2008

### **Legal Counsel to the Issue**

Khaitan & Co  
 One Indiabulls Centre,  
 13th Floor, Tower 1,  
 841 Senapati Bapat Marg,  
 Elphinstone Road,  
 Mumbai – 400 013,  
 Maharashtra, India.  
 Tel: + 91 22 6636 5000  
 Fax: + 91 22 6636 5050

### **Statutory Auditors of our Company**

B S R & Associates LLP,  
 Chartered Accountants  
 Lodha Excelus, 5th Floor,  
 Apollo Mills Compound,  
 NM Joshi Marg, Mahalakshmi,  
 Mumbai- 400 011,  
 Maharashtra, India  
 Tel: +91 22 3989 6000  
 Fax: +91 22 3090 1550  
 Email: gsampath@kpmg.com  
 Contact Person: Mr. N Sampath Ganesh  
 Membership No: 042554  
 Firm Registration Number: 116231W

Date of appointment as Statutory Auditor: January 20, 2012

### **Bankers to the Issue/ Escrow Collection Banks**

[•]

### **Refund Bank**

[•]

### **Lead Brokers**

[•]

### **Bankers to our Company**

Andhra Bank	Corporation Bank	Kotak Mahindra Bank Limited
8 <sup>th</sup> Floor, Maker Tower, F Wing, Cuffe Parade, Mumbai – 400 005	Corporate Banking Branch, No. 301- 302, Eagle's Flight, Suren Road, Off Andheri Kurla Road, Andheri (East),	27 BKC, 2 <sup>nd</sup> Floor, Plot no. C-27, G Block, Bandra Kurla Complex, Bandra(E),

Tel: +91 22 2215 1834/ 1916/ 6745 Fax: +91 22 2215 6743 Email: <a href="mailto:bm1128@andhrabank.co.in">bm1128@andhrabank.co.in</a> Contact Person: Mr. Akshay Misra, Dy. General Manager Website: <a href="http://www.andhrabank.in">www.andhrabank.in</a>	Mumbai – 400 093 Tel: +91 22 2683 0478/ 2448 Fax: +91 22 2684 0450 Email: <a href="mailto:cb870@corpbank.co.in">cb870@corpbank.co.in</a> Contact Person: A. Rajesh Website: <a href="http://www.corpbank.com">www.corpbank.com</a>	Mumbai – 400 051 Email: <a href="mailto:chirag.shetty@kotak.com">chirag.shetty@kotak.com</a> Contact Person: Chirag Shetty Website: <a href="http://www.kotak.com">www.kotak.com</a>
State Bank of Patiala Commercial Branch, Atlanta Building, Nariman Point, Mumbai – 400 021 Tel: +91 22 2204 7022 Fax: +91 22 2284 4029 Email: <a href="mailto:b5313@sbp.co.in">b5313@sbp.co.in</a> Contact Person: Mr. Baljit Sharma Website: <a href="http://www.sbp.co.in">www.sbp.co.in</a>	HDFC Bank Limited Capital Markets-HDFC Bank, Trade World, A-Wing, 2 <sup>nd</sup> Floor, Kamala Mills, S. B. Marg, Lower Parel (West), Mumbai – 400 013 Tel: + 91 22 4080 4686 Fax: + 91 22 4080 4711 Email: <a href="mailto:xerses.davar@hdfcbank.com">xerses.davar@hdfcbank.com</a> Contact Person: Xerses Davar Website: <a href="http://www.hdfcbank.com">www.hdfcbank.com</a>	Karnataka Bank Limited No. 839, 1 <sup>st</sup> Floor, Heeral Market, Mount Road, Chennai – 600 002 Tel: +91 44 2345 3243 Fax: +91 44 2345 3244 Email: <a href="mailto:mad.mount.rd@ktkbank.com">mad.mount.rd@ktkbank.com</a> Contact Person: Mr. Lakshmi Narasimhan V. Website: <a href="http://www.karnatakabank.com">www.karnatakabank.com</a>
State Bank of Bikaner and Jaipur 235-237, Peninsula House, Dr. D. N. Road, Fort, Mumbai – 400 001 Tel: +91 22 2263 0620/21/24 Fax: +91 22 2263 0622 Email: <a href="mailto:sbbj10279@sbbj.co.in">sbbj10279@sbbj.co.in</a> Contact Person: K.P.Baiju Website: <a href="http://www.sbbjbank.com">www.sbbjbank.com</a>	State Bank of India 1 <sup>st</sup> Floor, Tulsiani Chambers, Free Press Journal Marg, Nariman Point, Mumbai – 400 021 Tel: +91 22 2281 9589 Fax: +91 22 2204 3293 Email: <a href="mailto:sbi.01593@sbi.co.in">sbi.01593@sbi.co.in</a> Contact Person: Shri Anup Kumar Website: <a href="http://www.statebankofindia.com">www.statebankofindia.com</a>	

### Self Certified Syndicate Banks

The list of Designated Branches that have been notified by SEBI to act as SCSBs for the ASBA process is provided on the website of SEBI at <http://www.sebi.gov.in>. For details of the Designated Branches of the SCSBs which shall collect ASBA Application Forms, please refer to the above-mentioned SEBI website.

### Impersonation

As a matter of abundant precaution, attention of the Investors is specifically drawn to the provisions of sub-section (1) of section 38 of the Companies Act, 2013 relating to punishment for fictitious Applications.

“Any person who:

- makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or
- makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or
- otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,

shall be liable for action under section 447.”

### Minimum Subscription



In terms of the SEBI Debt Regulations, for an issuer undertaking a public issue of debt securities the minimum subscription for public issue of debt securities shall be 75% of the Base Issue. If our Company does not receive the minimum subscription of 75 % of the Base Issue, prior to the Issue Closing Date the entire subscription amount shall be refunded to the Applicants within 12 days from the date of closure of the Issue. The refunded subscription amount shall be credited only to the account from which the relevant subscription amount was remitted. In the event, there is a delay, by our Company in making the aforesaid refund, our Company will pay interest at the rate of 15% per annum for the delayed period.

Under Section 39(3) of the Companies Act, 2013 read with Rule 11(2) of the Companies (Prospectus and Allotment of Securities) Rules, 2014 if the stated minimum subscription amount is not received within the specified period, the application money received is to be credited only to the bank account from which the subscription was remitted. To the extent possible, where the required information for making such refunds is available with our Company and/or Registrar, refunds will be made to the account prescribed. However, where our Company and/or Registrar does not have the necessary information for making such refunds, our Company and/or Registrar will follow the guidelines prescribed by SEBI in this regard including its circular (bearing CIR/IMD/DF-1/20/2012) dated July 27, 2012.

### **Credit Rating and rationale**

#### **CARE**

The NCDs proposed to be issued under this Issue have been rated 'CARE AA [Double A]' by CARE for an amount of ₹ 7,000 million vide its letter no. CARE/HO/RL/2016-17/1325 dated May 31, 2016. The rating of NCDs by CARE indicates instruments with this rating are considered to have a high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.

The rationale for the aforementioned rating issued by CARE are as follows:

*The rating of Edelweiss Housing Finance Limited (EHFL) factors in the diversified business profile of EFSL (consolidated basis), good asset quality and comfortable liquidity profile. The rating also takes into account the well-qualified and experienced management team, established institutional equity broking business and good retail distribution network. The rating is, however, constrained by substantial proportion of revenue from the capital markets related activities which has an inherent volatility, client concentration risk in its wholesale loan portfolio, increasing gearing levels, risk associated with relatively new businesses and competitive scenario in the capital markets. The performance of EFSL's new businesses, competitive position in the capital market businesses, asset quality, concentration levels in its wholesale lending portfolio and gearing levels are the key rating sensitivities.*

#### **ICRA Limited**

The NCDs proposed to be issued under this Issue have been rated '[ICRA] AA (Stable)' by ICRA Limited on an amount of up to ₹ 5,000 million vide its letter dated May 13, 2016. The rating of NCDs by ICRA Limited indicates instruments with this rating are considered to have a high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.

The rationale for the aforementioned rating issued by ICRA are as follows:

*ICRA has taken a consolidated view on credit profile of key Edelweiss group companies (collectively referred to as Edelweiss Group) owing to common promoters and senior management team, shared brand name, and strong financial and operation synergies shared across the group companies. The ratings factor in Edelweiss Group's diversified business revenues constituted by its financing, commodities trading and broking operations, strong presence in institutional broking and investment banking, group's robust risk management systems and adequate capitalisation profile backed by strong network (Rs. 3858 crore as on December 31, 2015, for Edelweiss Group consolidated including minority interest). The ratings are further supported by steady improvement in the non capital markets related business with improved seasoning of the financing business. ICRA also takes note of the group's improving liquidity profile with high liquid treasury assets and improving diversification in the resources profile.*

#### **Brickwork**

The NCDs proposed to be issued under this Issue have been rated 'BWR AA+ (Stable)' by Brickwork for an amount of ₹ 5,000 million, vide their letter no.BWR/NCD/HO/ERC/MM/0086/2016-17 dated June 1, 2016. The rating of NCDs by Brickwork indicates instruments with this rating are considered to have a high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.

## Consents

The written consents of Directors of our Company, Company Secretary and Compliance Officer, Chief Financial Officer, our Statutory Auditors, the legal advisor, the Lead Managers, the Registrar to the Issue, Escrow Collection Bank(s), Refund Bank, Credit Rating Agencies, the Bankers to our Company, the Debenture Trustee, and the Lead Brokers to act in their respective capacities, will be filed along with a copy of the Prospectus with the ROC as required under Sections 26 of the Companies Act, 2013 and such consents have not been withdrawn up to the time of delivery with the Stock Exchanges.

## Utilisation of Issue proceeds

For details on utilization of Issue proceeds please see "*Objects of the Issue*" on page 41 of this Draft Prospectus.

## Issue Programme

ISSUE OPENS ON [•]  
ISSUE CLOSES ON [•]\*

\* The subscription list for the Issue shall remain open for subscription upto 5 p.m. with an option for early closure or extension by such period, as may be decided at the discretion of the Board, subject to necessary approvals. In the event of such early closure of the Issue or extension of the Issue, our Company shall ensure that notice of such early closure or extension of the Issue is given as the case may be on such date of closure through advertisement/s in a leading national daily newspaper.

Applications Forms for the Issue will be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time) or such extended time as may be permitted by the Stock Exchanges, during the Issue Period as mentioned above on all Business Days, (i) by the Lead Managers, Lead Brokers or the Trading Members of the Stock Exchanges, as the case may be, at the centers mentioned in Application Form through the non-ASBA mode or, (ii) in case of ASBA Applications, (a) directly by the Designated Branches of the SCSBs or (b) Lead Managers, Lead Brokers or the Trading Members of the Stock Exchanges, as the case may be. On the Issue Closing Date the Application Forms will be accepted only between 10 a.m. and 3.00 p.m. (Indian Standard Time) and uploaded until 5.00 p.m. or such extended time as may be permitted by the Stock Exchanges.

Due to limitation of time available for uploading the Applications on the Issue Closing Date, Applicants are advised to submit their Application Forms one day prior to the Issue Closing Date and, not later than 3.00 p.m (Indian Standard Time) on the Issue Closing Date. Applicants are cautioned that in the event a large number of Applications are received on the Issue Closing Date, all Applications may not be uploaded due to lack of sufficient time. Such Applications that cannot be uploaded will not be considered for allocation under the Issue. Application Forms will only be accepted on Working Days during the Issue Period. Neither our Company, nor the Lead Managers, Lead Brokers or Trading Members of the Stock Exchanges are liable for any failure in uploading the Applications due to failure in any software/ hardware systems or otherwise. Please note that the Basis of Allotment under the Issue will be on a date priority basis.

## CAPITAL STRUCTURE

### Details of share capital

The share capital of our Company as at date of this Draft Prospectus is set forth below:

Share Capital	(₹ in million) In ₹
<b>Authorised Share Capital</b>	
60,000,000 Equity shares of ₹ 10 each	600.00
<b>Issued, Subscribed and Paid-up share capital</b>	
49,350,000 Equity shares of ₹ 10 each	493.50
<b>Securities premium account</b>	
Existing Securities Premium Account	2,275.19
Securities Premium Account after the Issue	2,275.19

### Changes in the Authorised Share Capital of our Company as on the date of this Draft Prospectus:

Date of AGM/EGM	Alteration
August 19, 2011	The Authorised Share Capital of our Company was increased from ₹ 250 million divided into 2,50,00,000 Equity Shares of ₹ 10 each to ₹ 270 million divided into 2,70,00,000 Equity Shares of ₹ 10 each, <i>vide</i> a resolution passed by the shareholders of our Company
May 21, 2012	The Authorised Share Capital of our Company was increased from ₹ 270 million divided into 2,70,00,000 Equity Shares of ₹ 10 each to ₹ 300 million divided into 3,00,00,000 Equity Shares of ₹ 10 each, <i>vide</i> a resolution passed by the shareholders of our Company.
March 26, 2013	The Authorised Share Capital of our Company was increased from ₹ 300 million divided into 3,00,00,000 Equity Shares of ₹ 10 each to ₹ 315 million divided into 3,15,00,000 Equity Shares of ₹ 10 each, <i>vide</i> a resolution passed by the shareholders of our Company.
March 3, 2014	The Authorised Share Capital of our Company was increased from ₹ 315 million divided into 3,15,00,000 Equity Shares of ₹ 10 each to ₹ 385 million divided into 3,85,00,000 Equity Shares of ₹ 10 each, <i>vide</i> a resolution passed by the shareholders of our Company.
February 25, 2015	The Authorised Share Capital of our Company was increased from ₹ 385 million divided into 3,85,00,000 Equity Shares of ₹ 10 each to ₹ 600 million divided into 6,00,00,000 Equity Shares of ₹ 10 each, <i>vide</i> a resolution passed by the shareholders of our Company.

## 1. Equity Share Capital History of our Company

The following is the history of the paid up Equity Share capital of our Company for the last five years ended March 31, 2016:

Date of Allotment	No of Equity Shares	Face value (Rs)	Issue Price (Rs.)	Consideration (Cash, other cash, etc)	Nature for Allotment	Cumulative		
						No. of equity shares	Equity Share Capital (in ₹ million)	Equity Share Premium (in ₹ million.)
August 25, 2011	4,000,000	10	100	Cash	Allotment to Edelweiss Tradings & Holdings Limited	2,68,50,000	268.50	466.00
May 28, 2012	2,500,000	10	100	Cash	Allotment to Comfort Projects Limited*	29,350,000	293.50	691.00
April 22, 2013	1,500,000	10	100	Cash	Allotment to Edelweiss Commodities Services Limited	30,850,000	308.50	826.00
March 27, 2014	70,00,000	10	100	Cash	Allotment to Edelweiss Commodities Services Limited	37,850,000	378.50	1,456.00
March 27, 2015	11,000,000	10	100	Cash	Right Issue to Edelweiss Commodities Services Limited	48,850,000	488.50	2,446.00
March 27, 2015	500,000	10	100	Cash	Rights Issue to Edelweiss Financial Services Limited	49,350,000	493.50	2,491.00**

\*presently known as Edelweiss Commodities Services Limited.

\*\* this figure of Rs. 2,491.00 million (for March 31, 2015) is arrived at prior to deduction of ₹ 110.09 million towards the provision for premium payable on redemption of debentures for year ended March 31, 2015.

## 2. Details of Promoters shareholding in our Company's subsidiaries as on March 31, 2016:

Not Applicable

## 3. Shareholding of Directors in our Company

Nil

## 4. Shareholding of Directors in our Subsidiaries and Joint Venture

Not Applicable

## 5. Shareholding pattern of our Company as on March 31, 2016

Sr. No	Name of Shareholders	Total No. of Equity Shares	No. of shares in dematerialised form	Total Shareholding as % of total no. of equity shares
1	Edelweiss Commodities Services Limited	3,83,00,000	53,00,000	77.61%
2	Edelweiss Financial Services Limited (EFSL)*	1,10,50,000	1,05,49,994	22.39%
	<b>Total</b>	<b>4,93,50,000</b>	<b>1,58,49,994</b>	<b>100.00%</b>

\*along with 6 nominees namely Mr. Rashesh Shah, Mr.Venkat Ramaswamy, Mr. Tarun Khurana

Mr. Deepak Mittal, Mr. Vikas Khemani and Mr. Himanshu Kaji holding one equity share each.

#### 6. List of top ten holders of Equity Shares of our Company

Given below are details of the top 10 Equity shareholders of our Company as of March 31, 2016:

Sr. No.	Name	No. of Equity Shares	No. of Equity Shares held in dematerialised form	As % of total number of shares
1	Edelweiss Commodities Services Limited	3,83,00,000	53,00,000	77.61%
2.	Edelweiss Financial Services Limited*	1,10,50,000	1,05,49,994	22.39%
<b>Total</b>		<b>4,93,50,000</b>	<b>1,58,49,994</b>	<b>100.00%</b>

\*Includes 6 (six) nominee shareholders of EFSL holding one equity share each namely Mr. Rashesh Shah, Mr. Venkat Ramaswamy, Mr. Tarun Khurana, Mr. Deepak Mittal, Mr. Vikas Khemani and Mr. Himanshu Kaji

#### 7. Debt to equity ratio

The debt to equity ratio of our Company as on March 31, 2016 is as follows:

		(₹ in Million)	
Particulars		Pre Issue	Post Issue
<b>Part A</b>			
Long term debts		9,815.35	14,815.35
Short term debts (including current maturity of long term debt)		9,683.43	9,683.43
<b>Total debts</b>		<b>19,498.78</b>	<b>24,498.78</b>
Shareholder's funds			
- Equity share capital		493.50	493.50
Reserves and surplus			
- Securities premium account		2,275.19	2,275.19
- Special reserve under section 45-1C of Reserve Bank of India Act, 1934		135.85	135.85
- Surplus in the statement of profit and loss		481.24	481.24
<b>Total shareholders' funds</b>		<b>3,385.78</b>	<b>3,385.78</b>
<b>Part B</b>			
<b>Total shareholders' funds (A)</b>		<b>3,385.78</b>	<b>3,385.78</b>
Less: Deferred tax assets (B)		(24.30)	(24.30)
<b>Net worth (C) = (A) – (B)</b>		<b>3,361.48</b>	<b>3,361.48</b>
Long term debt to equity ratio (Number of times) (Refer Note 4)		2.92	4.41
Total debt to equity ratio (Number of times) (Refer Note 5)		5.80	7.29

#### Notes:

1. Long term debt under "Pre Issue" column includes long term borrowings as per the note 2.3 of the audited financial statements for the year ended 31 March 2016
2. Short term debt under "Pre Issue" column includes Short term borrowings and current maturities of long

term debt – secured as per the note 2.6 and 2.8 respectively of the audited financial statements for the year ended 31 March 2016

3. Long term debts under “Post issue” column is computed on the basis that there is an inflow of Rs. 5,000 million from the proposed issue of secured redeemable non-convertible debentures, which will have a maturity of more than one year, from 31 March 2016
4. Long term debt to equity ratio = Long term debts / Net worth
5. Total debt to equity ratio = Total debts / Net worth

8. **Statement of the aggregate number of securities of the Issuer purchased or sold by the promoter group and by the directors of the company which is a promoter of the Issuer and by the Directors of the Issuer and their relatives within six months immediately preceding the date of filing this draft prospectus:**

Save and except as disclosed herein, none of the Directors of the Company including their relatives as defined under Section 2(77) of the Companies Act, 2013 and the Promoter/Promoter Group of the Company have undertaken purchase and/or sale of the Securities of our Company during the preceding 6(six) months from the date of the Draft Prospectus.

9. None of the Equity Shares are pledged or otherwise encumbered by the Promoter.
10. Our Company has not made any acquisition or amalgamation in the last one year.
11. Our Company has not made any reorganization/ reconstruction in the last one year.
12. Our Company does not have any outstanding borrowings taken/ debt securities issued where taken / issued (i) for consideration other than cash, whether in whole or part, in pursuance of an option.
13. **Employee Stock Option Scheme:**  
Our Company does not have any employee stock option scheme.

## OBJECTS OF THE ISSUE

Our Company is in the business of housing finance, and as part of our business operations, we raise/ avail funds for onward lending and for repayment of principal of existing loans and payment of interest.

Our Company proposes to utilise the funds which are being raised through the Issue, after deducting the Issue related expenses to the extent payable by our Company (“**Net Proceeds**”), estimated to be approximately ₹ [•] million, towards funding the following objects (collectively, referred to herein as the “**Objects**”):

1. For the purpose of onward lending, financing, and for repayment of interest and principal of existing borrowings of the Company;
2. General Corporate Purposes;

The Main Objects clause of the Memorandum of Association of our Company permits our Company to undertake the activities for which the funds are being raised through the present Issue and also the activities which our Company has been carrying on till date.

The details of the Proceeds of the Issue are set forth in the following table:

(in ₹ million)

Sr. No.	Description	Amount
1.	Gross proceeds of the Issue	[•]
2.	(less) Issue related expenses	[•]
3.	Net Proceeds	[•]

The above Issue related expenses are indicative and are subject to change depending on the actual level of subscription to the Issue, the number of allottees, market conditions and other relevant factors.

### Requirement of funds and Utilisation of Net Proceeds

The following table details the objects of the Issue and the amount proposed to be financed from the Net Proceeds:

Sr. No.	Objects of the Fresh Issue	Percentage of amount proposed to be financed from Issue Proceeds
1.	Onward lending, financing, and for repayment of interest and principal of existing borrowings of the Company;	up to <b>75%</b>
2.	General Corporate Purposes*	up to <b>25%</b>
<b>Total</b>		<b>100%</b>

*\*The Net Proceeds will be first utilized towards the Objects mentioned above. The balance is proposed to be utilized for general corporate purposes, subject to such utilization not exceeding 25% of the amount raised in the Issue, in compliance with the SEBI Debt Regulations.*

### Funding plan

NA

### Summary of the project appraisal report

NA

### Schedule of implementation of the project

NA

### Interim Use of Proceeds

Our Management, in accordance with the policies formulated by it from time to time, will have flexibility in deploying the proceeds received from the Issue. Pending utilization of the proceeds out of the Issue for the purposes described above, our Company intends to temporarily invest funds in high quality interest bearing liquid instruments including money market mutual funds, deposits with banks or temporarily deploy the funds in

investment grade interest bearing securities as may be approved by the Board. Such investment would be in accordance with the investment policies approved by the Board or any committee thereof from time to time.

### **Monitoring of Utilization of Funds**

There is no requirement for appointment of a monitoring agency in terms of the SEBI Debt Regulations. For the relevant Financial Years commencing from the Financial Year 2016-2017, our Company will disclose on a half yearly basis, a statement indicating material deviations, if any, in the use of the proceeds of the Issue from the objects stated in the Draft Prospectus. This information shall be furnished to the stock exchanges along with the half yearly financial results furnished to the Stock Exchanges and shall also be published in the newspapers simultaneously along with the half yearly financial results.

### **Other Confirmations**

In accordance with the SEBI Debt Regulations, our Company will not utilise the proceeds of the Issue for providing loans to or for acquisitions of shares of any person who is a part of the same group as our Company or who is under the same management of our Company.

No part of the proceeds from this Issue will be paid by us as consideration to our Promoter, our Directors, Key Managerial Personnel, or companies promoted by our Promoter.

The Issue proceeds shall not be used for any purpose which is in contravention of the NHB guidelines applicable to Housing Finance Companies.

The Issue proceeds shall not be utilised directly/indirectly towards capital markets and real estate purposes. Hence, the subscription of the NCDs would not be considered/ treated as a capital market exposure.

No part of the proceeds from this Issue will be paid by us as consideration to our Promoter, our Directors, key managerial personnel, or companies promoted by our Promoter, except payments to be made by way of fees and commission to various Edelweiss Group companies that participate in the Issue as SEBI registered intermediaries.



## STATEMENT OF TAX BENEFITS

### Statement of Possible Direct Tax Benefits available to Debenture Holder(s) of Edelweiss Housing Finance Limited

The Board of Directors  
Edelweiss Housing Finance Limited  
Edelweiss House,  
Off. CST Road, Kalina,  
Mumbai – 400 098

Dear Sirs,

We hereby report that the enclosed annexure states the possible tax benefits available to the Non-Convertible Debenture Holder(s) of Edelweiss Housing Finance Limited ('the Company') under the Income-tax Act, 1961 presently in force in India. Several of these benefits are dependent on the Debenture Holder(s) fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Debenture Holder(s) to derive the tax benefits is dependent upon fulfilling such conditions, which are based on business imperatives the Debenture Holder(s) would face in the future. The Debenture Holder(s) may or may not choose to fulfill such conditions.

The benefits discussed in the enclosed annexure are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult their own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

We do not express any opinion or provide any assurance as to whether:

- the Debenture Holder(s) will continue to obtain these benefits in future; or
- the conditions prescribed for availing the benefits have been/would be met with.

The contents of the enclosed annexure are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

*No assurance is given that the revenue authorities/ Courts will concur with the views expressed herein. Our views are based on existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume any responsibility to update the views consequent to such changes. We shall not be liable to the Company for any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We are not liable to any other person in respect of this statement.*

This certificate is provided solely for the purpose of assisting the addressee Company in discharging its responsibilities under the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended.

For **B S R & Associates LLP**  
Chartered Accountants  
Firm's Registration No: 116231W/W100024

**N Sampath Ganesh**  
Partner  
Membership No: 042554

Place: Mumbai  
Date: 17 June 2016

## **ANNEXURE: STATEMENT OF TAX BENEFITS**

### **STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE DEBENTURE HOLDER(S)**

Under the existing provisions of law, the following tax benefits, inter-alia, will be available to the Debenture Holder(s). The tax benefits are given as per the prevailing tax laws and may vary from time to time in accordance with amendments to the law or enactments thereto. The information given below lists out the possible benefits available to the Debenture Holder(s) of an Indian company in which public are substantially interested<sup>1</sup>, in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the subscription, ownership and disposal of the debenture.

The Debenture Holder is advised to consider in its own case, the tax implications in respect of subscription to the Debentures after consulting his tax advisor as alternate views are possible. We are not liable to the Debenture Holder in any manner for placing reliance upon the contents of this statement of tax benefits.

#### **A. IMPLICATIONS UNDER THE INCOME-TAX ACT, 1961 ('I.T. ACT')**

##### **I. To the Resident Debenture Holder**

1. Interest on NCD received by Debenture Holder(s) would be subject to tax at the normal rates of tax in accordance with and subject to the provisions of the I.T. Act and such tax would need to be withheld at the time of credit/payment as per the provisions of Section 193 of the I.T. Act. However, no income tax is deductible at source in respect of the following:
  - (a) On any security issued by a company in a dematerialized form and is listed on recognized stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956 and the rules made there under.(w.e.f. 01.06.2008).
  - (b) In case the payment of interest on debentures to a resident individual or a Hindu Undivided Family ('HUF') Debenture Holder does not or is not likely to exceed Rs 5,000 in the aggregate during the Financial Year and the interest is paid by an account payee cheque.
  - (c) When the Assessing Officer issues a certificate on an application by a Debenture Holder on satisfaction that the total income of the Debenture Holder justifies no/lower deduction of tax at source as per the provisions of Section 197(1) of the I.T. Act; and that certificate is filed with the Company before the prescribed date of closure of books for payment of debenture interest.
  - (d) (i) When the resident Debenture Holder with Permanent Account Number ('PAN') (not being a company or a firm) submits a declaration as per the provisions of section 197A(1A) of the I.T. Act in the prescribed Form 15G verified in the prescribed manner to the effect that the tax on his estimated total income of the financial year in which such income is to be included in computing his total income will be NIL. However under section 197A(1B) of the I.T. Act, "Form 15G cannot be submitted nor considered for exemption from tax deduction at source if the dividend income referred to in section 194, interest on securities, interest, withdrawal from NSS and income from units of mutual fund or of Unit Trust of India as the case may be or the aggregate of the amounts of such incomes credited or paid or likely to be credited or paid during the previous year in which such income is to be included exceeds the maximum amount which is not chargeable to income tax".

To illustrate, as on 01.04.2016 -

- the maximum amount of income not chargeable to tax in case of individuals (other than senior citizens and super senior citizens) and HUFs is Rs 2,50,000;
- in the case of every individual being a resident in India, who is of the age of 60 years or more but less than 80 years at any time during the Financial year (Senior Citizen) is Rs 3,00,000; and
- in the case of every individual being a resident in India, who is of the age of 80 years or more at any time during the Financial year (Super Senior Citizen) is Rs 5,00,000 for Financial Year 2016-17.

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<sup>1</sup>Refer Section 2(18)(b)(B) of the I.T. Act.

Further, section 87A provides a rebate of 100 percent of income-tax or an amount of Rs 5,000 whichever is less to a resident individual whose total income does not exceed Rs 500,000

(ii) Senior citizens, who are 60 or more years of age at any time during the financial year, enjoy the special privilege to submit a self-declaration in the prescribed Form 15H for non deduction of tax at source in accordance with the provisions of section 197A(1C) of the I.T. Act even if the aggregate income credited or paid or likely to be credited or paid exceeds the maximum amount not chargeable to tax, provided that the tax due on total income of the person is NIL.

(iii) In all other situations, tax would be deducted at source as per prevailing provisions of the I.T. Act. Form No.15G with PAN / Form No.15H with PAN / Certificate issued u/s 197(1) has to be filed with the Company before the prescribed date of closure of books for payment of debenture interest without any tax withholding.

2. In case where tax has to be deducted at source while paying debenture interest, the Company is not required to deduct surcharge, education cess and secondary and higher education cess.
3. As per the provisions of section 2(29A) of the IT Act, read with section 2(42A) of the I.T. Act, a listed debenture is treated as a long term capital asset if the same is held for more than 12 months immediately preceding the date of its transfer.

As per section 112 of the I.T. Act, capital gains arising on the transfer of long term capital assets being listed securities are subject to tax at the rate of 20% of capital gains calculated after reducing indexed cost of acquisition or 10% of capital gains without indexation of the cost of acquisition. The capital gains will be computed by deducting expenditure incurred in connection with such transfer and cost of acquisition/indexed cost of acquisition of the debentures from the sale consideration.

However as per the third proviso to section 48 of I.T. Act, benefit of indexation of cost of acquisition under second proviso of section 48 of I.T. Act, is not available in case of bonds and debenture, except capital indexed bonds issued by the Government. Accordingly, long term capital gains arising to the Debenture Holder(s), would be subject to tax at the rate of 10%, computed without indexation, as the benefit of indexation of cost of acquisition is not available in case of debentures.

In case of an individual or HUF, being a resident, where the total income as reduced by such long-term capital gains is below the maximum amount which is not chargeable to income-tax, then, such long-term capital gains shall be reduced by the amount by which the total income as so reduced falls short of the maximum amount which is not chargeable to income-tax and the tax on the balance of such long-term capital gains shall be computed at the rate mentioned above.

4. Short-term capital gains on the transfer of listed debentures, where debentures are held for a period of not more than 12 months would be taxed at the normal rates of tax in accordance with and subject to the provisions of the I.T. Act. The provisions relating to maximum amount not chargeable to tax described at para 3 above would also apply to such short term capital gains.
5. In case the debentures are held as stock in trade, the income on transfer of debentures would be taxed as business income or loss in accordance with and subject to the provisions of the I.T. Act. Further, where the debentures are sold by the Debenture Holder(s) before maturity, the gains arising therefrom are generally treated as capital gains or business income, as the case may be. However, there is an exposure that the Indian Revenue Authorities (especially at lower level) may seek to challenge the said characterisation (especially considering the provisions explained in Para V below) and hold such gains/income as interest income in the hands of such Debenture Holder(s). Further, cumulative or regular returns on debentures held till maturity would generally be taxable as interest income taxable under the head Income from other sources where debentures are held as investments or business income where debentures are held as trading asset / stock in trade.
6. As per Section 74 of the I.T. Act, short-term capital loss suffered during the year is allowed to be set-off against short-term as well as long-term capital gains of the said year. Balance loss, if any could be carried forward for eight years for claiming set-off against subsequent years' short-term as well as long-term capital gains. Long-term capital loss [other than the long-term capital assets whose gains are exempt under Section 10(38) of the I.T. Act] suffered during the year is allowed to be set-off only against long-

term capital gains. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent year's long-term capital gains.

## **II. To the Non Resident Debenture Holder**

1. A Non-Resident Indian has an option to be governed by Chapter XII-A of the I.T. Act, subject to the provisions contained therein which are given in brief as under:
  - (a) Under section 115E of the I.T. Act, interest income from debentures acquired or purchased with or subscribed to in convertible foreign exchange will be taxable at 20%, whereas, long term capital gains on transfer of such Debentures will be taxable at 10% of such capital gains without indexation of cost of acquisition. Short-term capital gains will be taxable at the normal rates of tax in accordance with and subject to the provisions contained therein.
  - (b) Under section 115F of the I.T. Act, long term capital gains arising to a non-resident Indian from transfer of debentures acquired or purchased with or subscribed to in convertible foreign exchange will be exempt from capital gain tax if the net consideration is invested within six months after the date of transfer of the debentures in any specified asset or in any saving certificates referred to in section 10(4B) of the I.T. Act in accordance with and subject to the provisions contained therein.
  - (c) Under section 115G of the I.T. Act, it shall not be necessary for a non-resident Indian to file a return of income under section 139(1) of the I.T. Act, if his total income consists only of investment income as defined under section 115C and/or long term capital gains earned on transfer of such investment acquired out of convertible foreign exchange, and the tax has been deducted at source from such income under the provisions of Chapter XVII-B of the I.T. Act in accordance with and subject to the provisions contained therein.
  - (d) Under section 115H of the I.T. Act, where a non-resident Indian becomes a resident in India in any subsequent year, he may furnish to the Assessing Officer a declaration in writing along with return of income under section 139 for the assessment year for which he is assessable as a resident, to the effect that the provisions of Chapter XII-A shall continue to apply to him in relation to the investment income (other than on shares in an Indian Company) derived from any foreign exchange assets in accordance with and subject to the provisions contained therein. On doing so, the provisions of Chapter XII-A shall continue to apply to him in relation to such income for that assessment year and for every subsequent assessment year until the transfer or conversion (otherwise than by transfer) into money of such assets.
2. In accordance with and subject to the provisions of section 115I of the I.T. Act, a Non-Resident Indian may opt not to be governed by the provisions of Chapter XII-A of the I.T. Act. In that case,
  - (a) Long term capital gains on transfer of listed debentures would be subject to tax at the rate of 10% computed without indexation.
  - (b) Investment income and Short-term capital gains on the transfer of listed debentures, where debentures are held for a period of not more than 12 months preceding the date of transfer, would be taxed at the normal rates of tax in accordance with and subject to the provisions of the I.T. Act
3. Under Section 195 of the I.T. Act, the applicable rate of tax deduction at source is 20% on investment income and 10% on any long-term capital gains as per section 115E, and normal tax rates for Short Term Capital Gains if the payee Debenture Holder is a Non Resident Indian.
4. As per Section 74 of the I.T. Act, short-term capital loss suffered during the year is allowed to be set-off against short-term as well as long-term capital gains of the said year. Balance loss, if any could be carried forward for eight years for claiming set-off against subsequent years' short-term as well as long-term capital gains. Long-term capital loss suffered (other than the long-term capital assets whose gains are exempt under Section 10(38) of the I.T. Act) during the year is allowed to be set-off only against long-term capital gains. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent year's long-term capital gains.

5. The income tax deducted shall be increased by a surcharge as under:
- (a) In the case of non-resident Indian surcharge at the rate of 15 % of such tax where the income or the aggregate of such income paid or likely to be paid and subject to the deduction exceeds Rs. 1,00,00,000.
  - (b) In case of foreign companies, where the income paid or likely to be paid exceeds Rs. 1,00,00,000 but does not exceed Rs. 10,00,00,000 a surcharge of 2% of such tax liability is payable and when such income paid or likely to be paid exceeds Rs. 10,00,00,000, surcharge at 5% of such tax is payable.

Further, 2% education cess and 1% secondary and higher education cess on the total income tax (including surcharge) is also deductible.

6. As per section 90(2) of the I.T. Act read with the Circular no. 728 dated October 30, 1995 issued by the Central Board of Direct Taxes ('CBDT'), in the case of a remittance to a country with which a Double Taxation Avoidance Agreement (DTAA) is in force, the tax should be deducted at the rate provided in the I.T. Act or at the rate provided in the DTAA, whichever is more beneficial to the assessee. However, submission of Tax Residency Certificate ('TRC') is a mandatory condition for availing benefits under any DTAA. Further, such non-resident investor would also be required to furnish Form 10F alongwith TRC, if such TRC does not contain information prescribed by the CBDT vide its Notification No. 57/2013 dated 1 August 2013.
7. Alternatively, to ensure non deduction or lower deduction of tax at source, as the case may be, the Debenture Holder should furnish a certificate under section 197(1) of the I.T. Act, from the Assessing Officer before the prescribed date of closure of books for payment of debenture interest. However, an application for the issuance of such certificate would not be entertained in the absence of PAN as per the provisions of section 206AA of the I.T. Act.
8. Where, debentures are held as stock in trade, the income on transfer of debentures would be taxed as business income or loss in accordance with and subject to the provisions of the I.T. Act. Further, where the debentures are sold by the Debenture Holder(s) before maturity, the gains arising therefrom are generally treated as capital gains or business income, as the case may be. However, there is an exposure that the Indian Revenue Authorities (especially at lower level) may seek to challenge the said characterisation (especially considering the provisions explained in Para V below) and hold such gains/income as interest income in the hands of such Debenture Holder(s). Further, cumulative or regular returns on debentures held till maturity would generally be taxable as interest income taxable under the head Income from other sources where debentures are held as investments or business income where debentures are held as trading asset / stock in trade.

### **III. To the Foreign Institutional Investors (FIIs)**

- 1. As per Section 2(14) of the I.T. Act, any securities held by FIIs which has invested in such securities in accordance with the regulations made under the Securities and Exchange Board of India Act, 1992, shall be treated as capital assets. Accordingly, any gains arising from transfer of such securities shall be chargeable to tax in the hands of FIIs as capital gains.
- 2. In accordance with and subject to the provisions of section 115AD of the I.T. Act, long term capital gains on transfer of debentures by FIIs are taxable at 10% (plus applicable surcharge and education and secondary and higher education cess) and short-term capital gains are taxable at 30% (plus applicable surcharge and education and secondary and higher education cess). The benefit of cost indexation will not be available. Further, benefit of provisions of the first proviso of section 48 of the I.T. Act will not apply.
- 3. Income other than capital gains arising out of debentures is taxable at 20% in accordance with and subject to the provisions of Section 115AD.
- 4. Section 194LD in the I.T. Act provides for lower rate of withholding tax at the rate of 5% on payment by way of interest paid by an Indian company to FIIs and Qualified Foreign Investor in respect of rupee

denominated bond of an Indian company between June 1, 2013 and June 1, 2017 provided such rate does not exceed the rate as may be notified<sup>2</sup> by the Government.

5. In accordance with and subject to the provisions of section 196D(2) of the I.T. Act, no deduction of tax at source is applicable in respect of capital gains arising on the transfer of debentures by FIIs.
6. The CBDT has issued a Notification No. 9 dated 22 January 2014 which provides that Foreign Portfolio Investors (FPI) registered under SEBI (Foreign Portfolio Investors) Regulations, 2014 shall be treated as FII for the purpose of Section 115AD of the I.T. Act.
7. The provisions at para II (4, 5, 6 and 7) above would also apply to FIIs.

#### **IV. To the Other Eligible Institutions**

All mutual funds registered under Securities and Exchange Board of India or set up by public sector banks or public financial institutions or authorised by the Reserve Bank of India are exempt from tax on all their income, including income from investment in Debentures under the provisions of Section 10(23D) of the I.T. Act subject to and in accordance with the provisions contained therein. Further, as per the provisions of section 196 of the I.T. Act, no deduction of tax shall be made by any person from any sums payable to mutual funds specified under Section 10(23D) of the I.T. Act, where such sum is payable to it by way of interest or dividend in respect of any securities or shares owned by it or in which it has full beneficial interest, or any other income accruing or arising to it.

#### **V. General Anti-Avoidance Rule ('GAAR')**

In terms of Chapter XA of the I.T. Act, General Anti-Avoidance Rule may be invoked notwithstanding anything contained in the I.T. Act. By this Rule, any arrangement entered into by an assessee where the main purpose of the arrangement is to obtain a tax benefit may be declared to be impermissible avoidance arrangement as defined in that Chapter and the consequence would be *inter alia* denial of tax benefit, applicable w.e.f FY 2017-18. The GAAR provisions can be said to be not applicable in certain circumstances viz. where the main purpose of arrangement is not to obtain a tax benefit etc. including circumstances enumerated in CBDT Notification No. 75/2013 dated 23 September 2013.

#### **VI. Exemption under Sections 54EC and 54F of the I.T. Act**

1. Under section 54EC of the I.T. Act, long term capital gains arising to the Debenture Holder(s) on transfer of their debentures in the company shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months after the date of transfer. If only part of the capital gain is so invested, the exemption shall be proportionately reduced. However, if the said notified bonds are transferred or converted into money within a period of three years from their date of acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money. However, the amount of exemption with respect to the investment made in the aforesaid notified bonds during the financial year in which the debentures are transferred and the subsequent financial year, should not exceed Rs. 50 lacs. Where the benefit of section 54EC of the I.T. Act has been availed of on investments in the notified bonds, a deduction from the income with reference to such cost shall not be allowed under section 80C of the I.T. Act.
2. As per the provisions of section 54F of the I.T. Act, any long-term capital gains on transfer of a long term capital asset (not being residential house) arising to a Debenture Holder who is an individual or Hindu Undivided Family, is exempt from tax if the entire net sales consideration is utilized, within a period of one year before, or two years after the date of transfer, in purchase of a new residential house, or for construction of a residential house within three years from the date of transfer. If part of such net sales consideration is invested within the prescribed period in a residential house, then such gains would be chargeable to tax on a proportionate basis.

This exemption is available, subject to the condition that the Debenture Holder does not own more than

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<sup>2</sup>Refer Notification No. 56/2013 [F.No.149/81/2013-TPL]/SO 2311(E), dated 29-7-2013. As per the said Notification, in case of bonds issued on or after the 1st day of July, 2010, the rate of interest shall not exceed 500 basis points (bps) over the Base Rate of State Bank of India applicable on the date of issue of the said bonds.

one residential house at the time of such transfer. If the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such residential house is transferred. Similarly, if the Debenture Holder purchases within a period of two years or constructs within a period of three years after the date of transfer of capital asset, another residential house (other than the new residential house referred above), then the original exemption will be taxed as capital gains in the year in which the additional residential house is acquired.

3. As per provisions of Section 54EE inserted by the Finance Act 2016, long term capital gains arising to the Debenture Holder(s) on transfer of their debentures in the company shall not be chargeable to tax to the extent such capital gains are invested in certain notified units within six months after the date of transfer. If only part of the capital gain is so invested, the exemption shall be proportionately reduced. However, if the said notified units are transferred within a period of three years from their date of acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the units are transferred. Further, in case where loan or advance on the security of such notified units is availed, such notified units shall be deemed to have been transferred on the date on which loan or advance is taken. However, the amount of exemption with respect to the investment made in the aforesaid notified units during the financial year in which the debentures are transferred and the subsequent financial year, should not exceed Rs. 50 lacs.

## **VII. Requirement to furnish PAN under the I.T. Act**

### **1. Sec.139A(5A)**

Section 139A(5A) requires every person from whose income tax has been deducted at source under chapter XVII-B of the I.T. Act to furnish his PAN to the person responsible for deduction of tax at source.

### **2. Sec.206AA**

- (a) Section 206AA of the I.T. Act requires every person entitled to receive any sum, on which tax is deductible under Chapter XVIIB ('deductee') to furnish his PAN to the deductor, failing which tax shall be deducted at the highest of the following rates:
  - (i) at the rate specified in the relevant provision of the I.T. Act; or
  - (ii) at the rate or rates in force; or
  - (iii) at the rate of twenty per cent.
- (b) A declaration under Section 197A(1) or 197A(1A) or 197A(1C) shall not be valid unless the person furnishes his PAN in such declaration and the deductor is required to deduct tax as per Para (a) above in such a case.
- (c) Where a wrong PAN is provided, it will be regarded as non furnishing of PAN and Para (a) above will apply apart from penal consequences.
- (d) As per the Finance Act 2016, with effect from June 1 2016, the provisions of section 206AA shall not apply to a non-resident, not being a company, or to a foreign company, in respect of:
  - (i) Payment of interest on long-term bonds as referred to in section 194LC; and
  - (ii) any other payment subject to such conditions as may be prescribed (these conditions are yet to be prescribed).

## **VIII. Taxability of Gifts received for nil or inadequate consideration**

As per section 56(2)(vii) of the I.T. Act, where an Individual or Hindu Undivided Family receives debentures from any person on or after 1st October, 2009:

- (i) without any consideration, aggregate fair market value of which exceeds fifty thousand rupees, then the whole of the aggregate fair market value of such debentures or;

- (ii) for a consideration which is less than the aggregate fair market value of the debenture by an amount exceeding fifty thousand rupees, then the aggregate fair market value of such debentures as exceeds such consideration;

shall be taxable as the income of the recipient at the normal rates of tax

However, this provision would not apply to any receipt:

- (a) From any relative; or
- (b) On the occasion of the marriage of the individual; or
- (c) Under a will or by way of inheritance; or
- (d) In contemplation of death of the payer or donor, as the case may be; or
- (e) From any local authority as defined in Section 10(20) of the I.T. Act; or
- (f) From any fund or foundation or university or other educational institution or hospital or other medical institution or any trust or institution referred to in Section 10(23C); or
- (g) From any trust or institution registered under section 12AA.

**IX. Where the Debenture Holder is a person located in a Notified Jurisdictional Area ('NJA') under section 94A of the I.T. Act**

Where the Debenture Holder is a person located in a NJA [at present, Cyprus has been notified<sup>3</sup> as NJA], as per the provisions of section 94A of the I.T. Act -

- All parties to such transactions shall be treated as associated enterprises under section 92A of the I.T. Act and the transaction shall be treated as an international transaction resulting in application of transfer pricing regulations including maintenance of documentations, benchmarking, etc.
- No deduction in respect of any payment made to any financial institution in a NJA shall be allowed under the I.T. Act unless the assessee furnishes an authorisation in the prescribed form authorizing the CBDT or any other income-tax authority acting on its behalf to seek relevant information from the said financial institution [Section 94A(3)(a) read with Rule 21AC and Form 10FC].
- No deduction in respect of any expenditure or allowance (including depreciation) arising from the transaction with a person located in a NJA shall be allowed under the I. T. Act unless the assessee maintains such documents and furnishes such information as may be prescribed [Section 94A(3)(b) read with Rule 21AC].
- If any assessee receives any sum from any person located in a NJA, then the onus is on the assessee to satisfactorily explain the source of such money in the hands of such person or in the hands of the beneficial owner, and in case of his failure to do so, the amount shall be deemed to be the income of the assessee [Section 94A(4)].
- Any sum payable to a person located in a NJA shall be liable for withholding tax at the highest of the following rates:
  - (i) at the rate or rates in force;
  - (ii) at the rate specified in the relevant provision of the I.T. Act; or
  - (iii) at the rate of thirty per cent.

at the rate or rates in force

**Notes**

1. The above statement sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of debentures/bonds.
2. The above statement covers only certain relevant benefits under the Income-tax Act, 1961 and does not cover benefits under any other law.

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<sup>3</sup>Notification No. 86/2013, dated 1 November, 2013 published in Official Gazette through SO 4625 GI/13



3. The above statement of possible tax benefits is as per the current direct tax laws relevant for the Assessment Year 2017-18 (considering the amendments made by Finance Act, 2016)..
4. Further, several of these benefits are dependent on the Debenture Holder fulfilling the conditions prescribed under the relevant provisions.
5. This statement is intended only to provide general information to the Debenture Holder(s) and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each Debenture Holder is advised to consult his/her/its own tax advisor with respect to specific tax consequences of his/her/its holding in the debentures of the Company.
6. The stated benefits will be available only to the sole/ first named holder in case the debenture is held by joint holders.
7. In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the relevant tax treaty, if any, between India and the country in which the non-resident has fiscal domicile.
8. In respect of non-residents, taxes paid in India could be claimed as a credit in accordance with the provisions of the relevant tax treaty.
9. Interest on application money would be subject to tax at the normal rates of tax in accordance with and subject to the provisions of the I.T. Act and such tax would need to be withheld at the time of credit/payment as per the provisions of Section 194A of the I.T. Act.
10. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this statement.

## SECTION IV - ABOUT OUR COMPANY

### INDUSTRY

*The information in this section has not been independently verified by us, the Lead Managers, or any of our or their respective affiliates or advisors. The information may not be consistent with other information compiled by third parties within or outside India. Industry sources and publications generally state that the information contained therein has been obtained from sources it believes to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry and Government publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry and Government sources and publications may also base their information on estimates, forecasts and assumptions which may prove to be incorrect. Accordingly, investment decisions should not be based on such information. Figures used in this section are presented as in the original sources and have not been adjusted, restated or rounded-off for presentation in the Draft Prospectus*

### GLOBAL ECONOMY

Global growth, currently estimated at 3.1 percent in 2015, is projected at 3.4 percent in 2016 and 3.6 percent in 2017. The pickup in global activity is projected to be more gradual than in the October 2015 World Economic Outlook (WEO), especially in emerging market and developing economies.

In advanced economies, a modest and uneven recovery is expected to continue, with a gradual further narrowing of output gaps. The picture for emerging market and developing economies is diverse but in many cases challenging. The slowdown and rebalancing of the Chinese economy, lower commodity prices, and strains in some large emerging market economies will continue to weigh on growth prospects in 2016–17. The projected pickup in growth in the next two years—despite the ongoing slowdown in China—primarily reflects forecasts of a gradual improvement of growth rates in countries currently in economic distress, notably Brazil, Russia, and some countries in the Middle East, though even this projected partial recovery could be frustrated by new economic or political shocks.

Risks to the global outlook remain tilted to the downside and relate to ongoing adjustments in the global economy: a generalized slowdown in emerging market economies, China's rebalancing, lower commodity prices, and the gradual exit from extraordinarily accommodative monetary conditions in the United States. If these key challenges are not successfully managed, global growth could be derailed.

In 2015, global economic activity remained subdued. Growth in emerging market and developing economies—while still accounting for over 70 percent of global growth—declined for the fifth consecutive year, while a modest recovery continued in advanced economies. Three key transitions continue to influence the global outlook: (1) the gradual slowdown and rebalancing of economic activity in China away from investment and manufacturing toward consumption and services, (2) lower prices for energy and other commodities, and (3) a gradual tightening in monetary policy in the United States in the context of a resilient U.S. recovery as several other major advanced economy central banks continue to ease monetary policy.

Global growth is projected at 3.4 percent in 2016 and 3.6 percent in 2017. Overall, forecasts for global growth have been revised downward by 0.2 percentage point for both 2016 and 2017. These revisions reflect to a substantial degree, but not exclusively, a weaker pickup in emerging economies than was forecast in October. In terms of the country composition, the revisions are largely accounted for by Brazil, where the recession caused by political uncertainty amid continued fallout from the Petrobras investigation is proving to be deeper and more protracted than previously expected; the Middle East, where prospects are hurt by lower oil prices; and the United States, where growth momentum is now expected to hold steady rather than gather further steam. Prospects for global trade growth have also been marked down by more than ½ percentage point for 2016 and 2017, reflecting developments in China as well as distressed economies.

(Source: <http://www.imf.org/external/pubs/ft/weo/2016/update/01/pdf/0116.pdf>)

### THE INDIAN ECONOMY

#### Overview

Macroeconomic developments in the first half of 2015-16 have evolved in close alignment with baseline forecasts. Going forward, inflation is projected to stay below the January 2016 target in 2015-16 and ease further in 2016-17. The projection of growth is revised downward for 2015-16, with some firming in the following year. Potential volatility in global financial markets poses the most significant risk to these projections. Over the first half of 2015-16 (April-March), macroeconomic developments have evolved in close consonance with staff's baseline forecast paths set out in the April 2015 Monetary Policy Report (MPR). Deviations in levels, albeit small, are

observed both above and below the projections, indicating the absence of systematic bias in forecast errors. Significant shifts in global and domestic macroeconomic and financial conditions since the April 2015 MPR warrant a re-assessment of the baseline assumptions determining the initial conditions that drive staff's projections.

Looking ahead, the macroeconomic environment appears subdued. While consumption demand seems to be holding up other than in rural areas, the outlook for investment demand remains lacklustre with a shrinking pipeline of greenfield projects, lack of forward movement on the brownfield pipeline, the pressure of considerable slack as evident in persisting under-utilisation of capacity and build-up of finished goods inventories, still high stress on banks' balance sheets and limited progress on major structural reforms. The prospects for exports too appear muted in view of the deterioration in the external trading environment. Moreover, the gains in terms of real incomes expected from favourable terms of trade for net commodity importers have been weak so far.

Over the second half of 2015-16, the recovery in the agricultural sector observed in Q1 is unlikely to sustain, given the 14 per cent deficit in rainfall as well as its uneven distribution, and lower reservoir levels. The industrial sector continues to suffer from structural weakness in various core sectors: financial stress among distribution companies (DISCOMs) in the electricity sector, declining natural gas and crude oil production, coal production impacted by weak demand, and sharp fall in international steel prices affecting domestic producers. Overall consumer confidence polled in the September 2015 round of the Reserve Bank's survey ebbed with regard to prospects for income and employment

Aggregate demand measured by year-on-year changes in real GDP moderated sequentially in Q1 of 2015-16 in relation to the preceding quarter (Table III.1). Seasonally adjusted, the q-o-q slowdown in GDP in Q1 was even sharper. Underlying this deceleration, government consumption expenditure did not exhibit the usual rebound that was expected in Q1 from cutbacks in the preceding quarter (Q4 of 2014-15) to meet annual fiscal targets. Furthermore, the contribution of net exports to aggregate demand turned modestly negative in Q1 of 2015-16 with the export contraction deepening as external demand fell away. On the other hand, the contribution of private consumption demand held up sequentially, supported by real income gains accruing from the ongoing disinflation. Alongside, the growth of gross fixed capital formation picked up, increasing its contribution to aggregate demand as the unclogging of stalled projects continued and input costs declined as global commodity prices softened.

**Table III.1: Real GDP Growth (2011-12 Prices)**

(Per cent)

Item	2013-14	2014-15	Weighted contribution to growth*	2013-14				2014-15				2015-16	
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
I. Private Final Consumption Expenditure	6.2	6.3	3.6	7.7	5.6	4.6	7.0	6.2	7.1	4.2	7.9	7.4	
II. Government Final Consumption Expenditure	8.2	6.6	0.7	27.3	5.3	11.0	-7.2	1.6	8.9	27.6	-7.9	1.2	
III. Gross Fixed Capital Formation	3.0	4.6	1.4	2.3	6.3	5.3	-1.4	8.7	3.8	2.4	4.1	4.9	
IV. Net Exports	-69.0	-20.7	0.4	-25.6	55.8	-90.0	-91.0	-68.1	49.8	95.2	-36.1	13.2	
Exports	7.3	-0.8	-0.2	2.6	-1.6	15.7	14.1	9.1	-2.0	-0.3	-8.2	-6.5	
Imports	-8.4	-2.1	-0.6	-3.5	-8.4	-14.2	-7.0	-3.6	1.1	2.8	-8.7	-5.4	
GDP at Market Prices	6.9	7.3	7.3	7.0	7.5	6.4	6.7	6.7	8.4	6.6	7.5	7.0	

\*: In percentage points in 2014-15. Component-wise contributions do not add up to GDP growth in the table because change in stocks, valuables and discrepancies are not included here.

Source: Central Statistics Office

(Source: <https://rbi.org.in/Scripts/PublicationsView.aspx?id=16691>)

The Salient Features of Indian Economy in March, 2016 are as follows:

- (i) The growth in Gross Value Added (GVA) at constant (2011-12) basic prices for the year 2015-16 is estimated to be 7.3 per cent as compared to the growth of 7.1 per cent in 2014-15. At the sectoral level, the growth rate of GVA at constant (2011-12) basic prices for agriculture & allied sectors, industry and services sectors for the year 2015-16 are estimated to be 1.1 per cent, 7.3 per cent, and 9.2 per cent respectively. Stocks of foodgrains (rice and wheat) held by FCI as on April 1, 2016 were 43.4 million tonnes, compared to 41.0 million tonnes as on April 1, 2015. Overall growth in the Index of Industrial Production (IIP) was 2.0 per cent in February 2016 as compared to 4.8 per cent in February 2015. On

cumulative basis, the IIP growth during 2015-16 (April-February) was 2.6 per cent as compared to 2.8 per cent during the corresponding period of previous year.

- (ii) Eight core infrastructure industries grew by 5.7 per cent in February 2016 as compared to growth of 2.3 per cent in February 2015. On cumulative basis, the growth of core industries during 2015-16 (April-February) was 2.3 per cent as compared to 5.0 per cent during the corresponding period of previous year.
- (iii) The growth of money supply on year on year basis as on 18th March 2016 stood at 10.3 per cent as compared to 10.8 per cent recorded in the corresponding period a year ago.
- (iv) Foreign exchange reserves stood at US\$ 360.2 billion at end-March 2016 as compared to US\$ 348.4 billion at end-February 2016 and US\$ 341.6 billion at end-March 2015. The rupee appreciated against the US dollar, Pound sterling, Japanese Yen and Euro by 1.8 per cent, 2.4 per cent, 1.8 per cent and 0.1 per cent respectively in March 2016 over the month of February 2016. The WPI headline inflation remained unchanged at (-) 0.9 per cent in March 2016 as in February 2016. The CPI headline inflation declined to 4.8 per cent in March 2016 from 5.3 per cent in February 2016. The revised estimate of fiscal deficit and revenue deficit as percentage of GDP at current market prices for 2015-16 is estimated at 3.9 per cent and 2.5 per cent respectively as compared to 4.1 per cent and 2.9 per cent respectively in 2014-15. Fiscal deficit is budgeted to be at 3.5 per cent of GDP in 2016-17.

(Source: [http://finmin.nic.in/stats\\_data/monthly\\_economic\\_report/2016/indmar16.pdf](http://finmin.nic.in/stats_data/monthly_economic_report/2016/indmar16.pdf))

## STRUCTURE OF INDIA'S FINANCIAL SERVICES INDUSTRY

The RBI is the central regulatory and supervisory authority for the Indian financial system. The Board for Financial Supervision ("BFS"), constituted in November 1994, is the principal body responsible for the enforcement of the RBI's statutory regulatory and supervisory functions. SEBI and the Insurance Regulatory Development Authority ("IRDA") regulate the capital markets and the insurance sector respectively.

A variety of financial institutions and intermediaries, in both the public and private sector, participate in India's financial services industry. These are:

- Commercial banks;
- Non-Banking Finance Companies ("NBFCs");
- Specialized financial institutions, such as the National Bank for Agriculture and Rural Development, the Export-Import Bank of India, the Small Industries development Bank of India and the Tourism Finance Corporation of India;
- Securities brokers;
- Investment banks;
- Insurance companies;
- Mutual funds;
- Alternative Investment Funds; and
- Venture capital funds.

## HOUSING FINANCE

### *Overview of Housing Finance Industry*

#### **Push for affordable housing, income growth, low interest rates to spur disbursements in the medium term**

The recent push by the government to spur affordable housing projects is likely to lead to an increase in disbursements over the next two years. Lower interest rates will also boost disbursements. Low interest rates and rising income levels will improve the debt-servicing capability of buyers, making them eligible for higher loan amounts.

CRISIL Research, therefore, expects overall housing disbursements to record a CAGR of 19-21%, both over the medium term (2015-16 and 2016-17) and the long term (by 2019-20), to reach Rs 8.3 trillion in the next 5 years. Growth in lenders' outstanding portfolio would, however, be a tad lower as prepayments increase amid strong income growth and low interest rates.

We estimate the market share of housing finance companies to improve slightly. Even when banks turn aggressive, riding on better data availability and a greater focus on home loans, HFCs will grow at a slightly faster pace given their strong origination skills and relatively superior customer service. Even among HFCs, mid-sized and small players' disbursements will grow at a faster clip of 27-29% in the medium term (as against 17-19% for large HFCs), owing to their stronger focus on affordable housing projects.

### ***Competition to intensify but profitability to remain stable***

HFCs currently enjoy a competitive edge over banks, owing to better operating efficiency and regulatory arbitrage. As corporate credit offtake is expected to be sluggish in the medium term, banks are shifting focus to the retail loan market. Consequently, competition is expected to intensify vis-avis HFCs. Therefore, yields of HFCs (both large and mid-sized) are likely to decline. However, as the drop in bond yields (amid the RBI's rate cut) lowers HFCs' cost of funds, profitability will remain largely unaffected. We expect net profit margins of large and mid and small HFCs to hover at 1.8-2.0% and 2.3-2.5%, respectively in the medium term.

### ***Strong asset quality to persist in medium term***

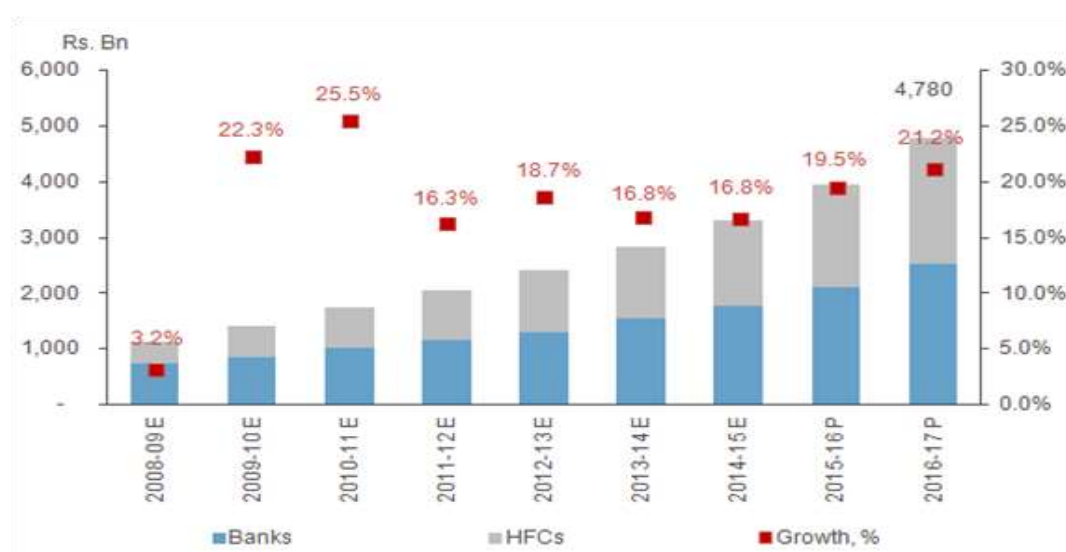
Asset quality is also likely to remain strong, with GNPA's declining slightly over 2015-16 and 2016-17. Economic recovery, lower interest rates, better system checks and an expected improvement in job security will be contributing factors. Industry sources also reveal that though low-rate teaser loans are being recalibrated to the prevailing interest rate, there are minimal delinquencies. This also reflects the strong asset quality, which we expect to persist in the medium term.

### ***Disbursements to grow at a faster pace in the near term***

Housing loan disbursements are expected to increase at a 19-21% CAGR over the next two years (2015-16 and 2016-17) to Rs 4,780 billion, as disposable incomes rise, prices stabilise in major markets and interest rates decline. Other factors driving up disbursements include:

- Low current mortgage penetration
- Decline in interest rates
- Rising focus on affordable housing projects, and
- Faster loan sanctions in 2014-15

### ***Housing loan disbursement growth to improve***



Source: CRISIL Research  
E: Estimated; P: Projected

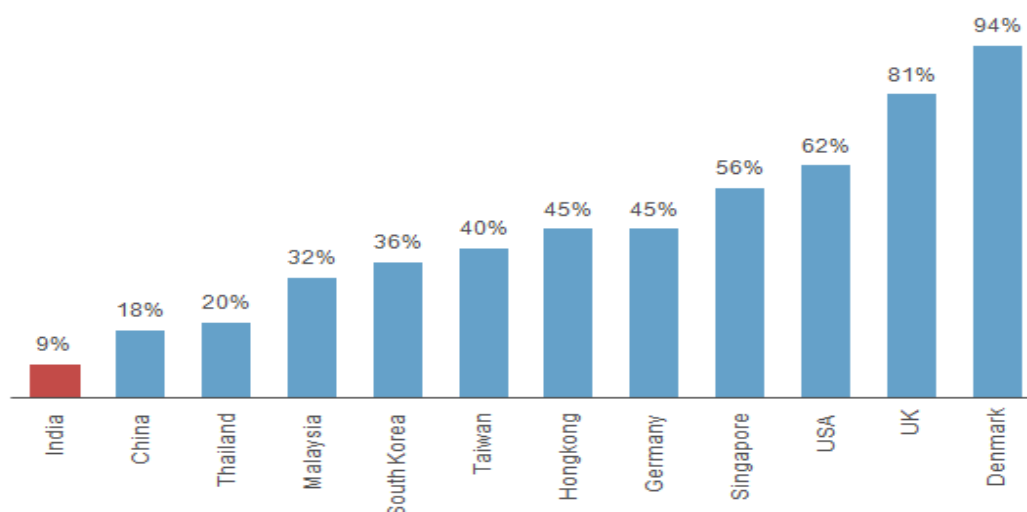
CRISIL Research estimates that home loan disbursements [by banks and housing finance companies (HFCs)] rose by an estimated 16.8% y-o-y to Rs 3,302 billion in 2014-15. Demand for individual home loans rose despite the high residential prices in major cities as consumer optimism increased post the general elections. Higher transaction volumes in tier-II and -III (non-metro) cities, growth in disposable income and fiscal incentives on housing loans along with more options in the affordable housing segment also aided robust offtake.

Among players, HFCs have capitalised better on the demand in non-metro cities, with their disbursements growing by 20.1% y-o-y. On the other hand, banks' disbursements grew 14% y-o-y owing to the increasing focus on the retail segment as corporate investments remained dormant.

### ***Rise in finance penetration to aid home loan offtake***

While India's mortgage-to-GDP ratio is still low at 9% compared with other developing countries, it has improved by 300-400 bps over the last six years, given rising incomes, improving affordability, rising urbanisation, including emergence of tier-II and tier-III cities, evolution of the nuclear family concept, ease of financing, tax incentives and widening reach of financiers.

#### ***Mortgage penetration (as a % of GDP)***



*Source: HDFC, CRISIL Research*

Based on our analysis, mortgage penetration levels in India are 9-11 years behind other regional emerging markets such as China and Thailand. However, due to various structural drivers such as a young population, smaller family sizes, urbanisation and rising income levels, we believe growth rates in the mortgage segment should remain healthy over the long term.

### ***Decline in interest rates to improve disbursements***

The Reserve Bank of India (RBI) has cut the repo rate by 125 bps cumulatively in 2015. Consequently, banks have passed on some of the benefit accrued from the lower cost of funds to borrowers by reducing the base rates. Amid rising gross income levels, the declining interest rates will lower the equated monthly installments (EMI) on home loans, making the borrower eligible for higher loan amounts. This will, in turn, enable the buyer to purchase a higher priced home or increase the loan-to-value (LTV) on the loan, contributing to an increase in the average ticket size (ATS) of home loan disbursements.

### ***Thrust for affordable housing to boost disbursements***

The recent push by the government to provide 'housing for all' by 2022 and the various steps taken to implement the same are expected to lead to an increase in the sales of affordable and low-cost housing units and consequently, provide financing for the same. Some of the key steps taken by the RBI in this regard are:

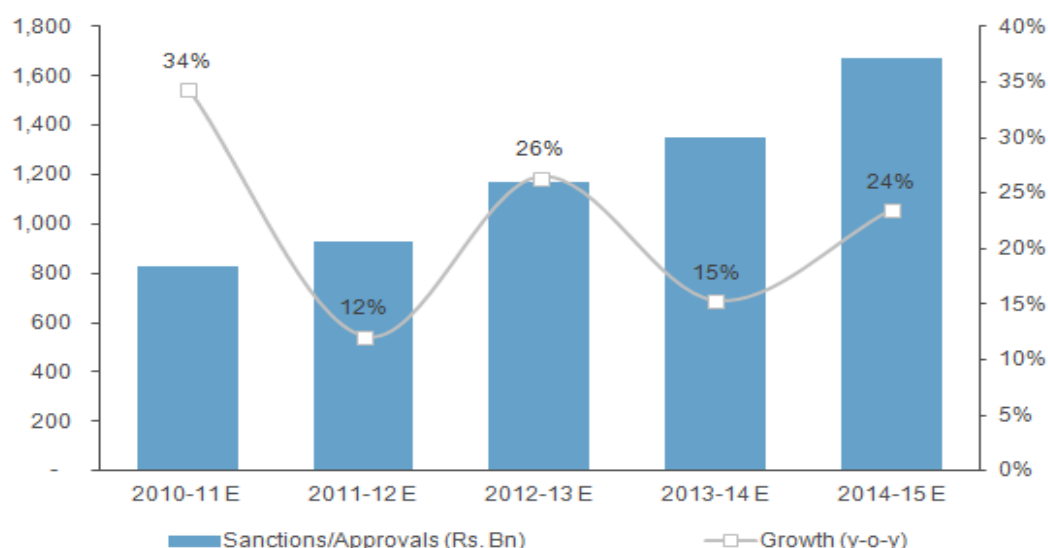
- In December 2012, the RBI had allowed housing finance companies (and real estate developers) who met certain criteria in terms of paid up capital, net owned funds, non-performing assets, etc to raise external commercial borrowings (ECB) to fund affordable housing projects.
- In June 2013, the RBI created a sub-category within the commercial real estate (CRE) segment - the residential housing (CRE-RH) segment which includes loans to builders/developers. The new segment would be allocated a lower risk weight of 75% for the calculation of capital adequacy ratio (CAR) compared with 100% for the CRE segment.
- In July 2014, the RBI had permitted banks to raise long-term infrastructure bonds for funding affordable housing and infrastructure projects. These bonds would be exempt from the mandatory norms such as cash reserve ratio and statutory liquidity ratio.
- In October 2015, the RBI reduced the risk weights applicable for affordable housing loans for the calculation of CAR. This is likely to lower the capital requirements of financiers and lead to lower interest rates on these loans.

### Competitive interest rates bring down loan transfers

As interest rates charged by players became more competitive, balance transfers (loan transfer between institutions) continued to decline in 2015-16. The number of balance transfers had increased significantly following the launch of teaser loans by some public sector banks.

Home loan rates remained very competitive in 2014-15, with a maximum difference of 10 bps between the lowest and highest rate provider as of March 2015. However, the cuts in base rates across banks has not been uniform, increasing the differential between the home loan rates of different banks.

### Growth in loan sanctions



Note:

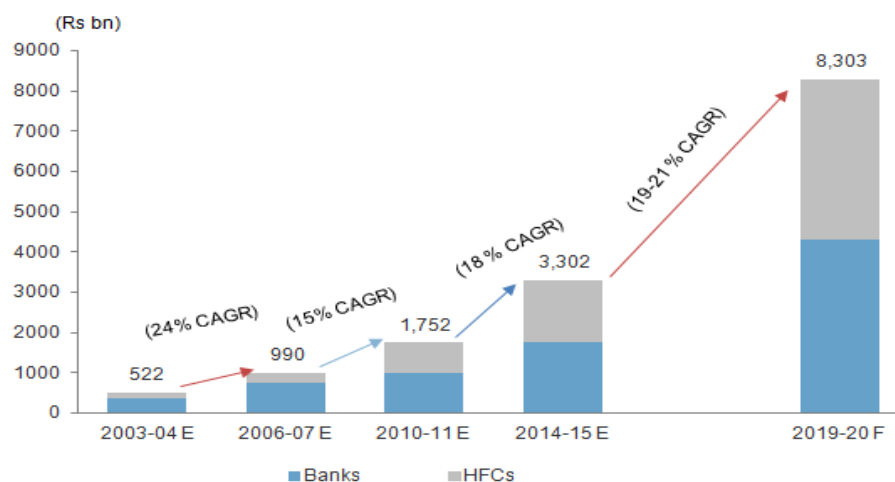
1) The above numbers are based on approval numbers of LICHFL, DHFL, Can Fin Homes and Reco Housing Finance. 2) Typically, an approval gets translated into disbursements over 6-8 months. Thus, the increase in the momentum of approvals will lead to higher disbursements over the next two years.

Source: Company reports, CRISIL Research

### Disbursements, outstanding loans to grow at marginally slower rate over next five years

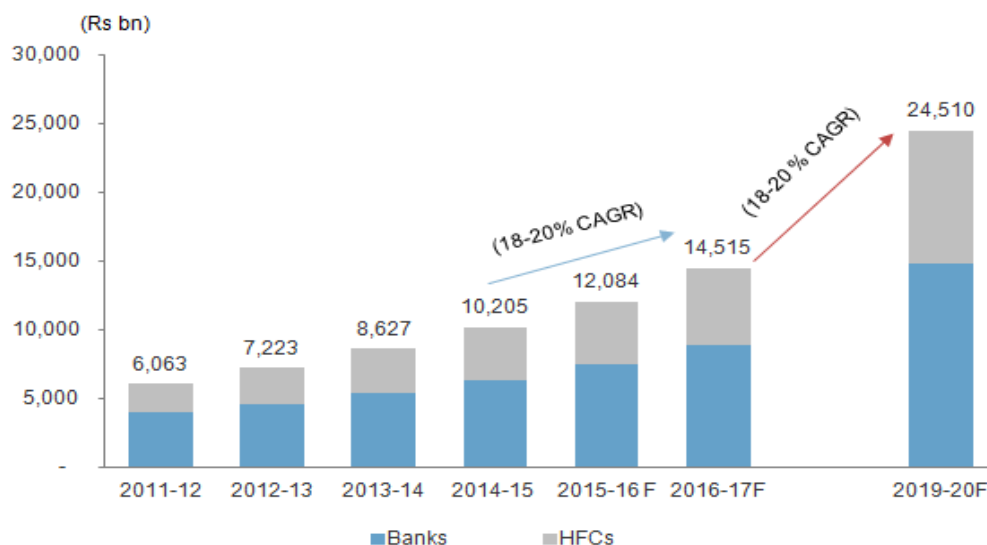
CRISIL Research expects home loan disbursements to record a five-year CAGR of 19-21% to reach Rs 8.3 trillion by 2019-20, aided by finance penetration, higher loan ticket sizes and demand for affordable housing.

### Growth in housing finance disbursements



Source: CRISIL Research  
E: Estimated; F: Forecast

### Growth in outstanding housing loans



Source: CRISIL Research  
E: Estimated; F: Forecast

The retail housing finance outstanding loan portfolio is projected to expand at an 18-20% CAGR from Rs 10.2 trillion to Rs 24.5 trillion in 2019-20. The loan book is forecast to grow at a slower pace than disbursements as prepayment rates will rise with higher income growth and decline in interest rates. In the medium term (2015-16 and 2016-17), the housing finance players' outstanding loan portfolio is likely to expand at a similar pace, given the growth in disbursements.

Structural prepayments will stay at similar levels. However, as cyclical prepayments will increase with the reduction in interest rates over the next five years, overall prepayments are likely to be higher in the medium term.

### Growth Drivers of Housing Finance Companies:

#### (a) Average ticket size on loans to increase at a slower pace

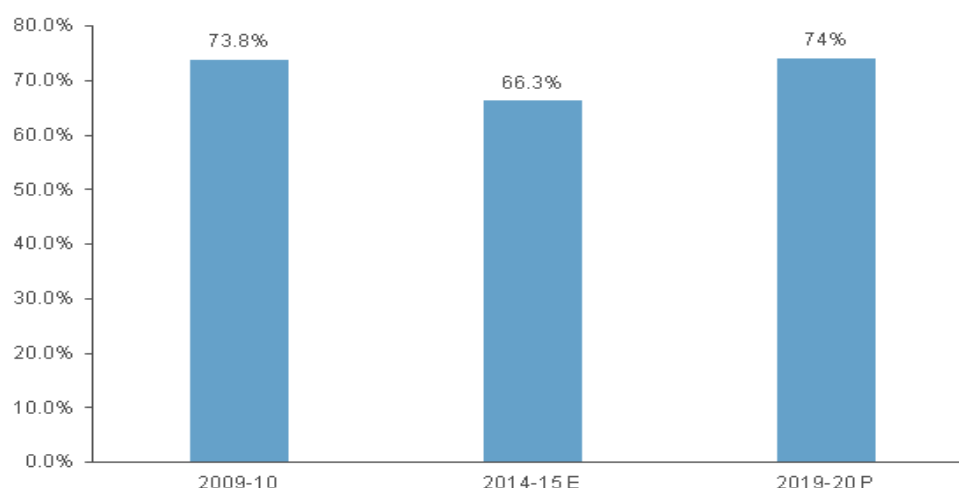
CRISIL Research expects the average ticket size (ATS) of loans, which is a function of price per sq ft, area per unit and loan-to-value (LTV) ratio, to increase in 2015-16 and 2016-17. A fall in the interest rates is likely to lower the equated monthly installments (EMIs), making the borrower eligible for higher loan amounts on fresh borrowings.

Asset prices in some of the top cities are expected to either remain stable or decline slightly in 2016. Also, with asset prices in these cities already at elevated levels, an increasing number of buyers are looking at smaller homes or property in the outskirts of the city where asset prices are considerably lower. Consequently, despite the expected increase in LTVs, the average ticket size is unlikely to increase considerably.

In 2013-14 and 2014-15, the urban ATS had risen by only 7-8%, as property prices in markets such as Mumbai, Hyderabad and Chandigarh stabilised. However, over the longer term (2014-15 to 2019-20), the ATS in urban areas is expected to grow at a slightly faster pace on account of the expected increase in property prices and a marginal increase in the LTV ratio.



*Average loan-to-value ratio*



Source: RBI, CRISIL Research

Note: E: Estimate, P: Projected

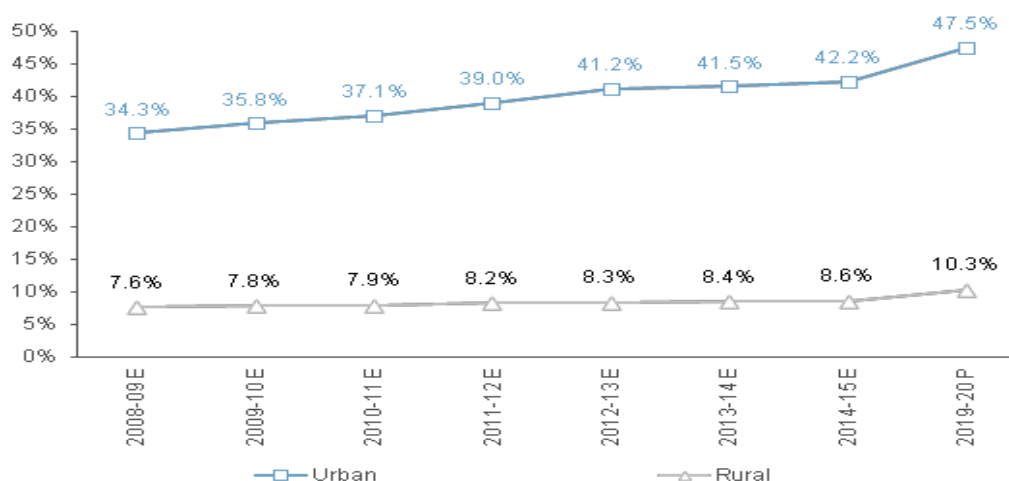
Numbers are based on data from top 13 cities

The average LTV on loans disbursed in the top 13 cities declined from ~74% to 66% over 2009-10 to 2014-15 as rising interest rates and slow growth in income levels led to higher EMIs and consequently, a decline in LTVs. Going forward, with interest rates likely to head downward over the medium term, LTV ratio is likely to increase from the current levels. In the long term as well, as urban property prices rise, borrowers would find it increasingly difficult to arrange for the required equity. However, factors such as regulatory obligations and prudent lending norms are expected to deter financiers from increasing LTV levels significantly. Hence, over the longer term, the LTV ratio is projected to go up to ~74%.

**(b) Rise in urban finance penetration to propel industry**

Increase in finance penetration is also expected to support the industry's growth. Rising demand for housing from tier-II and tier-III cities, and subsequent surge in construction activity have resulted in greater focus of financiers on these geographies. Consequently, finance penetration in urban areas is estimated to have increased to 42.2% in 2014-15 from an estimated 39% in 2011-12. Finance penetration in rural areas is estimated to have risen only slightly to 8.6% in 2014-15. Boosted by the affordable housing push and rising competition in higher ticket size loans, we expect finance penetration to increase to 47.5% in urban areas and to 9.8% in rural areas by 2019-20.

*Finance penetration in rural and urban areas*



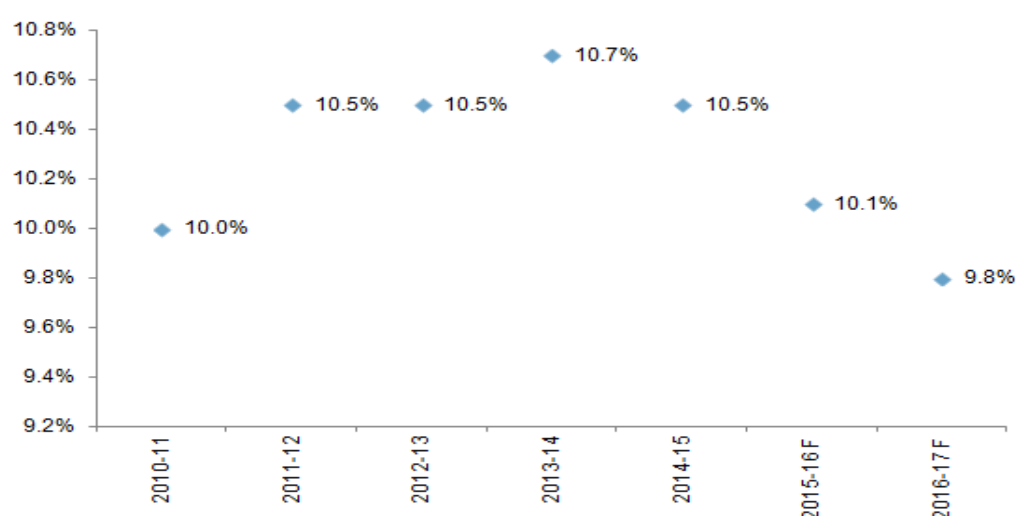
*E: Estimated; P: Projected*  
*Source: CRISIL Research*

Rural areas are also likely to witness considerable improvement in finance penetration, led by the government's efforts to provide housing for all. However, operational challenges such as timely collection of payments, lower ticket sizes and higher delinquencies in comparison with the urban markets will pose headwinds to rural expansion.

**(c) Home loan rates to decline in 2015-16 and 2016-17**

Interest rates on housing loans averaged 10.5% in 2014-15 vis-a-vis 10.7% in 2013-14 due to high competition in the home loans segment. The cuts in repo rate by the Reserve Bank of India (RBI) and the subsequent lowering of base rates by banks have led to lower home loan rates in 2015-16. CRISIL Research expects interest rates to continue moving downward in 2016-17 as well, as banks pass on the benefit of a re-pricing of their deposits.

*Average home loan rates*



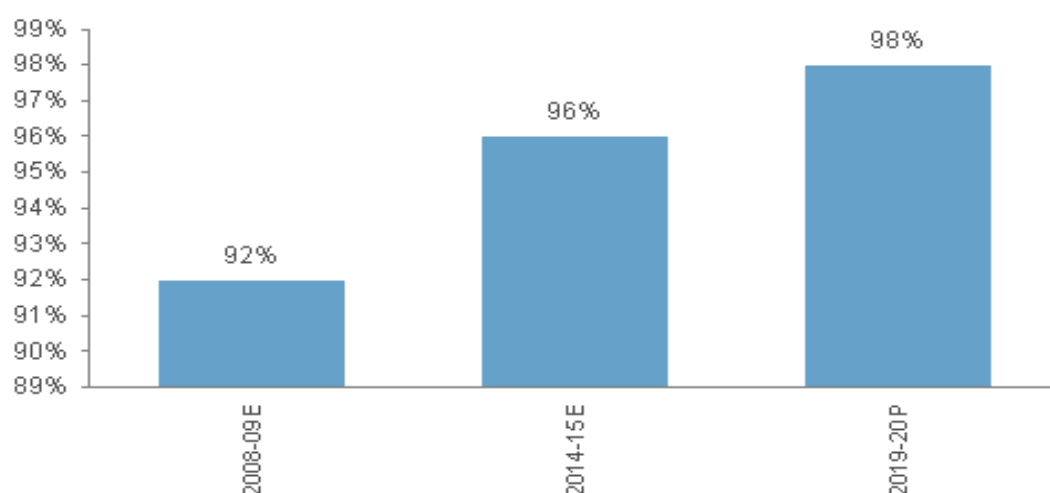
*Source: CRISIL Research*  
*Note: F: Forecast*

**(d) Share of floating interest rate loans to increase**

Financiers offer two types of interest rate loans to customers - fixed and floating. Fixed rate loans are typically priced higher than floating rate loans due to higher interest rate risk associated with it. Given the long-term nature of housing loans and medium-term nature of the financiers' liabilities, financiers prefer to lend at floating rates, as it allows them to reset interest rates when their cost of funds increase.

The proportion of floating rate loans has been increasing since 2005-06, primarily due to an indirect push from financiers by way of higher spreads between fixed rate loans and floating rate loans, which, in some cases, was as wide as 275 bps. Post 2009-10, despite an increasing interest rate scenario, borrowers opted for floating rate loans in anticipation of reduction/stabilisation of interest rates in the later years. With the interest rate cycle on a downward trajectory, and expectations of a further softening, we expect the proportion of floating interest rate loans to inch up.

### Proportion of floating rates



*E: Estimated; P: Projected*

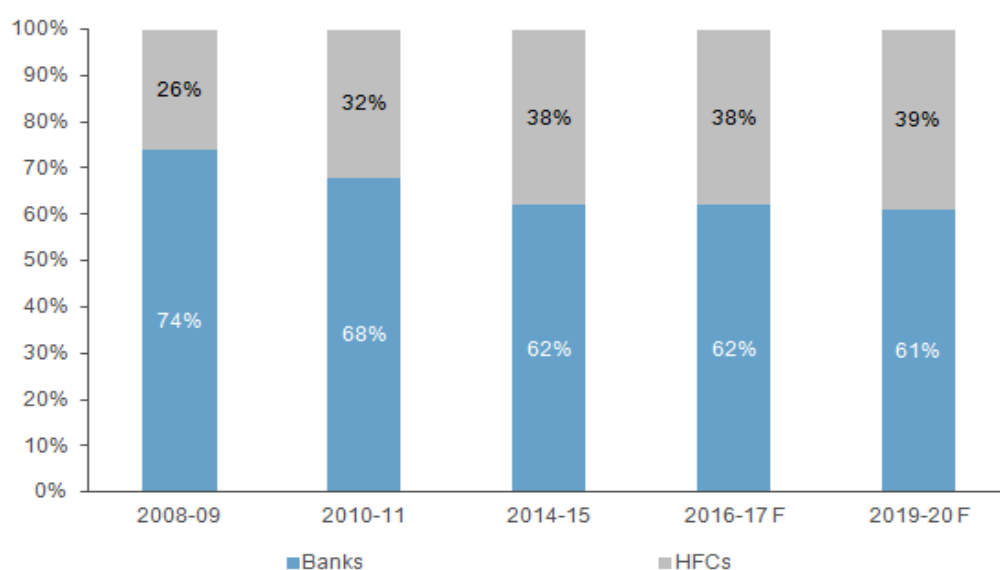
*Source: CRISIL Research*

A large proportion of home loan borrowers belong to the salaried class. Between 1999-2000 to 2007-2008, salaries are estimated to have increased at a higher rate than the rise in property prices, thereby increasing the affordability of new houses for individuals. Also, the growth rate in salaries has been higher for those in the younger age bracket than those who are close to retirement. This trend, coupled with tax incentives for interest and principal repayments, has prompted more young people to buy houses.

### (e) *Share of HFCs to remain steady over next two years*

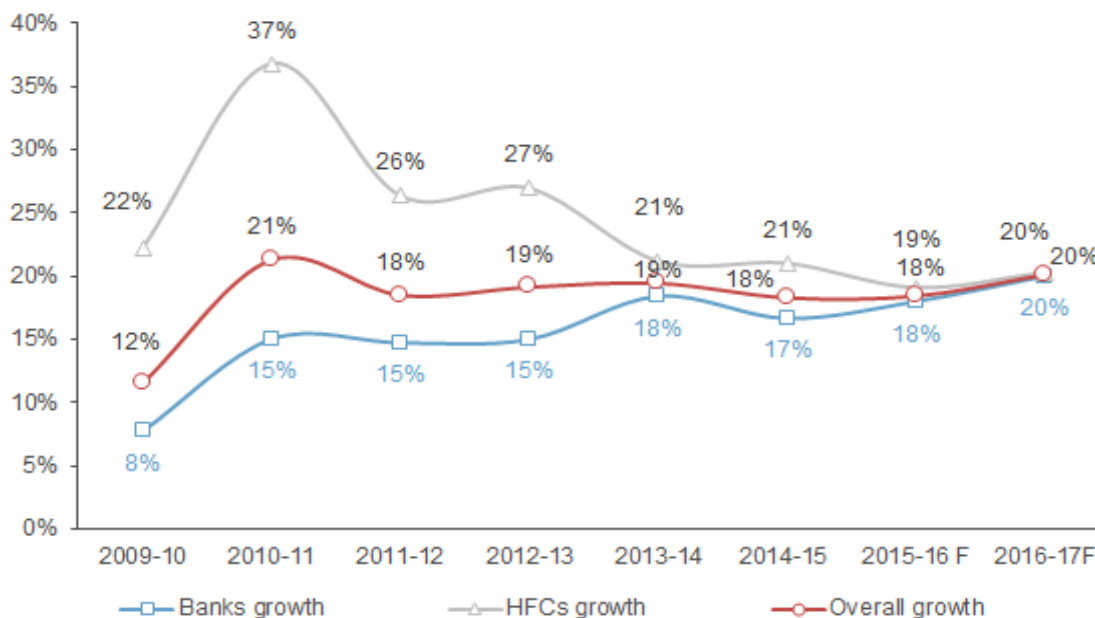
Both banks and HFCs cater to the housing finance market. Banks currently have a lion's share of the loan assets (62% as of 2014-15). However, the share of HFCs has increased steadily from 26% to 38% over the past seven years. With banks likely to be aggressive in this market, the shares are likely to remain steady going forward.

### Market share of HFC vs Banks



Source: CRISIL Research  
E: Estimated; F: Forecast

#### *HFC to grow faster than Banks*



E: Estimated; F: Forecast  
Source: CRISIL Research

While banks have traditionally competed on interest rates, we believe that HFCs' specialised focus on home loans makes them attractive. Over the past few years, robust growth in outstanding loans enabled HFCs to significantly enhance their market share compared with banks. However, with the recent slowdown in corporate credit, banks are aggressively focusing and competing with HFCs.

Recently, there have been concerns about the renewed aggression shown by banks in the home loan market given their aggressive pricing. Our analysis, on the other hand, shows that the room for banks to turn more aggressive on pricing without affecting profitability is limited (especially as we are now in a base-rate regime).

Moreover, with HFCs recently accessing non-bank sources of funds (along with easing of bond yields) their competitiveness on 'cost of funds' versus banks should improve. On non-pricing factors, we believe HFCs could continue to retain an upper hand given their specialisation. Thus, overall we believe HFCs would remain competitive in the mortgage market and the share is expected to improve marginally.

In the long term, growth in advances for both banks and HFCs will remain range-bound (HFCs growth being marginally higher) despite banks' aggressiveness. HFCs' strong origination skills and relatively superior customer service will lead to marginally higher growth than banks. Banks will also not be far behind as they are aided by an increased focus on retail assets and better data availability.

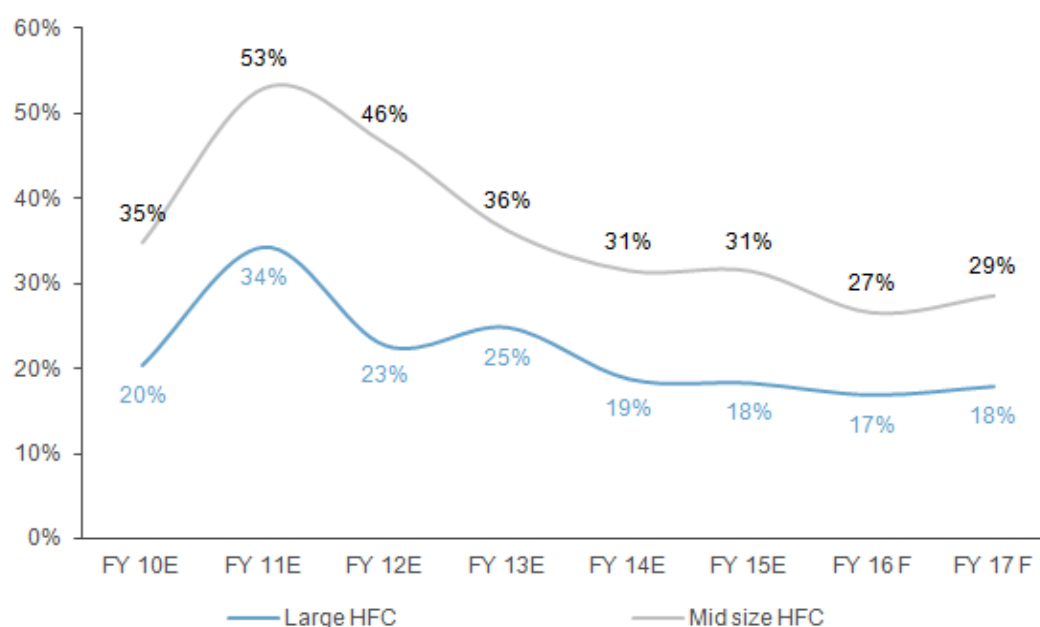
#### **(f) Mid-size HFCs to grow at a faster rate than large HFCs**

CRISIL Research believes mid-size housing finance companies (HFCs with a total outstanding retail housing loans of less than Rs 300 billion as of March 2015) will record a 27-29% CAGR over 2015-16 to 2016-17. However, large HFCs' will grow at a 17-19% CAGR.

We expect higher growth for mid-size HFCs given their focus on affordable housing projects and their relatively higher concentration in tier-II and smaller cities, where growth has been higher over the past year. On the other hand, metros have seen some moderation in housing demand due to decrease in affordability levels owing to high property prices and interest rates. Our forecast is further supported by the fact that demand growth for affordable housing will exceed overall housing demand growth over the next two years, owing to a greater focus of real estate developers in this segment.

Most mid-size HFCs are increasing their focus on sub-Rs 2.5 million loans, as they are able to earn 150-200 basis points by selling the loan portfolio to banks (which helps the banks meet their priority sector lending targets). Moreover, the sale of this loan portfolio takes place within a period of one year, which helps in resource mobilisation.

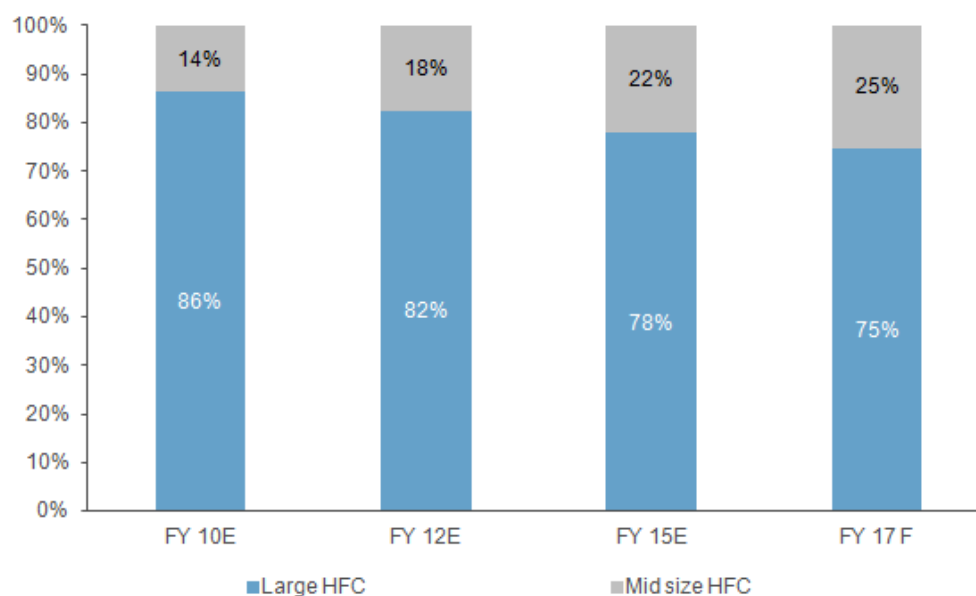
*Growth in large and mid-sized HF*



Note: E: Estimated; F: Forecast

Source: CRISIL Research

*Share of mid-and small-sized HFCs to increase*



Source: CRISIL Research

Note: E: Estimated; F: Forecast

**Disclaimer of CRISIL Research**

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## OUR BUSINESS

### BUSINESS

*In this section, any reference to “we”, “us” or “our” refers to Edelweiss Housing Finance Limited. Unless stated otherwise, the financial data in this section is as per our reformatted financial statements prepared in accordance with Indian GAAP set forth elsewhere in the Draft Prospectus.*

*The following information should be read together with the more detailed financial and other information included in this Draft Prospectus, including the information contained in the chapter titled “Risk Factors” and “Industry” beginning on page 10 and 52 respectively.*

### Overview

We are a non deposit taking Housing Finance Company focused on majorly offering secured loan products to suit the needs of the individuals and the corporates. We also offer small ticket unsecured loans to our customers mainly in rural areas. The tenure of these unsecured loans is usually upto two years. Our products include:

- **Home Loans**, which includes offering secured loans to salaried individuals, self-employed individuals and others for purchase/construction/renovation of residential properties, against mortgage of the same property, comprises 37% of our loan book, i.e 8,943.84 million, as on March 31, 2016.
- **Loan Against property**, which includes offering loans for business purposes or for the purchase of commercial property or for investment in asset, against mortgage of the same property, comprises 26% of our loan book, i.e 6,158.10 million, as on March 31, 2016
- **Construction Finance**, which includes offering loans to reputed developers for construction of residential projects, against mortgage of the same property and/or other collateral, comprises 20% of our loan book, i.e 4,876.02 million, as on March 31, 2016.
- **Rural finance**, which includes offering unsecured loans to customers (primarily in rural areas) for a tenure upto 2 years, comprises 16% of our loan book, i.e 3,894.71 million, as on March 31, 2016.

We are part of the Edelweiss Group which is one of India’s prominent financial services organization having businesses organized around three broad lines – Credit including Retail Finance; Non-Credit businesses including Capital Markets, Wealth Management, Asset Management, Balance Sheet Management and others, and Life Insurance business. The product/ services portfolio of the Edelweiss Group caters to the diverse investment and strategic requirements of corporate, institutional, high net worth individuals and retail clients. Edelweiss Group has a pan India presence with a global footprint extending across geographies with offices in New York, Mauritius, Dubai, Singapore, Hong Kong and four other countries. EFSL is listed on BSE and National Stock Exchange of India Limited. EFSL through its subsidiaries, offers to its customers a diversified financial services platform that provides various secured corporate loan products, retail loan products and services, SME financing, equity broking, sourcing and distribution of commodities, wealth advisory services, life insurance, investment banking and institutional broking. As on March 31, 2016, our Promoters EFSL and ECSL hold 22.39% and 77.61% of our paid up share capital.

Our Company was originally incorporated on May 30, 2008 as a public limited company under the provisions of the Companies Act, 1956 as Edelweiss Housing Finance Limited and received the Certificate of Commencement of Business on June 12, 2008. Our Company has obtained a Certificate of Registration dated March 18, 2010 bearing registration no. 03.0081.10 issued by the National Housing Bank, to commence/carry on the business of a housing finance institution without accepting public deposits subject to the conditions mentioned in the Certificate of Registration. Our Company does not have any subsidiary.

Over the past several years, we have diversified and expanded our presence into markets that are of greater relevance to the products we offer. As on March 31, 2016 we have a total of 47 branches. Our branches aim at providing a fast and seamless customer experience with emphasis on a single window interface for the customer. Our Branch Operations have significant technology architecture to ensure industry leading customer experience.

Our total income and profit after tax (PAT) of the Company for the year ending March 31, 2016 stood at ₹ 2,733.39 million and ₹ 382.14 million respectively. The Company’s income from operations and PAT witnessed a CAGR of 76.20 %, and 71.10 % respectively over the last four Financial Years from FY 2012 to FY2016. The loan book of the Company has witnessed a CAGR of 49.50 % over the last four fiscal years.

Our loan book was ₹ 23,872.67 million and ₹ 15,087.29 million as of March 31, 2016 and March 31, 2015 respectively. Our capital adequacy ratio as of March 31, 2016 and March 31, 2015 computed on the basis of applicable NHB requirements was 19.40% and 29.13% respectively, compared to the NHB stipulated minimum requirement of 12%. Our gross NPAs as a percentage of total loan assets were 1.17% and 0.75% as of March 31, 2016 and March 31, 2015 respectively. Our net NPAs as a percentage of net loan assets were 0.83% and 0.60% as of March 31, 2016 and March 31, 2015 respectively.

### Key Operational and Financial Parameters

A summary of our key operational and financial parameters for the last three completed financial years as specified below, are as follows:

	(₹ in millions)		
Parameters	Fiscal 2016	Fiscal 2015	Fiscal 2014
<b>For Financial Entities</b>			
Net worth (refer note 1)	3,361.48	3,109.37	1,844.90
Total Debt	19,498.78	12,205.96	9,556.58
of which – Non Current Maturities of Long Term Borrowing	9,815.35	8,849.14	7,350.43
- Short Term Borrowing	6,263.01	968.10	539.89
- Current Maturities of Long Term Borrowing	3,420.42	2,388.72	1,666.26
Net Fixed Assets	29.93	25.10	16.62
Non Current Assets (refer note 2)	126.52	117.59	74.89
Non Current Liabilities (refer note 3)	417.68	319.88	87.58
Cash and Cash Equivalents	56.50	310.22	355.65
Current Investments	-	250.00	-
Current Assets (refer note 4)	434.59	205.58	165.25
Current Liabilities (refer note 5)	1,242.26	360.58	675.52
Assets Under Management (refer note 6)	23,872.67	15,087.30	11,552.17
Off Balance Sheet Assets (refer note 7)	1,186.37	1,657.97	67.32
Interest Income	2,514.93	1,680.32	1,079.53
Interest Expense	1,368.64	1,063.49	846.24
Provisioning & Write-offs	127.15	43.76	24.67
PAT	382.14	211.04	47.43
Gross NPA (%)	1.17%	0.75%	0.06%
Net NPA (%)	0.83%	0.60%	0.05%
Tier I Capital Adequacy Ratio (%)	16.21%	24.47%	19.48%
Tier II Capital Adequacy Ratio (%)	3.19%	4.67%	0.59%

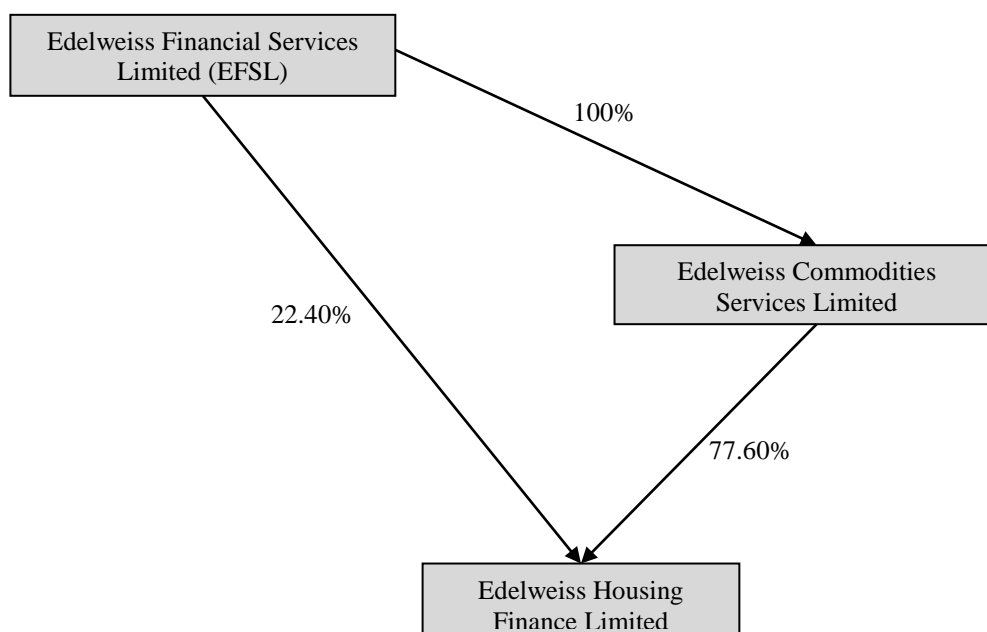
#### Notes

1. Networth = Share capital (+) Reserves and surplus (-) deferred tax asset.
2. Non Current Assets = Non Current Assets (-) fixed assets (-) loan book.
3. Non Current Liabilities = Non current liabilities (-) long term borrowing.
4. Current Assets = Current Assets (-) loan book (-) current investments (-) cash and bank balance.
5. Current liabilities= Current liabilities (-) current maturities of long term debt secured (-) short term borrowings.
6. Assets under management= Loan book of our Company.
7. Off balance sheet assets = Our Company has securitized/assigned certain pool of loan book.



## Our Corporate Structure

The following chart outlines our corporate structure:



## OUR STRENGTHS

*We believe that the following are our key strengths*

### *Established brand and parentage*

The Edelweiss Group is one of India's prominent financial services organization offering products/ services portfolio which caters to the diverse investment and strategic requirements of corporate, institutional, high net worth individuals and retail clients. EFSL, through its subsidiaries, offers to its customers a diversified financial services platform that provides various secured corporate loan products, and retail loan products, such as Residential Mortgages, SME financing, Loans against Property, institutional and retail equity broking, investment banking, wealth advisory services, asset management including asset reconstruction, Warehousing and collateral management for agri commodities and , life insurance. We believe EFSL's diversified service platform allows us to leverage relationships across various lines of businesses, thereby increasing our ability for repeat business and cross selling our products and benefits from customer reference.

Edelweiss group enjoys a large client base of over 8,87,000 clients from retail and wholesale segments across its various businesses. Edelweiss has 237 offices in 122 cities in India including nine offices outside India. We believe that the success of the Edelweiss Group as a provider of financial services is largely built upon the ability to nurture and maintain client relationships which helps our Company to get new business as well as continuation of existing business from the satisfied clients. We believe that the Edelweiss brand is well recognized and associated with trust, governance and compliance structure, liquid balance sheet, high quality customer centric services, creative solutions to strategic and financial challenges and sound execution of clients' transactions. Among the many award and accolades received by the Edelweiss Group, few of the prominent ones are being adjudged a "Business Superbrand 2010/11", being voted India's Best Midcap Company by readers of Finance Asia and being awarded the 'Best Corporate Governance, India, 2013 as well as 2016 from the London, UK, based Capital Finance International jury. We believe that being part of the Edelweiss group significantly enhances our ability to attract new clients. We believe that the brand value and scale of the business operations of the Edelweiss Group provides us with an advantage in an increasingly competitive market. We intend to continue to leverage the brand value of the Edelweiss Group to grow our business.

We draw upon a range of resources from the Edelweiss group such as information technology and infrastructure. We leverage Edelweiss groups experience in the various facets of the financial services sector which allows us to

understand market trends and mechanics and helps us in designing our products to suit the requirements of our target customer base as well as to address opportunities that arise out of changes in market trends. We believe that by leveraging on the existing relationships and synergies with the Edelweiss group we will be able to further expand the size of our loan book, launch new products and build scale. We further believe that the relationships that Edelweiss Group has developed provides us with opportunities for cross selling our products through customer reference.

#### ***Access to range of cost effective funding sources***

Our fund requirements are currently predominantly sourced through credit facilities from banks and issue of redeemable non-convertible debentures on a private placement basis. We have accessed funds from NHB and a number of credit providers, including nationalized banks and private Indian banks. We believe that we have developed stable long term relationships with our lenders and have established a track record of timely servicing of our debts. We also access money market borrowings.

We believe that we have been able to achieve a relatively stable cost of funds despite the difficult conditions in the global and Indian economy and the resultant reduced liquidity and an increase in interest rates, primarily due to effective treasury management and innovative fund raising programs. We believe we are able to borrow from a range of sources at competitive rates.

Set forth below is our Average Cost of Borrowing for the last five fiscal years.

<b>Year</b>	<b>FY 2016</b>	<b>FY 2015</b>	<b>FY 2014</b>	<b>FY 2013</b>	<b>FY 2012</b>
Average Cost of Borrowing	10.57%	11.01%	11.14%	11.68%	10.32%

#### ***Well Defined Processes***

We believe our business processes ensure complete independence of function and segregation of responsibilities. We believe our credit appraisal and credit control processes, centralized operations unit, independent audit unit for checking compliance with the prescribed policies and approving all loans at transaction level and risk management processes and policies provide for multiple checks and verifications for both legal and technical parameters, including collateral valuation and title search, document verification and fraud and K Y C check, and personal meetings with clients. Further our processes have been standardized with the objective of providing high levels of service quality while maintaining process and time efficiency. This is done by facilitating the integration of workforce, processes and technology. Our key business processes are regularly monitored by the business/operations head and risk head.

Our loan approval and administration procedures, collection and enforcement procedures are designed to minimize delinquencies and maximize recoveries. We believe our procedures have ensured that the eventual write off due to non – recovery was ₹ 0.55 million since incorporation.

We 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 mainly looked after by a Business Risk Group embedded in the business. As the second line of defense, Edelweiss group has created a Global Risk Group that is responsible for managing the risk arising out of various business activities at a central level. We seek to monitor and control risk exposure through a variety of separate but complementary financial, credit and operational reporting systems.

#### ***Experienced Management Team***

We have an experienced management team, which is supported by a capable and motivated pool of employees. Our senior managers have diverse experience in various functions, related to our business. Our senior managers have an in-depth understanding of the specific industry, products and geographic regions they cover, which enables them to appropriately support and provide guidance to our employees. We also have an in-house experienced legal team consisting of qualified professionals, well-equipped to handle all our legal requirements ranging from loan and security documentation to recovery, repossession, security enforcement and related litigation, if any. Our in-house legal team is also assisted by empaneled lawyers and technical vendors. We believe that the extensive relevant experience and financial acumen of our management and executives provides us with

a distinct competitive advantage. Our Board, including the independent directors, also has extensive experience in the financial services and banking industries in India.

#### ***Technology, Analytics and Credit bureau usage***

We believe that our robust loan management system, analytic ability and extensive usage of the credit bureau and other allied KYC procedures offers us a significant competitive advantage. Our systems have the capability of end to end customer data capture, computation of income, collateral data capture, and repayment management. Our loan approval is controlled by the loan application system. We believe our monthly analytics reports including through-the-door and credit-information tracking are efficient tools for ensuring risk management-controls & compliance.

Our systems are custom designed for our services and help us reduce people contact time and enhance our processes and operational excellence. Our systems fully integrate businesses in every aspect bringing together various departments in simple transitions and customer information updates. Technology gives us the ability to integrate cash flows in real time and allows us better informed decision making with easy access to record and information.

### ***OUR STRATEGIES***

Our key strategic priorities are as follows:

#### ***Retail Focus***

We are focused on high growth, dispersed risk- retail lending. We seek to further increase our presence in small ticket home loans by utilizing the extensive branch network of the Edelweiss group. This retail business is intended to provide scale & diversify the risk across geographies, industries & collaterals.

#### ***Minimize concentration risk by diversifying the Product Portfolio and expanding our customer base***

We intend to further improve the diversity of our product portfolio to cater to the various financial needs of our customers.

Beyond our existing loan products, we intend to leverage our brand and office network, develop complementary business lines and become the preferred provider of home loans, in tier 2 and tier 3 towns.

Our diverse revenue stream will reduce our dependence on any particular product line thus enabling us to spread and mitigate our risk exposure to any particular industry, business, geography or customer segment. Offering a wide range of products helps us attract more customers thereby increasing our scale of operations. We intend to grow the share of our disbursements to home loans, loans against property and construction finance to capture market share in what we believe is a growth area and improve the diversity of our loan exposure.

We intend to launch a marketing initiative to target our existing and former customers to cater to all their financing requirements, thus generating new business and diversifying our loan portfolio. We expect that complementary business lines will allow us to offer new products to existing customers while attracting new customers as well. We will continue to focus on growing our rural portfolio through our service providers which we believe is in a unique position to cater to a large and untapped customer base. We expect that our knowledge of local markets will allow us to diversify into products desired by our customers, differentiating us from our competitors.

#### ***Optimizing return while maintaining the quality of loan book***

We believe that we have implemented credit and risk management systems which we intend to rely upon to optimize our product mix in our loan portfolios. We believe that this will also help us in maintaining our margins in a volatile interest rate scenario.

#### ***Improve our credit ratings to optimize cost of funds***

We fund our capital requirements through a variety of sources, including credit facilities from banks, NHB and issuance of money market instruments. For details of our credit ratings, as of March 31, 2016, please see section titled "Our Business", on page 65.

We believe that we have been able to achieve relatively stable and competitive cost of funds from a range of sources, primarily due to our credit ratings and the goodwill associated with the Edelweiss brand name. During the past three years, we have focused on improving our assets liability management by ensuring that we align our liabilities profile in sync with assets profile. As the assets profile is longer duration, our liability mix includes long term borrowings from banks and shorter term borrowing form debt markets/money markets. We have also increased long term market borrowing by placement of NCDs. We have also diversified our sources of borrowing by obtaining credit facility from a number of banks besides MFs and NHB. Based on our increasingly strong balance sheet, we believe that we will be able to further improve our credit ratings, and tap newer sources of funds.

#### ***Continue to Attract and Retain Talented Employees***

As part of our business strategy, we are focused on attracting and retaining high quality talent. We recognize that the success of our business depends on our employees, particularly as we continue to expand our operations. We have successfully recruited and retained talented employees from a variety of backgrounds, including credit evaluation, risk management, treasury, technology and marketing. We will continue to attract talented employees through our retention initiatives and recruitment from colleges. Our retention initiatives include job rotation, half yearly reviews, stock options of our Promoter EFSL, performance based incentive, employee recognition programs, training at our training facilities and on-the-job training. We invest a significant amount of time and resources for training our employees, which we believe fosters mutual trust, improves the quality of our customer service and puts further emphasis on our continued retention.

#### ***Achieve operations excellence by further strengthening our operating processes and risk management systems***

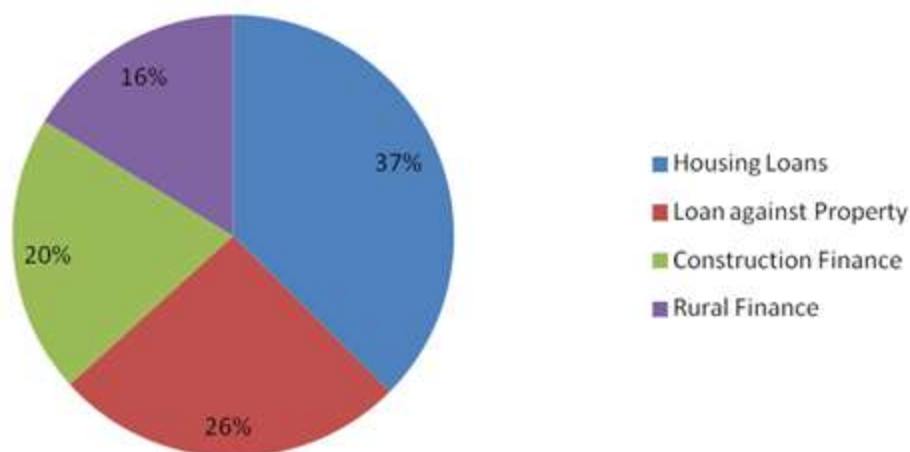
We are focused on building a process driven organization with a culture of compliance, audit and risk management. Operations excellence and risk management forms an integral part of our business as we are exposed to various risks. The objective of our risk management systems is to measure and monitor the various risks we are subject to and to implement policies and procedures to address such risks. We intend to continue to improve our operating processes and risk management systems that will further enhance our ability to manage the risks inherent to our business.

The objective of our risk management systems is to measure and monitor the various risks, we are subject to and to implement policies and procedures to address such risks. Furthermore, we intend to continue to train existing and new employees in appraisal skills, customer relations, communication skills to improve customer centricity and risk management procedures to enable replication of talent and ensures smooth transition on employee attrition, update our employees with latest developments to mitigate risks against frauds and cheating.

### **OUR PRODUCTS**

Our loan book stood at ₹ 23,872.67 million and ₹ 15,087.30 million as on March 31, 2016 and March 31, 2015 respectively as compared to ₹ 11,552.17 million and ₹ 7,018.69 million as on March 31, 2014 and March 31, 2013 respectively.

The following chart illustrates the loan book attributable to each product line, as on March 31, 2016:



**A. Home Loans**

As on March 31, 2016 and March 31, 2015 our Home loans accounted for 37% and 53% respectively of the loan book. Home loans are majorly offered to (1) salaried individuals (2) self-employed individuals (3) professionals and (4) corporates. The home loans are provided for purchase of existing property, purchase of plot for construction thereon, self-construction of new property and extension or renovation of existing residential property. The loans are secured by the mortgage of the property/house for which the loan is provided. The tenure of the loans generally ranges upto 25 years.

**B. Loan against Property (“LAP”)**

As on March 31, 2016 and March 31, 2015 our Loan against Property accounted for 26% and 39% respectively of the loan book. Loan against Property (“LAP”) is a loan facility majorly offered to self-employed individuals, businesses requiring funds for business purposes or for the purchase of commercial property or for investment in assets against mortgage of residential / commercial property. As a part of LAP, lease rental discounting is also offered where the lessee is a large corporate. The funds so raised are utilized for meeting business needs. The tenure of the loans generally ranges upto 15 years.

**C. Construction Finance**

As on March 31, 2016 and March 31, 2015 our Construction Finance accounted for 20% and 8% respectively of the loan book. Construction finance is a loan facility offered to real estate developers towards the cost of the construction of the project. The financing is usually against real estate collateral and/or other collateral. The loan disbursements are construction linked. The tenure of the loans generally ranges upto 5 years.

**D. Rural finance**

As on March 31, 2016 and March 31, 2015 our Rural Finance accounted for 16% and 0% respectively of the loan book. Rural finance is a loan facility offered to individuals in the Tier-V and Tier-VI towns for joint lending group. The Company has entered into an arrangement with certain service providers which undertake the sourcing of the rural finance loans as per the product & criteria agreed and fixed with them. These service providers are *interalia* also responsible for disbursements, collections and other operations i.e. the entire life cycle management of these loans. The financing is usually unsecured. The tenure of the loans generally ranges upto 2 years and the average ticket size of these loans is approximately ₹15,000, with repayments received on weekly/ fortnightly/ monthly basis.

## BRANCH NETWORK

Our branch network as of March 31, 2016 is as follows



The map is not to scale.

## PROCESSES

### Customer Evaluation, Credit Appraisal and Disbursement

#### *Our Credit Policies*

All loans are sanctioned under the credit risk policy approved by our internal risk management committee. Emphasis is applied on demonstrated past and future assessment of income, repayment capacity and credit history

prior to approving any loan. We undertake periodic update of credit policies based on regulatory changes, portfolio performance and development.

### ***Loan Origination***

We source all potential customers through Direct Sales Agents (DSAs), Direct Sales Teams (DSTs) or through our experienced and well trained sourcing teams or internal channels sourcing through Edelweiss Group companies. The channel partners undergo a detailed evaluation process covering their experience, past performance, market standing and distribution business model before empanelment with us.

### **Loan Management Technology Platform**

Our Company uses “FinnOne” – an integrated lending system that spans from origination to the life of the loan across all functions. The application provides a seamless flow of the deal through its various stages of processing and maintains all records and audit trails besides generating various reports.

### ***Evaluation***

We undertake various credit control checks and due diligence on a prospective customer which inter-alia includes an internal data de-duplication check, credit bureau check, fraud verification, asset verification and valuation, and other legal and technical verification procedures. After having completed our internal verification procedures all documents submitted by the prospective customer are checked and verified as required.

All applications once logged into FinnOne are evaluated on various parameters. Based on the demographic, financial and business information provided, internal and external checks are performed by the system automatically which includes not limited to de-duplication with the existing database to find possible matches with the existing customer list, automated generation of credit bureau reports to check customers’ past credit history with all lenders, contact point verification, valuation of the collateral, legal and technical evaluation of proposed collaterals by empanelled agencies. Similar due diligence is also carried out in respect of guarantors, if any. We conduct various diligence procedures in connection with the collateral/security for such loans which include review and verification of the relevant ownership documents and obtain title reports as applicable. Reports from these checks along with detailed analysis of financial statements, tax challans, bank statements and other documents put together constitute the credit file for all customers. These files are reviewed by the credit managers for evaluation. Based on the document review the credit managers conduct personal discussions with the customers at their workplace. The discussion is intended to gather information about the business model of the customer, his positioning in the value chain, dependence of suppliers and/or customers and to ascertain any business risks like export dependence, raw-material supplies, etc. which might adversely impact the business cash flows and hence diminish repayment capacity.

Based on the all the information gathered, and assessment of customer’s business risks, debt servicing ability and collateral risks, the credit manager puts the transaction proposal to appropriate approving authority in the hierarchy for decision.

## ***Credit Appraisal***

***Our basic credit appraisal process broadly follows the following flow chart:***



## ***Approval and Disbursement Process***

Once the credit history, credentials, information and documents have been submitted by the prospective customer and verified to our satisfaction, the applications are approved at the appropriate credit approval level. There are various levels of approvals which a proposal can be put to which are based on loan product, loan amount and identified risks.



With due sanctioning of the loan, we execute agreements in connection with the loan and creation of security in relation thereto, if any, with the customer. The disbursing officer retains evidence of the applicant's acceptance of the terms and conditions of the loan as part of the loan documentation.

Prior to the loan disbursement, our concerned officer ensures that a Know Your Customer, ("KYC"), checklist is completed by the applicant. The concerned officer verifies such information provided and includes the records in the relevant loan file. The officer is also required to ensure that the contents of the loan documents are explained in detail to the customer either in English or in the local language of the customer and a statement to such effect is included as part of the loan documentation. The customer is provided with a copy of the loan documents executed by him.

### ***Loan administration and monitoring***

The customer (and guarantor, if any) execute(s) the security creation documents and the loan agreement setting out the terms of the loan. A loan repayment schedule is attached as a schedule to the loan agreement, which generally sets out periodical repayment terms. Repayments are made in periodical installments. Loans disbursed are recovered from the customer in accordance with the loan terms and conditions agreed with the customer. We track loan repayment schedules of our customers on a monthly basis, based on the outstanding tenure of the loans, the number of installments due and defaults committed, if any. This data is analyzed based on the loans disbursed and location of the customer. All recovery of amounts due on loans is managed internally by us. Our feet-on-street officials ensure complete focus on all stages of the collections process.

Our employees reviews collections regularly and personally contact customers that have defaulted on their loan payments.

Our employees are assisted by the feet-on-street officers, who are also responsible for the collection of installments from each customer serviced by them. We believe that close monitoring of debt servicing efficiency enables us to maintain high recovery ratios and maintain satisfactory asset quality.

### ***Portfolio Management, Collection and Recovery Processes***

We manage the portfolio management and collection processes, in-house. We have on-roll collection personnel to ensure timely collection of dues. We also utilise our sales personnel for collection of payment.

Further, for effective recovery management, all early delinquent customers are managed by a dedicated team which undertakes methodical customer visits and personal telephone calls for recovery of dues. In cases where customers are unable to make payments and move to higher delinquency levels, a specified team of collection officers are deployed who manage deep delinquent accounts. In addition to customer visits, this team utilises available legal tools for attachment of properties, for re-payment of dues and legal arbitration proceedings.

## **MARKETING**

We source our potential customers through our experienced and well trained sourcing teams or through pre-approved channel partners. The channel partners undergo a detailed evaluation process covering their experience, past performance, market standing and distribution business model before empanelment with us. Further there is also cross selling of loan products to clients having an existing relationship with other lines of business of Edelweiss Group. We monitor their performance periodically for adherence to processes prescribed for them for customer sourcing. In addition, Edelweiss group carries out advertising campaigns with TV ads, print ads and road shows to increase the visibility of the Edelweiss brand and our Company, which in turn helps in acquisition of customers for our Company. Further we also carry out loan camps and local advertising in tier 2 cities which helps in enhancing brand awareness and also helps in building a loyal customer franchise by providing a direct interface opportunity with our branch employees.

## **NPA**

We believe we follow risk management policies to ensure that the asset quality of our credit book remains comfortable. Gross non-performing loans were 1.17% and 0.75% of total loans as on March 31, 2016 and March 31, 2015, compared to 0.06% and 0.00% of total loans as on March 31, 2014 and March 31, 2013 respectively. The net NPA ratio is 0.83% and 0.60% as on March 31, 2016 and March 31, 2015 compared to 0.05% and 0.00% as on March 31, 2014 and March 31, 2013.

The NPA details are as under:

(₹ In million)					
Particulars					
At the end of period	March 31, 2012	March 31, 2013	March 31, 2014	March 31, 2015	March 31, 2016
Loan book	4,776.16	7,018.70	11,552.17	15,087.30	23,872.67
Gross NPLs	0.00	0.00	6.63	112.68	279.22
Gross NPLs % *	0.00%	0.00%	0.06%	0.75%	1.17%
Provision Held for Non-Performing Loans	0.00	0.00	0.99	22.19	82.13
Net NPLs**	0.00	0.00	5.64	90.49	197.09
Net NPLs % ***	0.00%	0.00%	0.05%	0.60%	0.83%
NPL Provision Cover****	0.00%	0.00%	14.93%	19.69%	29.41%
Standard Asset Provision Held	20.67	29.74	53.19	75.75	142.62

\*Gross NPL % = Gross NPL / loan book

\*\*Net NPLs = Gross NPLs (-) provision held for non performing loan

\*\*\*Net NPLs % = (Gross NPLs - provision held for non performing loan) / loan book

\*\*\*\*NPL provision cover = Provision held for non performing loan / Gross NPLs

## FUNDING SOURCES

We raise funds from diversified sources and through a wide range of instruments in order to reduce our funding cost and to have a diversified lender base. This helps us to raise resources at the most competitive rates, protect interest margins and maintain a diversified funding portfolio that enable us to achieve funding stability and liquidity. Our sources of funding comprise of credit facilities from banks, redeemable non-convertible debentures, money market borrowings and assignment of certain loan portfolios.

## BORROWINGS

Please refer to the sections titled “*Financial Statements*” and “*Financial Indebtedness*” on pages 114 and 114.

## CREDIT RATING

Rating details of our Company as on March 31, 2016

(₹ in million)						
Sr.No.	Rating Agency	Instrument	Rating	Amount (₹ in million)	Date of rating	
1.	CARE	Non-Convertible Debentures	CARE AA (SO) [Double A (Structured Obligation)]	2,500	April 26, 2016	
		Non-Convertible Debentures	CARE AA [Double A]	2,000	May 31, 2016	
		Retail Non-Convertible Debentures	CARE AA [Double A]	5,000	May 31, 2016	
		Subordinated Debt	CARE AA	1,000	April 26, 2016	
		Bank Facilities	CARE AA [Double A]	13,500	October 1, 2015	
		Commercial Paper	CARE A1+	5,000	April 26, 2016	

Sr.No.	Rating Agency	Instrument	Rating	Amount (₹ in million)	Date of rating
2.	ICRA Limited	Non-Convertible Debentures	[ICRA] AA	5,000	June 3, 2016
		Retail Non-Convertible Debentures	[ICRA] AA	5,000	June 14, 2016
		Subordinated Debt	[ICRA] AA	1,000	June 3, 2016
		Bank Facilities	[ICRA] AA	17,000	June 10, 2016
		Commercial Paper	[ICRA] A1+	10,000	June 3, 2016
3.	Brickwork	Non-Convertible Debentures	BWR AA+	2,500	June 1, 2016
		Retail Non-Convertible Debentures	BWR AA+	5,000	June 1, 2016
4.	CRISIL Ratings Limited	Commercial Paper	CRISIL A1+	7,500	May 6, 2016
		Bank Facilities	CRISIL AA- / Positive	8,350	June 17, 2015

## TREASURY OPERATIONS

Our treasury operations are mainly focused on meeting our funding requirements. Our sources of funding comprise of credit facilities from banks and issuance of money market instruments. We believe that through our treasury operations we are able to maintain our ability to repay borrowings as they mature and obtain new loans at competitive rates. Our treasury department undertakes liquidity management by seeking to maintain an optimum level of liquidity and complying with the NHB requirements of asset liability management. The objective is to ensure smooth functioning of all our operations and at the same time avoid the holding of excessive cash. We actively manage our cash and funds flow using various cash management services provided by banks. Our investments, if any, are made in accordance with the investment policy approved by the Board.

## CAPITAL ADEQUACY

We are subject to capital adequacy ratio (“CAR”) requirements prescribed by NHB. We are currently required to maintain a minimum of 12 % as prescribed under the Prudential Norms of NHB based on our total capital to risk weighted assets. As part of our governance policy, we maintain capital adequacy higher than statutorily prescribed CAR.

The following table sets out our capital adequacy ratios computed on the basis of applicable NHB requirements as of the dates indicated:

Particulars as on	March 31, 2012	March 31, 2013	March 31, 2014	March 31, 2015	March 31, 2016
C A R prescribed by NHB	12.00%	12.00%	12.00%	12.00%	12.00%
Total Capital Adequacy Ratio	<b>13.37%</b>	<b>13.60%</b>	<b>20.07%<sup>@</sup></b>	<b>29.13%</b>	<b>19.40%</b>
Out of which:					
Tier I	13.37%	13.19%	19.48%	24.47%	16.21%
Tier II	0.00%	0.42%	0.59%	4.67%	3.19%

<sup>@</sup> The CAR as on March 31, 2014 is revised, after giving due impact in terms of NHB letter no. NHB(ND)/HFC/DRS/Sup./11426/2015 dated November 24, 2015

## RISK MANAGEMENT POLICY

We 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 mainly looked after by a Business Risk Group embedded in the business. As the second line of defense, Edelweiss group has created a Global Risk Group that is responsible for managing the risk arising out of various business activities at a central level.

We extend loans to clients by way of Home loans, LAP, Construction Finance and Rural Finance. The lending

norms followed by the company are conservative. Our average loan-to-value (LTV) ratio is usually around 50 per cent.

## **ASSET AND LIABILITY MANAGEMENT (“ALCO”)**

We require sizeable working capital and hence day-to-day liquidity management becomes a critical function. In addition, as our Home Loan and LAP book scales up, the asset side duration lengthens requiring greater attention to management of liabilities. Our treasury team along with the Balance Sheet Management Unit (“BMU”) at a centralized level, manages Edelweiss Group's liquidity, while also managing the balance sheet and ensuring that maturing liabilities are repaid smoothly. It also manages key components of balance sheet, monitors interest rate sensitivity in our portfolio and takes preemptive steps to mitigate any potential liquidity and interest rate risks.

The Asset Liability Management Committee of our Company was constituted on November 2, 2010. The ALM statement of our Company is prepared on a monthly basis to track the inflows and outflows in the relevant buckets. The ALM statement is placed before our Asset Liability Management Committee (ALCO) on a periodical basis. Since the company has a mixed lending portfolio comprising of short term and long term loans, efforts are made to match the maturity of liabilities with those of the assets and minimise the ALM mismatch.

## **CUSTOMER CENTRICITY**

The customer is the main reason for the growth of a services oriented company, like that of ours. While most companies would believe that they are customer oriented, the degree of focus on customers' experience and the centricity that customers enjoyed in their approach varies.

As we increase our concentration on the retail function of our business, we believe that customer centricity is going to be the key driver of our business.

## **CORPORATE SOCIAL RESPONSIBILITY**

Edelweiss Group's Corporate Social Responsibilities are carried out through EdelGive Foundation which is the philanthropic arm of the Edelweiss Group. Edelgive undertakes CSR activities in a centralized manner for Edelweiss Group. EdelGive's mission is to leverage its resources with a view to empowering social entrepreneurs and organisations towards achieving systemic change. Through the EdelGive Foundation, the Edelweiss Group including us, financially support worthy non-profits and social entrepreneurs, plan, review and manage our portfolio of non-profits and social entrepreneurs. Equip philanthropists with investment advice customised for the non-profit sector, analyze outcomes of philanthropic investments and monitor both individual programme milestones as well as their broader social impact.

## **COMPETITION**

Our competitors include public sector banks, private sector banks and foreign banks, housing finance companies, and NBFCs.

## **INSURANCE COVERAGE**

Various types of insurance covers are taken at a centralized level covering all the subsidiaries in the Edelweiss Group. We are also covered under such insurance policies. We believe that we have necessary and adequate general insurance for burglary, employee fidelity, Directors and Officers Liability insurance.

## **INTELLECTUAL PROPERTY**

Our Company is using the following trade mark/ Logo pursuant to a trademarks license agreement dated February 1, 2016, entered into between our Company and Edelweiss Financial Services Limited:



## **EMPLOYEES**

We believe that our human capital is one of our most important strengths and is the driver of growth, efficiency and productivity and thus invest in developing our talent and leadership through various initiatives.

We have launched initiatives aimed at strengthening the ability of our managers to bring together people, strategies, and execution to drive business results. We also have a Leadership Program with the objective of multiplying leadership capability, growing internal leaders and providing for seamless execution of organisation's growth target in future. The three tiered Edelweiss Leadership Pool (ELP) at the centralized level in the Edelweiss Group, consisting of ~8% of the organisation employee base, comprises of Senior Leaders (SL), Business Leaders (BL) and Emerging Leaders (EL), each of whom undergo a structured Engagement, Communication and Development (ECD) programme in the span of their membership period. A number of our employees form a part of these groups.

The number of employees in our Company is as under:

<b>As on</b>	<b>No of employees</b>
March 31, 2014	124
March 31, 2015	192
March 31, 2016	288

## HISTORY MAIN OBJECTS AND KEY AGREEMENTS

### Brief background of our Company

Our Company was originally incorporated on May 30, 2008 as a public limited company under the provisions of the Companies Act, 1956 as Edelweiss Housing Finance Limited and received a certificate of incorporation dated May 30, 2008 and a certificate of commencement of business on June 12, 2008. The Corporate Identification Number of our Company is U65922MH2008PLC182906.

Our Company has obtained a Certificate of Registration dated March 18, 2010 bearing registration no. 03.0081.10 issued by the National Housing Bank, to commence/carry on the business of a housing finance institution without accepting public deposits subject to the conditions mentioned in the Certificate of Registration under Section 29A of the National Housing Bank Act, 1987.

Our Company does not have any subsidiary company.

### Change in Registered Office of our Company

The registered office of our Company at Edelweiss House, Off C.S.T. Road, Kalina, Mumbai – 400098 was shifted from 14<sup>th</sup> Floor, Express Towers, Nariman Point, Mumbai-400021 with effect from April 15, 2011.

### Main Objects of our Company

The main objects of our Company as contained in our Memorandum of Association are:

To provide financial assistance, with or without interest, (with or without security) for any maturity, in any form whatsoever, to any person or persons (whether individuals, firms, companies, bodies corporate, public body or authority, supreme, local or otherwise or other entities), whether in the private or public sector, to purchase or acquire houses, buildings, offices, godown, warehouses, flats or to purchase any freehold or leasehold or any lands, estate or interest in or to take a demise for any term or terms of years of any land and property or to construct, erect, improve, extend, alter, renovate, develop or repair any house or building or any form of real estate or any part or portion thereof or by means of leasing, giving on hire or hire-purchase, lending, selling, reselling, or otherwise disposing of all forms of immovable and movable properties and assets of any kind, nature of user, whatsoever and for the purpose, purchasing or otherwise acquiring dominion over the same, whether new or used and whether engaged in the construction of residential houses, flats, for the purpose of construction of such residential houses, flats, including the acquisition and development of lands for the construction of such houses or flats and to private or public sectors engaged in the manufacture of building materials as well as construction equipment and machinery.

### Key Milestones and Major Events

Financial Year	Particulars
2009-10	Obtained a certificate of registration dated March 18, 2010 bearing registration no. 03.0081.10 issued by the National Housing Bank, to commence/carry on the business of a housing finance institution without accepting public deposits subject to the conditions mentioned in the Certificate of Registration under Section 29A of the National Housing Bank Act, 1987.
2010-11	Started operations of the Company
	The loan book of our Company was ₹ 1,053.42 million as on March 31, 2011
2012-13	The loan book of our Company was ₹ 7,018.69 million as on March 31, 2013
	First issuance of secured NCDs, amounting to ₹ 1,500 million, through private placement.
2013-14	The loan book of our Company was ₹ 11,552.17 million as on March 31, 2014
2014-15	The loan book of our Company was ₹ 15,087.30 million as on March 31, 2015
	First issuance of unsecured NCDs (qualifying as Tier II capital), amounting to ₹ 500 million, through private placement.
2015-16	The loan book of our Company was ₹ 23,872.67 million as on March 31, 2016

## Assignment of Receivables

- Pursuant to the terms of deed of assignment executed between **IDBI Trusteeship Services Ltd (“ITSL”)** and our Company (**“Deed of Assignment”**), our Company has transferred/ assigned, with effect from February 20, 2014, pool of receivables relating to mortgage loans amounting to ₹ 67.32 million (the **“Receivables”**) together with all right, title, benefit, interest, powers, risk and guarantees and indemnities, if any, in relation thereto, under the relevant loan documents, to a trust for the benefit of the beneficiaries, with the trust to issue to such beneficiaries pass through certificates evidencing their interest in the assets. Our Company has entered into a Servicer Agreement (**“Agreement”**), pursuant to which, our Company is appointed as a Servicer in relation to the assets originated by our Company and to *inter alia* manage, collect and receive payments of the Receivables, hold mortgage security interest. Our Company has executed a power of attorney in favor of ITSL to appoint them as attorney, on behalf of our Company, to ensure performance of the provisions of the Deed of Assignment.
- Pursuant to the terms of Assignment Agreement executed between **Bank of India (“BOI”)** and our Company (**“Assignment Agreement”**), our Company has unconditionally and irrevocably sold, assigned, transferred and released, with effect from October 22, 2014, pool of receivables relating to mortgage loans amounting to ₹ 1,302.11 million (the **“Receivables”**) together with rights and interest under the relevant loan documents excluding the security interest over the secured properties. Our Company has entered into a Collection & Servicing Agency Agreement (**“Agreement”**), pursuant to which, our Company is appointed as a Collection & Servicing Agent in relation to Receivables and to *inter alia* manage, collect and receive payments of underlying receivables, hold mortgage security interest. Our Company has executed a power of attorney in favor of BOI to appoint them as attorney, on behalf of our Company, to ensure performance of the provisions of the Assignment Agreement.
- Pursuant to the terms of Assignment Agreement executed between DCB Bank Limited (**“DCB”**) and our Company (**“Assignment Agreement”**), our Company has unconditionally and irrevocably sold, assigned, transferred and released, with effect from March 30, 2015, pool of receivables relating to mortgage loans amounting to ₹ 355.86 million (the **“Receivables”**) together with rights and interest under the relevant loan documents excluding the security interest over the secured properties. Our Company has entered into a Collection & Servicing Agency Agreement (**“Agreement”**), pursuant to which, our Company is appointed as a Collection & Servicing Agent in relation to the Receivables and to *inter alia* manage, collect and receive payments of underlying receivables, hold mortgage security interest. Our Company has executed a power of attorney in favor of DCB to appoint them as attorney, on behalf of our Company, to ensure performance of the provisions of the Assignment Agreement.
- Pursuant to the terms of Assignment Agreement executed between **DCB Bank Limited (“DCB”)** and our Company (**“Assignment Agreement”**), our Company has unconditionally and irrevocably sold, assigned, transferred and released, with effect from September 29, 2015 pool of receivables relating to mortgage loans amounting to ₹354.02 million (the **“Receivables”**) together with rights and interest under the relevant loan documents excluding the security interest over the secured properties. Our Company has entered into a Collection & Servicing Agency Agreement (**“Agreement”**), pursuant to which, our Company is appointed as a Collection & Servicing Agent in relation to the Receivables and to *inter alia* manage, collect and receive payments of underlying receivables, hold mortgage security interest. Our Company has executed a power of attorney in favor of DCB to appoint them as attorney, on behalf of our Company, to ensure performance of the provisions of the Assignment Agreement.
- Pursuant to the terms of Assignment Agreement executed between **DCB Bank Ltd (“DCB”)** and our Company (**“Assignment Agreement”**), our Company has unconditionally and irrevocably sold, assigned, transferred and released, with effect from January 29, 2016, pool of receivables relating to mortgage loans amounting to ₹ 232.37 million (the **“Receivables”**) together with rights and interest under the relevant loan documents excluding the security interest over the secured properties. Our Company has entered into a Collection & Servicing Agency Agreement (**“Agreement”**), pursuant to which, our Company is appointed as a Collection & Servicing Agent in relation to the Receivables and to *inter alia* manage, collect and receive payments of underlying receivables, hold mortgage security interest. Our Company has executed a power of attorney in favor of DCB to appoint them as attorney, on behalf of our Company, to ensure performance of the provisions of the Assignment Agreement.
- Pursuant to the terms of Deed of Assignment executed between **GDA Trusteeship Limited (“GDA”)** and our Company (**“Deed of Assignment”**), our Company has transferred/ assigned, with effect from March 18,

2016 pool of unsecured loans amounting to ₹600.00 million (the “**Receivables**”) together with all right, title, benefits and interest, if any, in relation thereto, under the relevant loan documents, to a trust for the benefit of the beneficiaries and the trust to issue to such beneficiaries pass through certificates evidencing their interest in the assets. Our Company is also appointed as a Servicer in relation to the assets originated by our Company and to *inter alia* collect and deposits the Receivables. Our Company has executed a power of attorney in favor of GDA to appoint them as attorney, on behalf of our Company, to ensure performance of the provisions of the Deed of Assignment.

Details of assignment transactions undertaken by the Company since the last 5 years are as follows:

Sr. No	Year	Transaction Mode (₹ In million)	
		Direct Assignment	Securitization
1	FY 15-16	586.39	600.00
2	FY 14-15	1,657.97	-
3	FY 13-14	-	67.32
4	FY 12-13	-	-
5	FY 11-12	-	-
<b>Total</b>		<b>2,244.36</b>	<b>667.32</b>



## REGULATIONS AND POLICIES

*The following description is a summary of the relevant regulations and policies as prescribed by the Government of India and other regulatory bodies that are applicable to our business. Taxation statutes such as the IT Act, Central Sales Tax Act, 1956 and applicable local sales tax statutes, labour regulations such as the Employees State Insurance Act, 1948 and the Employees Provident Fund and Miscellaneous Act, 1952, and other miscellaneous regulations such as the Trade and Merchandise Marks Act, 1958 and applicable Shops and Establishments statutes apply to us as they do to any other Indian company and therefore have not been detailed below. The information detailed below has been obtained from various legislations, including rules and regulations promulgated by regulatory bodies, and the bye-laws of the respective local authorities that are available in the public domain. The regulations set out below may not be exhaustive and are merely intended to provide general information to the investors and are neither designed nor intended to substitute for professional legal advice. The statements below are based on the current provisions of Indian law, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.*

### **The National Housing Bank Act, 1987**

The National Housing Bank Act, 1987 (the “**NHB Act**”) was enacted to establish NHB to operate as a principal agency to promote HFCs both at the local and regional levels and to provide financial and other support to such institutions for matters connected therewith or incidental thereto. The business of the NHB, among others, includes promoting, establishing, supporting or aiding in the promotion, establishment and support of HFCs; making loans and advances or other forms of financial assistance for housing activities of HFCs, scheduled banks, state co-operative agricultural and rural development banks or any other institution or class of institutions as may be notified by the Central Government; guaranteeing the financial obligations of HFCs and underwriting the issue of stocks, shares, debentures and other securities of HFCs; formulating one or more schemes for the purpose of mobilization of resources and extension of credit for housing; providing guidelines to the HFCs to ensure their growth on sound lines; providing technical and administrative assistance to HFCs and exercising all powers and functions in the performance of duties entrusted to the NHB under the NHB Act or under any other law for the time being in force.

Under the NHB Act, every HFC is required to obtain a certificate of registration and meet the requirement of net owned funds of ₹100 million or such other higher amount as the NHB may specify for commencing or carrying on the business of HFCs. Further, every HFC is required to invest and continue to invest in India in unencumbered approved securities, an amount which, at the close of business on any day, is not less than 5% (or such higher percentage as the NHB may specify, not exceeding 25%) of the deposits outstanding at the close of business on the last working day of the second preceding quarter.

Additionally, every HFC is required to maintain in India an account with a scheduled bank in term deposits or certificate of deposits (free of charge or lien) or in deposits with the NHB or by way of subscription to the bonds issued by the NHB, or partly in such account or in such deposit or partly by way of such subscription, a sum which, at the close of business on any day, together with the investment as specified above, shall not be less than 10% (or such higher percentage as the NHB may specify, not exceeding 25%), of the deposits outstanding in the books of the HFC at the close of business on the last working day of the second preceding quarter. Pursuant to the NHB Act, every HFC is also required to create a reserve fund and transfer therein a sum not less than 20% of its net profit every year as disclosed in the profit and loss account and before any dividend is declared.

Under the terms of the NHB Act the NHB may, and on the direction of the RBI the NHB shall, cause an inspection of the book of accounts and other documents of any institution to which the NHB has provided a loan, advance or granted any other financial assistance. Further, the NHB is required to provide a copy of its report to such an institution. Also, the NHB in order to efficiently discharge its function, is empowered to direct and collect the credit information from any HFC, at any time.

### **The Recovery of Debts due to Banks and Financial Institutions Act, 1993**

The Recovery of Debts due to Banks and Financial Institutions Act, 1993 (the “**DRT Act**”) provides for establishment of the Debts Recovery Tribunals (the “**DRTs**”) for expeditious adjudication and recovery of debts due to banks and public financial institutions or to a consortium of banks and public financial

institutions. Under the DRT Act, the procedures for recovery of debt have been simplified and time frames have been fixed for speedy disposal of cases. The DRT Act lays down the rules for establishment of DRTs, procedure for making application to the DRTs, powers of the DRTs and modes of recovery of debts determined by DRTs. These include attachment and sale of movable and immovable property of the defendant, arrest of the defendant and defendant's detention in prison and appointment of receiver for management of the movable or immovable properties of the defendant.

The DRT Act also provides that a bank or public financial institution having a claim to recover its debt may join an ongoing proceeding filed by some other bank or public financial institution against its debtor at any stage of the proceedings before the final order is passed by making an application to the DRT.

### **The Housing Finance Companies (National Housing Bank) Directions, 2010, as amended**

The objectives of the Housing Finance Companies (National Housing Bank) Directions, 2010 (the “**NHB Directions, 2010**”) is to consolidate and issue directions in relation to the acceptance of deposits by the housing finance companies, provide the prudential norms for income recognition, accounting standards, asset classification, provision for bad and doubtful assets, capital adequacy and concentration of credit/investment to be observed by the housing finance institutions and the matters to be included in the auditors' report by the auditors of housing finance institutions.

In accordance with the prudential norms mentioned in the NHB Directions, 2010, income recognition shall be based on recognized accounting principles. Every HFC shall, after taking into account the degree of well-defined credit weaknesses and extent of dependence on collateral security for realization, classify its lease/hire purchase assets, loans and advances and any other forms of credit into certain specified classes, viz. standard assets, sub-standard assets, doubtful assets and loss assets. Every HFC, after taking into account the time lag between an account becoming non-performing, its recognition as such, the realization of the security and the erosion over time in the value of security charged, is required to make provision against substandard assets, doubtful assets and loss assets as provided under the NHB Directions, 2010.

The NHB has amended the provisioning norms in the NHB Directions, 2010, pursuant to the notification no. NHB.HFC.DIR.3/CMD/2011 dated August 5, 2011, as further amended by NHB *vide* notification no. NHB.HFC.DIR.4/CMD/2012 dated January 19, 2012, as amended by notification no. NHB.HFC.DIR.9/CMD/2013 dated September 6, 2013 and included in the Master Circular - The Housing Finance Companies (NHB) Directions, 2010 dated September 9, 2015. The provisioning requirement in respect of loans, advances and other credit facilities including bills purchased and discounted are required to be:

- (a) loss assets - the entire assets are required to be written off. If assets are permitted to remain in the books for any reason, then 100% of the outstanding should be provided for;
- (b) doubtful assets - 100% provision to the extent to which the advance is not covered by the realizable value of the security to which a HFC has a valid recourse shall be made and in addition, depending upon the period for which the asset has remained doubtful provision to the extent of 25% to 100% of the secured portion i.e. the estimated realisable value of the outstanding shall be made in the following manner: i) 25% up to the period of one year; ii) 40% for the period of one year to three years and, iii) 100% for the period more than three years;
- (c) substandard assets - provision of 15% of the total outstanding should be made; and
- (d) standard assets-(i) standard assets with respect to housing loans at teaser/special rates - provision of 2% on the total outstanding amount of such loans and the provisioning of these loans to be re-set after one year at the applicable rates from the date on which the rates are re-set at higher rates if the accounts remain standard; (ii) (a) standard assets in respect of Commercial Real Estates Residential Housing (“**CRE-RH**”) (consisting of loans to builders/developers for residential housing projects (except for captive consumption). Such projects do not include non-residential commercial real estate. However, integrated housing projects comprising of some commercial space (e.g. shopping complex, school etc.) can be classified as CRE-RH, provided that the commercial space in the residential housing project does not exceed 10% of the total floor space index (“FSI”) of the project. In case the FSI of the commercial area in a predominantly residential housing complex exceeds the ceiling of the project loans, the entire loan should be classified as CRE (and not CRE-RH) -

provision of 0.75% on the total outstanding amount of such loans; (ii) (b) standard assets in respect of all other Commercial Real Estates (“CRE”) (consisting of loans to builders/developers/others for office buildings, retail space, multipurpose commercial premises multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction etc., other than those covered in (ii)(a). Loans for third dwelling unit onwards to an individual will also be treated as CRE exposure) - provision of 1% on the total outstanding amount of such loans; and (iii) standard assets in respect of all loans other than (i) and (ii) - a general provision of 0.4% of the total outstanding amount of loans which are standard assets is required to be made.

Pursuant to the notification no. NHB.HFC.DIR.17/MD&CEO/2015 dated October 9, 2015, no HFC shall (i) grant housing loans up to ₹3.0 million to individuals with LTV ratio exceeding 90%, (ii) grant housing loans above ₹3.0 million and up to ₹7.5 million to individuals with LTV exceeding 80% and grant housing loans above ₹7.5 million to individuals with LTV exceeding 75%.

Every HFC shall maintain a minimum capital ratio consisting of Tier I and Tier II capital which shall not be less than 12% of its aggregate risk weighted assets and of risk adjusted value of off-balance sheet items.

Under the NHB Directions, 2010, degrees of credit risk expressed as percentage weighting have been assigned to balance sheet assets. Hence, the face value of each asset is multiplied by the relevant risk weights to arrive at its risk adjusted value of the asset. The aggregate shall be taken into account for calculating the minimum capital adequacy ratio of a housing finance institution.

Further, in terms of the NHB Directions, 2010, no HFC shall invest in land or buildings, except for its own use, an amount exceeding 20% of its capital fund (aggregate of Tier I capital and Tier II capital). Such investment over and above 10% of its owned funds is required to be made only in residential units. Additionally, no HFC shall lend to any single borrower an amount exceeding 15% of its owned funds, and to any single group of borrowers, an amount exceeding 25% of its owned funds. A HFC is not allowed to invest in the shares of another company an amount exceeding 15% of its owned funds; and in the shares of a single group of companies an amount exceeding 25% of its owned funds. A HFC shall not lend and invest (loans/investments together) amounts exceeding 25% of its owned funds to a single party and 40% of its owned funds to a single group of parties. Additionally, a HFC is not allowed to lend against its own shares and any outstanding loan granted by a HFC against its own shares on the date of commencement of the NHB Directions, 2010 shall be recovered by the HFC in accordance with the repayment schedule.

The NHB Directions, 2010 provide for exposure limits for HFC to the capital market. Pursuant to the NHB Directions, 2010, the aggregate exposure of a HFC to the capital market in all forms should not exceed 40% of its net worth as on March 31 of the previous year. Within this overall ceiling, direct investment in shares, convertible bonds, debentures, units of equity-oriented mutual funds and all exposures to venture capital funds should not exceed 20% of its net worth.

The NHB *vide* circular no NHB(ND)/DRS/POL-No. 36/2010 dated October 18, 2010 has directed all HFCs not to charge any prepayment levy or penalty on pre-closure of housing loans by the borrowers out of their own sources. Further, NHB, *vide* circular no NHB(ND)/DRS/POL-No. 43/2011-2012 dated October 19, 2011 has directed all HFCs to discontinue the pre-payment levy or penalty on pre-closure of housing loans when (i) the housing loan is on floating rate basis and pre-closed by the borrower from funds received from any source and (ii) the housing loan is on fixed rate basis if pre-closed by the borrowers from their “own sources” which means any source other than by borrowing from a bank, HFC, NBFC and/or a financial institution. It has been clarified *vide* circular no NHB(ND)/DRS/Pol-No.48/2011-12 dated April 4, 2012 that the instruction applicable to fixed interest rate housing loans referred to in the circular dated October 19, 2011 will be applicable to such loans which carry fixed rate of interest at the time of origination.

Further, it has been directed *vide* circular no NHB(ND)/DRS/Pol-No.51/2012-13 dated August 7, 2012 that all dual/special rate (combination of fixed and floating) housing loans will attract the pre-closure norms applicable to fixed/floating rate depending on whether at the time of pre-closure, the loan is on fixed or floating rate. A fixed rate loan shall be considered to be a loan where the rate is fixed for entire duration of the loan. Thus, in the case of a dual/special rate housing loans, the pre-closure norm for floating rate will be applicable once the loan has been converted into floating rate loan, after the expiry of the fixed interest rate period. This shall be applicable to all such dual/special rate housing loans being foreclosed hereafter. Further NHB (ND)/DRS/Policy Circular No. 63/2014-15 dated August 14, 2014 directed that HFCs shall not charge foreclosure charges/pre-payment penalties on all floating rate term loans sanctioned

to individual borrowers, with immediate effect. Subsequently, it was clarified *vide* no NHB(ND)/DRS/Policy Circular 66/2014-15 dated September 3, 2014 provisions of the circular issued on August 14, 2014 are applicable in respect of all floating rate term loans sanctioned to individual borrowers by HFCs, irrespective of the date of sanction and prepaid on or after August 14, 2014. The provisions of the said circular cover part as well as full prepayment. It was also clarified that aforesaid circular is applicable to term loans sanctioned to individual borrowers and loan in which company, form etc. is a borrower or co-borrower, therefore is excluded from its purview.

The NHB *vide* circular no NHB(ND)/DRS/POL-No. 58/2013-14 dated November 18, 2013 has directed all HFCs to ensure that disbursement of housing loans sanctioned to individuals should be closely linked to the stages of construction of the housing projects/houses and upfront disbursal should not be made in cases of incomplete/under-construction/greenfield housing projects/houses.

### **The Prevention of Money Laundering Act, 2002**

The Prevention of Money Laundering Act, 2002 (the “PMLA”) was enacted to prevent money laundering and to provide for confiscation of property derived from, and involved in, money laundering. In terms of the PMLA, every financial institution, including housing finance institutions, is required to maintain record of all transactions including the value and nature of such transactions, furnish information of such transactions to the director defined under PMLA and verify and maintain the records of the identity of all its clients, in such a manner as may be prescribed. The PMLA also provides for power of summons, searches and seizures to the authorities under the PMLA. In terms of PMLA, whosoever directly or indirectly attempts to indulge or knowingly assists or knowingly is a party or is actually involved in any process or activity connected with the proceeds of crime and projecting it as untainted property shall be guilty of offence of money laundering.

The NHB *vide* circular NHB(ND)/DRS/POL No. 13/2006 dated April 10, 2006 introduced anti-money laundering measures wherein the HFCs were advised *inter-alia* to follow the customer identification procedure, maintenance of records of transactions and period of preservation of such record keeping in view of the provisions of PMLA. Further, the aforesaid circular introducing anti-money laundering measures were reviewed and revised *vide* circular NHB(ND) /DRS/POL-No. 33/2010-11 dated October 11, 2010 (the “**2010 Notification**”) in light of amendments in the PMLA and the rules framed there under. Further the 2010 Notification requires the HFC to verify identity of non-account based customer while carrying out transaction of an amount equal to or exceeding 50,000. Further, it was directed *vide* NHB(ND)/DRS/Misc. Circular No.13/2014 dated January 20, 2014, that the HFCs shall ensure that the documents are not given directly to the customers for verification, etc. to obviate any frauds. Subsequently, *vide* NHB(ND)/DRS/Pol. Circular No. 60/2013-14 dated February 6, 2014, Aadhar card issued by the Unique Identification Authority of India has been mandated as a valid legal document within the meaning of Rule 2(1)(d) of the Prevention of Money Laundering (Maintenance of Records) Rules, 2005. Pursuant to this circular, Aadhar card is a valid identity as well as proof of address for every applicant (if the address on the application matches that on the Aadhar card), for the purpose of KYC. Additionally on April 23, 2015, *vide* a circular bearing reference NHB(ND)/DRS/Policy Circular No. 72/2014-15, in order to reduce the risk of identity fraud and document forgery, the paperless version, of e-KYC has been accepted as a valid process for KYC under Prevention of Money Laundering (Maintenance of Records) Rules, 2005.

### **The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002**

The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (the “**SARFAESI Act**”) regulates the securitization and reconstruction of financial assets of banks and financial institutions. The SARFAESI Act provides for measures in relation to enforcement of security interests and rights of the secured creditor in case of default.

The RBI has issued guidelines to banks and financial institutions on the process to be followed for sales of financial assets to asset reconstruction companies. These guidelines provide that a bank or a financial institution may sell financial assets to an asset reconstruction company provided the asset is a NPA. A bank or financial institution may sell a financial assets only if the borrower has a consortium or multiple banking arrangements and at least 75% by value of the total loans to the borrower are classified as a NPA and at least 75% by the value of the banks and financial institutions in the consortium or multiple banking arrangement agree to the sale. These assets are to be sold on a “without recourse” basis only.

The SARFAESI Act provides for the acquisition of financial assets by securitisation company or reconstruction company from any bank or financial institution on such terms and conditions as may be agreed upon between them. A securitization company or reconstruction company having regard to the guidelines framed by the RBI may, for the purposes of asset reconstruction, provide for measures such as the proper management of the business of the borrower by change in or takeover of the management of the business of the borrower, the sale or lease of a part or whole of the business of the borrower and certain other measures such as rescheduling of payment of debts payable by the borrower and enforcement of security.

Additionally, under the provisions of the SARFAESI Act, any securitization company or reconstruction company may act as an agent for any bank or financial institution for the purpose of recovering its dues from the borrower on payment of such fee or charges as may be mutually agreed between the parties.

### **Refinance Scheme for Housing Finance Companies, 2003**

Pursuant to Refinance Scheme for Housing Finance Companies, 2003 (“**Refinance Scheme**”), as amended *vide* circular NHB (ND)/ROD/HFC/LRS/17/2004 dated April 15, 2005, HFCs registered with the NHB are eligible to obtain refinance from the NHB in respect of their direct lending to individuals for the purchase, construction, repair and upgrade of housing units.

In addition, the HFCs are required to provide long-term finance for purchase, construction, repair and upgrading of dwelling units by home-seekers. The HFCs are also required to have specific levels of capital employed and net owned funds to be eligible to avail refinance facilities under the Refinance Scheme. The financial assistance can be drawn by HFCs in respect of loans already advanced by them and also for prospective disbursements. The security for refinance from the NHB may generally be secured by a charge on the book debts of a HFC. If at any time the NHB is of the opinion that the security provided by the HFC has become inadequate to cover the outstanding refinance, it may advise the HFC to furnish such additional security including, *inter-alia*, charges on immovable/moveable property or a requisite guarantee.

### **Master Circular on Housing Finance issued by the RBI**

Pursuant to the Master Circular on Housing Finance dated July 1, 2015, as amended issued by the RBI (“**Master Circular**”), banks are eligible to deploy their funds under the housing finance allocation in any of three categories, *i.e.* (i) direct finance; (ii) indirect finance; or (iii) investment in bonds of the NHB/Housing and Urban Development Corporation Limited, or combination thereof. Indirect finance includes loans to HFCs, housing boards, other public housing agencies, etc., primarily for augmenting the supply of serviced land and constructed units.

Under the terms of the Master Circular, banks may grant loans to HFCs taking in to account (long-term) debt-equity ratio, track record, recovery performance and other relevant factors including other applicable regulatory guidelines.

### **Guidelines for Asset Liability Management System for HFCs vide circular NHB/ND/DRS/Pol-No. 35/2010-11 dated October 11, 2010**

The guidelines for introduction of asset liability management system by HFCs was issued by NHB *vide* circular NHB(ND)/HFC(DRS-REG)/ALM/1407/2002 dated June 28, 2002 (“**ALM Guidelines**”). NHB has since revised the guidelines. The revised guidelines would be applicable to all HFCs irrespective of whether they are accepting/holding public deposits or not. The ALM Guidelines for HFCs lays down broad guidelines for HFCs in respect of systems for management of liquidity and interest rate risks. The ALM Guidelines provide that the board of directors of a HFC should have overall responsibility for management of risks and should decide the risk management policy and set limits for liquidity, interest rate, exchange rate and equity price risks. Additionally, an asset-liability committee is required to be constituted consisting of the HFC's senior management including the chief executive officer for ensuring adherence to the limits set by the board as well as for deciding the business strategy of the HFC (on the assets and liabilities sides) in line with the HFC's budget and decided risk management objectives. Asset-

liability management support groups to be constituted of operating staff are required to be responsible for analysing, monitoring and reporting the risk profiles to the asset-liability committee.

The ALM Guidelines also recommended classification of various components of assets and liabilities into different time buckets for preparation of gap reports (liquidity and interest rate sensitive). The gap is the difference between rate sensitive assets and rate sensitive liabilities for each time bucket. In accordance with the ALM Guidelines, HFCs which are better equipped to reasonably estimate the behavioural pattern of various components of assets and liabilities on the basis of past data/empirical studies could classify them in the appropriate time buckets, subject to approval by the asset-liability committee/board of the HFC.

### **Guidelines on Fair Practices Code for HFCs**

The Guidelines on Fair Practices Code for HFCs ("**Fair Practices Code**") were issued by the NHB *vide* circular NHB(ND)/DRS/POL-No-16/2006 dated September 5, 2006, and were revised by the NHB *vide* circular NHB/ND/DRS/Pol No. 34/2010-11 dated October 11, 2010, and as further amended *vide* circular NHB (ND)/DRS/Pol. No. 38/2010-11, dated April 25, 2011, to bring more clarity and transparency and to cover all aspects of loan sanctioning, disbursal and repayment issues. The Fair Practices Code seeks to promote good and fair practices by setting minimum standards in dealing with customers, increase transparency, encourage market forces, promote fair and cordial relationship between customer and HFCs and foster confidence in the housing finance system.

The Fair Practices Code provides for provisions in relation to providing regular and appropriate updates to the customer, prompt resolution of grievances and confidentiality of customer information. Further, the HFCs are required to disclose information on interest rates, common fees and charges through notices etc. HFCs are required to ensure that all advertising and promotional material is clear and not misleading and that privacy and confidentiality of the customers' information is maintained. Further, whenever loans are given, HFCs should explain to the customer the repayment process by way of amount, tenure and periodicity of repayment. However if the customer does not adhere to repayment schedule, a defined process in accordance with the laws of the land shall be followed for recovery of dues. The process will involve reminding the customer by sending him/her notice or by making personal visits and/or repossession of security, if any.

### **Guidelines for Recovery Agents Engaged by HFCs**

The Guidelines for Recovery Agents Engaged by HFCs ("**Recovery Agents Guidelines**") were issued on July 14, 2008 by the NHB in relation to the practices and procedures regarding the engagement of recovery agents by the HFCs. Under of the Recovery Agents Guidelines, HFCs are required to have a due diligence process in place for engagement of recovery agents, which should cover *inter-alia*, individuals involved in the recovery process. HFCs are required to ensure that the agents engaged by them in the recovery process carry out verification of the antecedents of their employees and HFCs may decide the periodicity at which re-verification should be resorted to. HFCs are required to ensure that the recovery agents are properly trained to handle with care and sensitivity their responsibilities, in particular, aspects like hours of calling and privacy of customer information, among others. HFCs are also required to inform the borrower of the details of recovery agency firms/companies while forwarding default cases to the recovery agency.

Under the Recovery Agents Guidelines, any person authorized to represent a HFC in collection and/or security repossession should follow guidelines which includes *inter-alia* contacting the customer ordinarily at the place of his/her choice; interaction with the customer in a civil manner and assistance to resolve disputes or differences regarding dues in a mutually acceptable and orderly manner. Each HFC should have a mechanism whereby the borrower's grievances with regard to the recovery process can be addressed. The details of the mechanism should also be furnished to the borrower. HFCs have been advised to constitute grievance redressal machinery within the company and give wide publicity about it through electronic and print media.

HFCs are required to, at least on an annual basis, review the financial and operational condition of the service providers to assess their ability to continue to meet their outsourcing obligations. Such due diligence reviews, which can be based on all available information about the service provider, should

highlight any deterioration or breach in performance standards, confidentiality and security, and in business continuity preparedness.

### **Guidelines on Know Your Customers and Anti Money Laundering measures for Housing Finance Companies**

The KYC Guidelines issued by NHB *vide* circular NHB/ND/DRS/Pol-No. 33/2010-11 dated October 11, 2010 (“**NHB KYC Guidelines**”) mandate the KYC policies and anti-money laundering measures for HFC to have certain key elements, including *inter-alia* a customer acceptance policy, customer identification procedures, monitoring of transactions and risk management, adherence to NHB KYC Guidelines and the exercise of due diligence by the NBFC, including its brokers and agents. The NHB KYC Guidelines were amended *vide* circular NHB(ND)/DRS/Pol. Circular No.60/2013-14 dated February 6, 2014 and circular NHB (ND)/DRS/Policy Circular No.72/2014-15 dated April 23, 2015 to provide an indicative list of the nature and type of documents/information that may be relied upon for customer identification.

### **Guidelines on Wilful Defaulters**

Pursuant to the advice of the RBI and recommendations of the Puri Committee, the NHB *vide* circular NHB (ND)/DRS/Policy Circular No.74/2015-16 dated December 31, 2015 (“**Wilful Defaulters Guidelines**”) has laid down the mechanism for identification and reporting requirements of wilful defaulters by the HFCs. Every instance above ₹25 lakh limit of siphoning or diversion of funds along with all instances of default by wilful defaulters above this threshold shall merit a disclosure and intimation to all Credit Information Companies (“CIC”). The penal provisions envisaged under the Wilful Defaulters Guidelines include: (a) restriction of any further facilities being advanced to a listed wilful defaulter; (b) legal proceedings for recovery along with foreclosure for recovery of dues to be initiated expeditiously along with pursuing criminal proceedings wherever necessary; (c) a proactive approach towards seeking a change of management of a wilful defaulter entity; and (d) a covenant to be included in the lending terms restricting any entity to whom financing is provided, to refrain from inducting a listed wilful defaulter on its board. The HFCs are required to put in place transparent mechanisms so that the penal provisions are not misused and timely intimation to the CICs may be made as required.

### **Norms for excessive interest rates**

The NHB *vide* circular NHB(ND)/DRS/POL-No-29/2009 dated June 2, 2009, has advised all HFCs to revisit internal policies in determining interest rates, fee and other charges. According to this notification, the board of each HFC is required to revisit its policies on interest rate determination, fees and other charges, including margins and risk premiums charged to different categories of borrowers and approve the same. HFCs are advised to put in place an internal mechanism to monitor the process and operations in relation to disclosure of interest rates and charges in view of the guidelines indicated in the Fair Practices Code, to ensure transparency in communications with borrowers.

### **Laws relating to Corporate Insolvency**

In India, corporate insolvency proceedings are currently governed by multifarious legislations such as the Companies Act, SARFAESI Act 2002, Recovery of Debts due to Banks and Financial Institutions Act, 1993, Sick Industrial Companies Act, 1985 etc. However, a new Insolvency and Bankruptcy Bill, 2015 (the “**Bankruptcy Code**”) has been passed by the Indian Parliament and is pending the assent of the President of India. This law establishes a single holistic framework for the recovery of dues from the debtor. As per the Bankruptcy Code, upon an application made by creditors triggered by any financial default by a corporate debtor, corporate insolvency resolution proceedings are carried out under the aegis of a professional expert called the 'Insolvency Resolution Professional' under the supervision of the National Company Law Tribunal. Here, a Committee of Creditors consisting of the financial creditors and the corporate debtor shall collectively agree upon a resolution plan which will amicably settle the creditors as justly as possible within a stipulated time frame of 180 (one hundred and eighty) days only. If the resolution process fails the company goes into liquidation. Once the Bankruptcy Code is approved and notified as effective, the relevant provisions of the Companies Act, the Recovery of Debts due to Banks and Financial Institutions Act, 1993, the Sick Industrial Companies Act, 1985 will be amended accordingly. Pursuant to these amendments, all the recovery proceedings under each of these acts shall be streamlined and governed under the provisions of Bankruptcy Code.

### **Registration of a charge under the Companies Act 2013**

Under the Companies Act 2013, our Company is required to register a charge on its property or assets or any of its undertakings, whether tangible or otherwise by filing the relevant form with the Registrar of Companies, Mumbai along with the instrument creating this charge within 30 days of its creation by paying a prescribed fee. No charge created by a company will be taken into account by the liquidator or any other creditor unless it is duly registered and a certificate of registration of such charge is given by the Registrar of Companies.

If the particulars of a charge are not filed within the aforesaid period, but filed within a period of 300 days of such creation or modification, an additional fee shall be levied. Further, our Company is required to keep at its registered office a register of charges and enter therein particulars of all the charges registered with the Registrar of Companies, Mumbai on any of the property, assets or undertakings of our Company as well as particulars of any modification of a charge and satisfaction of charge. The entries in the register of charges of the Company shall be made forthwith after the creation, modification or satisfaction of charge, as the case may be.

Where a charge is registered with the Registrar of Companies, Mumbai, they will issue a certificate of registration of such charge to the person in whose favour the charge is created.

### **Laws Relating to Employment**

#### *Shops and Establishments legislations in various states*

The provisions of various Shops and Establishments legislations, as applicable, regulate the conditions of work and employment in shops and commercial establishments and generally prescribe obligations in respect of *inter-alia* registration, opening and closing hours, daily and weekly working hours, holidays, leave, health and safety measures and wages for overtime work.

#### *Labour Laws*

Our Company is required to comply with various labour laws, including the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965, the Payment of Wages Act, 1936, the Payment of Gratuity Act, 1972 and the Employees' Provident Funds and Miscellaneous Provisions Act, 1952.

### **Laws relating to Intellectual Property**

The Trade Marks Act, 1999 and the Indian Copyright Act, 1957 *inter-alia* govern the law in relation to intellectual property, including brand names, trade names and service marks and research works.

In addition to the above, our Company is required to comply with the provisions of the Companies Act, 2013, the Foreign Exchange Management Act, 1999, various tax related legislations and other applicable statutes.

### **Disclaimer Clause of NHB**

The Company has a valid Certificate of Registration dated March 18, 2010 bearing registration no. 03.0081.10 issued by the National Housing Bank (NHB) under Section 29A of the NHB Act, 1987. However, the NHB does not accept any responsibility or guarantee about the present position as to the financial soundness of the Company or for the correctness of any of the statements or representations made or opinions expressed by the Company and for repayment of deposits/discharge of liabilities by the Company.



## OUR MANAGEMENT

Under our Articles of Association, our Company is required to have not less than three and not more than 12 Directors. As on the date of this Draft Prospectus, our Company has six Directors i.e. four non-executive Directors and two independent Directors.

### *Board of Directors*

The general superintendence, direction and management of our affairs and business are vested in our Board of Directors.

The following table sets forth details regarding our Board of Directors, as on the date of this Draft Prospectus.

Sr. No.	Name, designation, address, DIN, nationality, occupation, date of appointment and address	Age	Other directorships
1.	<b>Name:</b> Mr. Shiva Kumar  <b>Designation:</b> Non-executive Director  <b>Address:</b> 1002, 10 <sup>th</sup> floor, Lodha Primero, Apollo Mills Compound, N. M Joshi Marg, Mahalaxmi, Mumbai  <b>DIN:</b> 06590343  <b>Nationality:</b> Indian  <b>Occupation:</b> Service  <b>Date of appointment:</b> August 27, 2013  <b>Term:</b> Liable to retire by rotation	63 years	1. ZR Renewable Energy Private Limited.
2.	<b>Name:</b> Mr. Krishnaswamy Siddharth  <b>Designation:</b> Non-executive Director  <b>Address:</b> Avalon, B-1102, Hiranandani Gardens, Powai, Mumbai - 400076  <b>DIN:</b> 02463804  <b>Nationality:</b> Indian  <b>Occupation:</b> Service  <b>Date of appointment:</b> July 20, 2015  <b>Term:</b> Liable to retire by rotation	41 years	1. Edelweiss Retail Finance Limited.
3.	<b>Name:</b> Ms. Shalinee Mimani  <b>Designation:</b> Non-executive Director  <b>Address:</b> C-801/802, Lake Pleasant Lake Homes, Phase II, Off A.S. Marg, Powai, Mumbai – 400076  <b>DIN:</b> 07404075	42 years	1. Edelweiss Retail Finance Limited.

Sr. No.	Name, designation, address, DIN, nationality, occupation, date of appointment and address	Age	Other directorships
	<b>Nationality:</b> Indian  <b>Occupation:</b> Service  <b>Date of appointment:</b> January 19, 2016  <b>Term:</b> Liable to retire by rotation		
4.	<b>Name:</b> Mr. Vineet Mahajan  <b>Designation:</b> Non-executive Director  <b>Address:</b> A7 A/ 14, Rana Pratap Bagh, New Delhi – 110007  <b>DIN:</b> 07253615  <b>Nationality:</b> Indian  <b>Occupation:</b> Service  <b>Date of appointment:</b> January 19, 2016  <b>Term:</b> Liable to retire by rotation	40 years	Nil.
5.	<b>Name:</b> Mr. Pudugramam Narayanaswamy Venkatachalam  <b>Designation:</b> Independent Director  <b>Address:</b> Flat no. 3C, Settlur Manor No.2, Sivaswamy Street, Off Dr. Radhakrishnan Salai, Mylapore, Chennai - 600 004  <b>DIN:</b> 00499442  <b>Nationality:</b> Indian  <b>Occupation:</b> Professional  <b>Date of appointment:</b> February 25, 2015  <b>Term:</b> For a period of three years from February 25, 2015	72 years	1. ECL Finance Limited; 2. Edelweiss Commodities Services Limited; 3. Edelweiss Finance & Investments Limited; 4. Edelweiss Financial Services Limited; 5. Edelweiss Tokio Life Insurance Company Limited; 6. Khazana Jewellery Private Limited; 7. Sundaram BNP Paribas Home Finance Limited; 8. Sundaram Finance Limited; 9. UTI Asset Management Company Limited; and 10. UTI Retirement Solutions Limited.
6.	<b>Name:</b> Mr. Uday Shankar Dutt  <b>Designation:</b> Independent Director  <b>Address:</b> Flat No 461, ATS Village, Sector 93-A, Noida-201304, Uttar Pradesh  <b>DIN:</b> 06466798  <b>Nationality:</b> Indian  <b>Occupation:</b> Professional	64 years	1. Edelweiss Agri Value Chain Limited.

Sr. No.	Name, designation, address, DIN, nationality, occupation, date of appointment and address	Age	Other directorships
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**Date of appointment:** January 21, 2013

**Term:** For a period of three years from February 25, 2015

## Profile of Directors

**Mr. Shiva Kumar**, aged 63 years, is a non-executive Director on our Board of Directors. He holds a bachelor's degree in Arts from Patna University. He is also a former Managing Director of State Bank of Bikaner & Jaipur. He has previously been associated with the State Bank of India and has over three decades of experience in the banking industry including area such as planning, operations, rural, retail, corporate and international banking.

**Mr. Krishnaswamy Siddharth**, aged 41 years is a non-executive Director on our Board of Directors. He holds a graduate degree in commerce from University of Madras. He is an associate Member of the Institute of Chartered Accountants of India. He has more than 18 years of experience in the financial services sector including function areas such as operations, technology, underwriting, risk, accounts, legal and compliance, project management, product management, retail banking, mortgages, credit card and personal loans.

**Ms. Shalinee Mimani**, aged 42 years is a non-executive Director on our Board of Directors. She holds a graduate degree in commerce from University of Calcutta. She is an associate member of the Institute of Chartered Accountants of India. She has an experience of over two decades in the banking industry. Prior to joining our Company, she was associated with Fullerton India Credit Company and her work included functions like portfolio management, underwriting, corporate planning and strategic initiatives. In the past, she has also been associated with various multinational companies, in various capacities.

**Mr. Vineet Mahajan**, aged 40 years, is a non-executive Director on our Board of Directors. He holds a graduate degree in commerce from University of Delhi. He is a fellow member of the Institute of Chartered Accountants of India and has nearly two decades of experience in fund raising activities from banks, financial institution and through issuance of money market instruments. In the past he has also been associated with Deutsche Postbank Home Finance Limited, Punj Lloyd and Apollo Tyres.

**Mr. Pudugramam Narayanaswamy Venkatachalam**, aged 72 years, is an independent Director on our Board of Directors. He holds a masters of Arts in Economics and is also a certified associate of the Indian Institute of Bankers. He has over 40 years of experience in the banking sector in India and abroad. He joined State Bank of India as a probationary officer in April 1967 and retired in March 2004 as its Managing Director.

**Mr. Uday Shankar Dutt**, aged 64 years, is an independent Director on our Board of Directors. He holds a masters degree in science from Punjab University. Prior to joining our Company, he was working with the Indian Police Service (IPS). He has also served the Government of India in the state police as well as in the Central Bureau of Investigation. He was the Nodal Officer of CBI for all bank fraud cases as well as for Joint Parliamentary Committee matters.

## Confirmations

None of our Directors have been identified as a 'wilful defaulter' by the RBI, ECGC, any government/ regulatory authority and/or by any bank or financial institution.

## Relationship between Directors

None of our Directors are related to each other.

## Remuneration of the Directors

Our Board of Directors in its meeting held on November 30, 2012 has approved for the payment of ₹ 20,000 as sitting fees (per meeting) to the independent Directors of our Company for attending every meeting of the Board and its Committees, in accordance with the applicable provisions of the Companies Act, 1956 (including any statutory modification thereof) and rules made thereunder. As at March 31, 2016 the total amount of sitting fees paid by our Company is ₹ 0.34 million.

**Details of remuneration paid to our Directors during the financial year ended March 31, 2016 by our Company are as follows:**

Sr. No.	Name of the Director	Remuneration paid in the capacity of a director (₹ in million)	Nature	Total remuneration (₹ in million)
1.	Mr. Shiva Kumar	Nil	-	Nil
2.	Mr. Krishnaswamy Siddharth	Nil	-	Nil
3.	Ms. Shalinee Mimani	Nil	-	Nil
4.	Mr. Vineet Mahajan	Nil	-	Nil
5.	Mr. P N Venkatachalam	0.22	Sitting fees	0.22
6.	Mr. Uday Shankar Dutt	0.12	Sitting fees	0.12

## Borrowing Powers of the Board

Pursuant to a resolution passed by the shareholders of our Company at the AGM held on September 30, 2015 in accordance with provisions of Section 180(1)(a) and Section 180(1)(c) of the Companies Act, 2013 and all other applicable provisions of the Companies Act, 2013 and the Articles of Association of our Company, subject to the limits set out under the NHB Directions, our Board has been authorised to borrow monies from time to time, as the Board deems fit, to mortgage or to create a charge over our Company's undertakings or its properties, to secure such borrowings up to a continuous limit for the time being remaining undischarged of ₹ 35,000 million (apart from temporary loans obtained from our Company's bankers in the ordinary course of business) even though the monies to be borrowed together with the monies already borrowed by our Company may exceed the aggregate of the paid-up share capital of our Company and its free reserves, that is to say, reserves not set apart for any specific purpose.

## Interest of the Directors

Our Directors may be deemed to be interested to the extent of sitting fees, if any, payable to them for attending the meeting of the Board and/or the Committees thereof, as well as to the extent of other remuneration and reimbursement of expenses payable to them. Further none of our Directors have any interest in the promotion of our Company. None of our Directors have any interest in any immovable property acquired by our Company in the two years preceding the date of this Draft Prospectus or any immovable property proposed to be acquired by it. Our Directors may also be deemed to be interested to the extent of Equity Shares, if any, held by companies, firms and trusts in which they are interested as directors, partners, members or trustees and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

All our Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by our Company with any company in which they hold directorships or any partnership firm in which they are partners as declared in their respective declarations. Except as otherwise stated in this Draft Prospectus and in accordance with the statutory registers maintained by our Company in this regard, our Company has not entered into any contract, agreements or arrangements during the preceding two years from the date of this Draft Prospectus in which the directors are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements which are proposed to be made with them.

None of our Directors are interested in their capacity as a member of any firm or company and no sums have been paid or are proposed to be paid to any director or to such firm of company in which he or she is interested, by any person, in cash or shares or otherwise, either to induce them or to help them qualify as a director or for services rendered by him or by such firm or company, in connection with the promotion or formation of our Company.

Further, our Directors have not taken any loan from our Company and none of the relatives of the Directors have been appointed to an office or place of profit.

#### **Debenture holding of Directors:**

As on the date of this Draft Prospectus, none of our Directors hold any debentures in our Company.

#### **Appointment of any relatives of Directors to an office or place of profit**

None of our Directors' relatives have been appointed to an office or place of profit.

#### **Changes in the Directors of our Company during the last three years:**

The Changes in the Board of Directors of our Company in the three years preceding the date of this Draft Prospectus are as follows:

<b>Sr. No.</b>	<b>Name, Designation</b>	<b>DIN</b>	<b>Date of appointment/ resignation</b>	<b>Director of company since (in case of resignation)</b>	<b>Reasons</b>
1.	Mr. Vikas Khemani Designation: Director	00065941	May 14, 2015	May 31, 2008	Resignation
2.	Mr. Ajay Kumar Manglunia  Designation: Non executive Director	02861202	August 16, 2013	December 8, 2011	Resignation
3.	Mr. Shiva Kumar Designation: Director	06590343	August 27, 2013	-	Appointment
4.	Mr. Anil Kothuri  Designation: Managing Director	00177945	February 25, 2015	December 1, 2012	Resignation
5.	Mr. Pudugramam Narayanaswamy Venkatachalam  Designation: Independent Director	00499442	February 25, 2015	-	Appointment
6.	Mr. Krishnaswamy Siddharth  Designation: Non-executive Director	02463804	July 20, 2015	-	Appointment
7.	Mr. Vineet Mahajan  Designation: Non – executive Director	07253615	January 19, 2016	-	Appointment
8.	Ms. Shalinee Mimani  Designation: Non-executive Director	07404075	January 19, 2016	-	Appointment
9.	Mr. Anurag Madan  Designation: Director	00010324	February 4, 2016	May 31, 2008	Resignation
10.	Ms. Shabnam Rujan Panjwani  Designation: Director	02057371	February 4, 2016	February 25, 2015	Resignation

## **Shareholding of Directors, including details of qualification shares held by Directors**

As per the provisions of our Articles of Association, our Directors are not required to hold any qualification shares. As of the date of this Draft Prospectus none of our Directors hold any Equity Shares in our Company.

## **Details of various committees**

Our Company has constituted the following committees:

### **1. Audit Committee**

The Audit Committee was constituted by our Board of Directors through its resolution on November 15, 2010 and was last reconstituted on January 19, 2016. The committee currently comprises of three Directors.

The members of the Audit Committee as on date of this Draft Prospectus are:

1. Mr. Uday Shankar Dutt
2. Mr. Pudugramam Narayanaswamy Venkatachalam
3. Mr. Krishnaswamy Siddharth

The terms of reference of the Audit Committee, *inter alia*, include:

- (i) the recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- (ii) review and monitor the auditor's independence and performance, and effectiveness of audit process;
- (iii) examination of the financial statement and the auditors' report thereon;
- (iv) approval or any subsequent modification of transactions of the company with related parties;
- (v) scrutiny of inter-corporate loans and investments;
- (vi) valuation of undertakings or assets of the company, wherever it is necessary;
- (vii) evaluation of internal financial controls and risk management systems;
- (viii) monitoring the end use of funds raised through public offers and related matters; and
- (ix) to review the functioning of the Vigil Mechanism.
- (x) any other terms of reference as may be specified by the Board from time to time.

### **2. Risk Management Committee**

The Risk Management Committee was constituted by our Board of Directors through its resolution on October 15, 2015 and was last reconstituted on January 19, 2016.

The members of the Risk Management Committee as on date of this Draft Prospectus are:

1. Mr. Anil Kothuri
2. Mr. Krishnaswamy Siddharth
3. Mr. Prashant Chopra
4. Ms. Shalinee Mimani
5. Mr. Gaurang Tailor
6. Mr. Umesh Wadhwa
7. Mr. Vineet Mahajan
8. Mr. S V Balasubramanian
9. Mr. Nilesh Kumar Jain

The terms of reference of the Risk Management Committee, *inter alia*, include the following:

- (i) identifying, measuring and monitoring the various risks faced by our Company;
- (ii) mitigating various risks associated with functioning of our Company through integrated risk management systems, strategies and mechanisms;
- (iii) to deal with issues relating to credit policies and procedure and manage the credit risk, operational risk, management of policies and process;
- (iv) developing the policies and verifying the models that are used for risk measurement from time to time; and
- (v) to ensure the risk management policy and the other policies including know your customer & anti money laundering policy (KYC Policy) are properly implemented and followed.

### **3. Asset Liability Management Committee**

The Asset Liability Management Committee of our Company was constituted on November 02, 2010. The Asset Liability Management Committee was last reconstituted on January 19, 2016.

The members of the Asset Liability Management Committee as on date of this Draft Prospectus are:

- 1. Mr. Anil Kothuri
- 2. Mr. Krishnaswamy Siddharth
- 3. Ms. Shalinee Mimani
- 4. Mr. Gaurang Tailor
- 5. Mr. Umesh Wadhwa
- 6. Mr. S V Balasubramanian
- 7. Mr. Kulprakash Singh
- 8. Mr. Prashant Chopra
- 9. Mr. Amey Chavan
- 10. Mr. Vineet Mahajan
- 11. Mr. Nilesh Kumar Jain

The terms of reference of the Asset Liability Management Committee, *inter alia*, include the following matters:

- (i) liquidity risk management;
- (ii) management of market risks;
- (iii) funding and capital planning;
- (iv) profit planning and growth projection; and
- (v) forecasting and analysing 'what if scenario' and preparation of contingency plans.

### **4. Nomination and Remuneration Committee**

The Nomination Committee of our Company was constituted by our Board of Directors through its resolution on August 17, 2010 and was last reconstituted on January 19, 2016. The Nomination Committee was renamed as Nomination and Remuneration Committee on January 19, 2016.

The members of the Nomination and Remuneration Committee as on date of this Draft Prospectus are:

- 1. Mr. Uday Shankar Dutt
- 2. Mr. Pudugramam Narayanaswamy Venkatachalam
- 3. Mr. Krishnaswamy Siddharth

The terms of reference of the Nomination and Remuneration Committee, *inter alia*, include the following:

- (i) to identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down or as defined under the policy and / or job description proposed by the HR.
- (ii) to recommend the Board of Directors, the appointment & removal of our Directors.
- (iii) to carry out evaluation of every Director's performance.
- (iv) to formulate the criteria for determining qualifications, positive attributes and independence of a director.
- (v) to recommend to the Board a policy relating to the remuneration for our Directors, Key Managerial Personnel ("KMP(s)") and other employees of our Company.
- (vi) to ensure that reporting disclosures relating to remuneration meet all relevant statutory requirements.
- (vii) to review the Remuneration Policy for Directors and KMPs and/ or any other policies/manuals as may be framed under the Act from time to time."
- (viii) to consider appointment of Managing or Whole-time Director/Manager;
- (ix) to consider payment of remuneration to Managing or Whole-time Director/Manager; and
- (x) such other functions as may be prescribed from time to time.

## **5. Corporate Social Responsibility Committee**

The Corporate Social Responsibility ("CSR") Committee of our Company was constituted by our Board of Directors through its resolution on August 27, 2014 and was last reconstituted on January 19, 2016.

The members of the Corporate Social Responsibility Committee as on date of this Draft Prospectus are:

- 1. Mr. Uday Shankar Dutt
- 2. Ms. Shalini Mimani
- 3. Mr. Krishnaswamy Siddharth

The terms of reference of the Corporate Social Responsibility Committee, *inter alia*, includes the matters specified in Schedule VII to the Companies Act 2013 which are as follows:

- (i) formulate and recommend to the board, a corporate social responsibility policy which shall indicate the activities to be undertaken by the company for csr as specified in schedule vii of the companies act, 2013;
- (ii) recommend the amount of expenditure to be incurred on the CSR activities; and
- (iii) monitor the CSR Policy of our Company from time to time.



## OUR PROMOTER

The Promoters of our Company are

1. Edelweiss Financial Services Limited; and
2. Edelweiss Commodities Services Limited.

### Profile of our Promoters

#### Edelweiss Financial Services Limited (“EFSL”)

Our Promoter, EFSL, was incorporated on November 21, 1995 as a public limited company under the provisions of the Companies Act, 1956 as Edelweiss Capital Limited. Subsequently, EFSL received the certificate of commencement of business on January 16, 1996. Further, the name of EFSL was changed from Edelweiss Capital Limited to Edelweiss Financial Services Limited pursuant to fresh certificate of incorporation dated August 1, 2011 issued by the ROC, Maharashtra, Mumbai. The Registered Office of our Promoter is situated at Edelweiss House, Off. C.S.T Road, Kalina, Mumbai - 400 098.

EFSL has obtained a certificate of permanent registration dated October 11, 2012 bearing Registration No. INM0000010650 issued by the Securities and Exchange Board of India to carry on the activities as a category I Merchant Banker.

#### Board of Directors of EFSL:

Sr. No.	Name of Director	Designation
1.	Mr. Rashesh Shah	Chairman, Managing Director & CEO
2.	Mr. Venkatachalam Ramaswamy	Executive Director
3.	Mr. Himanshu Kaji	Executive Director
4.	Mr. Rujan Panjwani	Executive Director
5.	Ms. Vidya Shah	Non-Executive Director
6.	Mr. Kunnasagaran Chinniah	Independent Director
7.	Mr. P. N. Venkatachalam	Independent Director
8.	Mr. Berjis Desai	Independent Director
9.	Mr. Sanjiv Misra	Independent Director
10.	Mr. Sunil Mitra	Independent Director
11.	Mr. Navtej S. Nandra	Independent Director
12.	Mr. Biswamohan Mahapatra	Independent Director

## Shareholding Pattern

**Table I - Summary Statement holding of specified securities**

Cate gory	Catego ry of shareho lder	Number of sharehol ders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underl ying Deposi tory Receip ts	Total nos. shares held	Sharehold ing as a % of total no. of shares (calculated as per SCRR, 1957)	Number of Voting Rights held in each class of securities				No. of Shares Underlying convertible securities (including Warrants)	Sharehold ing , as a % assuming full conversion of convertible securities ( as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialise d form
								No of Voting Rights			Total as a % of (A+B+C)			No. (a)	As a % of total Shares held(b)	No. (a)	As a % of total Shares held(b)	
								Class eg: Equity Shares	Class eg: y	Total								
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII) = (IV)+(V)+ (VI)	(VIII)As a % of (A+B+C2)				(IX)	(X)	(XI)= (VII)+(X) As a % of (A+B+C2)		(XII)		(XIII)	(XIV)
(A)	Promoter & Promoter Group	10	30,73,85,690	-	-	30,73,85,690	37.7607%	30,73,85,690	-	30,73,85,690	37.7607%	-	37.7607%	-	-	14,76,83,000	48.0449%	30,73,85,690
(B)	Public	1,22,557	46,17,54,160	-	-	46,17,54,160	56.7240%	46,17,54,160	-	46,17,54,160	56.7240%	-	56.7240%	-	-	-	-	46,09,69,990
(C)	Non Promoter - Non Public	2	4,48,96,780	-	-	4,48,96,780	5.5153%	4,48,96,780	-	4,48,96,780	5.5153%	-	5.5153%	-	-	-	-	4,48,96,780
(C1)	Shares Underlying DRs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C2)	Shares Held By Employee Trust	2	4,48,96,780	-	-	4,48,96,780	5.5153%	4,48,96,780	-	4,48,96,780	5.5153%	-	5.5153%	-	-	-	-	4,48,96,780
	Total	1,22,569	81,40,36,630	-	-	81,40,36,630	100.0000%	81,40,36,630	-	81,40,36,630	100.0000%	-	100.0000%	-	-	14,76,83,000	18.1421%	81,32,52,460

**Table II - Statement showing shareholding pattern of the Promoter and Promoter Group**

Category	Category & Name of the shareholders	PAN	Nos. of shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)	Number of Voting Rights held in each class of securities				No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form
									No of Voting Rights			Total as a % of Total Voting rights			No. (a)	As a % of total Shares held(b)	No. (a)	As a % of total Shares held(b)	
									Class eg: Equity Shares	Class eg: y	Total								
	(I)	(II)	(III)	(IV)	(V)	(VI)	(VII) = (IV)+(V)+(VI)	(VIII) As a % of (A+B+C2)				(IX)	(X)	(XI)= (VII)+(X) As a % of (A+B+C2)	(XII)		(XIII)		(XIV)
1	Indian																		
(a)	Individuals / Hindu Undivided Family		8	26,44,35,690	-	-	26,44,35,690	32.4845%	26,44,35,690	-	26,44,35,690	32.4845%	-	32.4845%	-	-	13,66,83,000	51.6886	26,44,35,690
	Rashesh Chandrakant Shah	AAGPS 5933G		14,53,01,730	-	-	14,53,01,730	17.8495%	14,53,01,730	-	14,53,01,730	17.8495%	-	17.8495%	-	-	9,00,00,000	61.9401	14,53,01,730
	Venkat Ramaswamy	AADPR 1740H		5,80,26,560	-	-	5,80,26,560	7.1282%	5,80,26,560	-	5,80,26,560	7.1282%	-	7.1282%	-	-	3,60,00,000	62.0406	5,80,26,560
	Vidya Rashesh Shah	AMEPS 3037M		3,50,31,200	-	-	3,50,31,200	4.3034%	3,50,31,200	-	3,50,31,200	4.3034%	-	4.3034%	-	-	1,06,83,000	30.4957	3,50,31,200
	Aparna T C.	AEUPC 2507C		1,20,00,000	-	-	1,20,00,000	1.4741%	1,20,00,000	-	1,20,00,000	1.4741%	-	1.4741%	-	-	-	-	1,20,00,000
	Kaavya Arakoni Venkat	AOJPA 3266M		1,20,00,000	-	-	1,20,00,000	1.4741%	1,20,00,000	-	1,20,00,000	1.4741%	-	1.4741%	-	-	-	-	1,20,00,000
	Sneha Sripad Desai	AJEPD 1297P		10,25,000	-	-	10,25,000	0.1259%	10,25,000	-	10,25,000	0.1259%	-	0.1259%	-	-	-	-	10,25,000
	Shilpa Urvish Mody	AAHP M5200 B		10,01,200	-	-	10,01,200	0.1230%	10,01,200	-	10,01,200	0.1230%	-	0.1230%	-	-	-	-	10,01,200
	Arakoni Venkatachalam Ramaswamy	AALPR 4970P		50,000	-	-	50,000	0.0061%	50,000	-	50,000	0.0061%	-	0.0061%	-	-	-	-	50,000

Catego ry	Categor y & Name of the sharehol ders	PAN	Nos. of sharehold ers	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlyi ng Deposit ory Receipts	Total nos. shares held	Sharehold ing as a % of total no. of shares (calculat ed as per SCRR, 1957)	Number of Voting Rights held in each class of securities				No. of Shares Underlyi ng Outstand ing convertibl e securities (includin g Warrants )	Sharehold ing , as a % assuming full conversio n of convertibl e securities ( as a percentag e of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialis ed form
									No of Voting Rights			Total as a % of Total Voting rights			No. (a)	As a % of total Shar es held( b)	No. (a)	As a % of total Shares held(b)	
									Class eg: Equity Shares	Clas s eg: y	Total								
	(I)	(II)	(III)	(IV)	(V)	(VI)	(VII) = (IV)+(V)+ (VI)	(VIII) As a % of (A+B+C2)				(IX)	(X)	(XI)= (VII)+(X) As a % of (A+B+C2)	(XII)		(XIII)		(XIV)
(b)	Central Govern ment / State Govern ment(s)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(c)	Financia l Instituti ons / Banks		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(d)	Any Other (Specify)		1	4,19,50,000	-	-	4,19,50,000	5.1533%	4,19,50,000	-	4,19,50,000	5.1533%	-	5.1533%	-	-	1,10,00,000	26.2217	4,19,50,000
	Bodies Corpora te		1	4,19,50,000	-	-	4,19,50,000	5.1533%	4,19,50,000	-	4,19,50,000	5.1533%	-	5.1533%	-	-	1,10,00,000	26.2217	4,19,50,000
	Spire Investme nt Advisors Llp	ABWFS 7286H		4,19,50,000	-	-	4,19,50,000	5.1533%	4,19,50,000	-	4,19,50,000	5.1533%	-	5.1533%	-	-	1,10,00,000	26.2217	4,19,50,000
	Sub Total (A)(1)		9	30,63,85,690	-	-	30,63,85,690	37.6378%	30,63,85,690	-	30,63,85,690	37.6378%	-	37.6378%	-	-	14,76,83,000	48.2017	30,63,85,690
2	Foreign																		
(a)	Individu als (Non- Resident Individu als / Foreign Individu als)		1	10,00,000	-	-	10,00,000	0.1228%	10,00,000	-	10,00,000	0.1228%	-	0.1228%	-	-	-	-	10,00,000

Category	Category & Name of the shareholders	PAN	Nos. of shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)	Number of Voting Rights held in each class of securities				No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form
									No of Voting Rights			Total as a % of Total Voting rights			No. (a)	As a % of total Shares held(b)	No. (a)	As a % of total Shares held(b)	
									Class eg: Equity Shares	Class eg: y	Total								
	(I)	(II)	(III)	(IV)	(V)	(VI)	(VII) = (IV)+(V)+(VI)	(VIII) As a % of (A+B+C2)				(IX)	(X)	(XI)= (VII)+(X) As a % of (A+B+C2)	(XII)		(XIII)		(XIV)
	Sejal Premal Parekh	AOJPP3528H		10,00,000	-	-	10,00,000	0.1228%	10,00,000	-	10,00,000	0.1228%	-	0.1228%	-	-	-	-	10,00,000
(b)	Government		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(c)	Institutions		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(d)	Foreign Portfolio Investor		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(e)	Any Other (Specify)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Sub Total (A)(2)		1	10,00,000	-	-	10,00,000	0.1228%	10,00,000	-	10,00,000	0.1228%	-	0.1228%	-	-	-	-	10,00,000
	Total Shareholding Of Promoter And Promoter Group (A)= (A)(1)+(A)(2)		10	30,73,85,690	-	-	30,73,85,690	37.7607%	30,73,85,690	-	30,73,85,690	37.7607%	-	37.7607%	-	-	14,76,83,000	48.0449	30,73,85,690

Details of Shares which remain unclaimed may be given hear along with details such as number of shareholders, outstanding shares held in demat/unclaimed suspense account, voting rights which are frozen etc.

**Note:**

- (1) PAN would not be displayed on website of Stock Exchange(s)
- (2) The term 'Encumbrance' has the same meaning as assigned under regulation 28(3) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

**Table III - Statement showing shareholding pattern of the Public shareholder**

Cate gory	Category & Name of the shareholders	PAN	Nos. of sharehol ders	No. of fully paid up equity shares held	No. of Partly paid- up equity shares held	No. of shares underly ing Deposit ory Receipt s	Total nos. shares held	Sharehold ing% calculated as per SCRR, 1957As a % of (A+B+C2)	Number of Voting Rights held in each class of securities				No. of Shares Underlying Outstandin g convertible securities (including Warrants)	Shareholding , as a % assuming full conversion of convertible securities ( as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in demateriali sed form
									No of Voting Rights			Total as a % of (A+B+C)			No. (a)	As a % of total Shares held(b)	No. (a)	As a % of total Shares held(b)	
									Class eg: Equity Shares	Clas s eg: y	Total								
	(I)	(II)	(III)	(IV)	(V)	(VI)	(VII) = (IV)+(V)+ (VI)	(VIII) As a % of (A+B+C2)	(IX)				(X)	(XI)= (VII)+(X) As a % of (A+B+C2)	(XII)		(XIII)		(XIV)
1	Institutions																		
(a)	Mutual Fund		9	1,05,44,574	-	-	1,05,44,574	1.2953%	1,05,44,574	-	1,05,44,574	1.2953%	-	1.2953%	-	-	-	-	1,05,44,574
(b)	Venture Capital Funds		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(c)	Alternate Investment Funds		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(d)	Foreign Venture Capital Investors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(e)	Foreign Portfolio Investor/For eign Institutional Investors		89	23,59,71,538	-	-	23,59,71,538	28.9878%	23,59,71,538	-	23,59,71,538	28.9878%	-	28.9878%	-	-	NA	NA	23,59,71,538
	First Carlyle Ventures Mauritius	AAACF 9946P		6,80,48,557	-	-	6,80,48,557	8.3594%	6,80,48,557	-	6,80,48,557	8.3594%	-	8.3594%	-	-	-	-	6,80,48,557
	Fil Investments( Mauritius)ltd	AAACF 8751A		1,25,22,634	-	-	1,25,22,634	1.5383%	1,25,22,634	-	1,25,22,634	1.5383%	-	1.5383%	-	-	-	-	1,25,22,634
	Privatbank IHAG Zurich AG	AAECP 1684J		3,19,52,620	-	-	3,19,52,620	3.9252%	3,19,52,620	-	3,19,52,620	3.9252%	-	3.9252%	-	-	-	-	3,19,52,620
	Saif Advisors Mauritius Limited A/C Saif India IV FII Holdings Limited	AAPCS 8227B		2,56,33,505	-	-	2,56,33,505	3.1489%	2,56,33,505	-	2,56,33,505	3.1489%	-	3.1489%	-	-	-	-	2,56,33,505
	Fidelity Investment Trust Fidelity Series	AAATF 2631A		1,79,73,059	-	-	1,79,73,059	2.2079%	1,79,73,059	-	1,79,73,059	2.2079%	-	2.2079%	-	-	-	-	1,79,73,059

Category	Category & Name of the shareholders	PAN	Nos. of shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights held in each class of securities				No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form
									No of Voting Rights			Total as a % of (A+B+C)			No. (a)	As a % of total Shares held(b)	No. (a)	As a % of total Shares held(b)	
									Class eg: Equity Shares	Classes eg: y	Total								
	(I)	(II)	(III)	(IV)	(V)	(VI)	(VII) = (IV)+(V)+(VI)	(VIII) As a % of (A+B+C2)	(IX)			(X)	(XI)= (VII)+(X) As a % of (A+B+C2)	(XII)		(XIII)		(XIV)	
	Emerging Markets Fund																		
	Amansa Holdings Private Limited	AAKC A7237L		1,19,00,000	-	-	1,19,00,000	1.4619%	1,19,00,000	-	1,19,00,000	1.4619%	-	1.4619%	-	-	-	-	1,19,00,000
	Ashoka PTE Ltd	AAKC A5986C		93,53,386	-	-	93,53,386	1.1490%	93,53,386	-	93,53,386	1.1490%	-	1.1490%	-	-	-	-	93,53,386
	Abu Dhabi Investment Authority - Behave	AAAC A4380N		90,31,495	-	-	90,31,495	1.1095%	90,31,495	-	90,31,495	1.1095%	-	1.1095%	-	-	-	-	90,31,495
(f)	Financial Institutions / Banks		6	3,58,492	-	-	3,58,492	0.0440%	3,58,492	-	3,58,492	0.0440%	-	0.0440%	-	-	-	-	3,58,492
(g)	Insurance Companies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(h)	Provident Funds/ Pension Funds		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(i)	Any Other (Specify)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	NA	NA	-
	Sub Total (B)(1)		104	24,68,74,604	-	-	24,68,74,604	30.3272%	24,68,74,604	-	24,68,74,604	30.3272%	-	30.3272%	-	-	-	-	24,68,74,604
2	Central Government / State Government (s)/ President of India							-				-	-						
	Sub Total (B)(2)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Non-Institutions							-				-	-						
(a)	Individuals			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	i. Individual shareholders holding nominal share capital		1,13,880	4,56,38,991	-	-	4,56,38,991	5.6065%	4,56,38,991	-	4,56,38,991	5.6065%	-	5.6065%	-	-	-	-	4,55,65,821



Category	Category & Name of the shareholders	PAN	Nos. of shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights held in each class of securities				No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding , as a % assuming full conversion of convertible securities ( as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form
									No of Voting Rights			Total as a % of (A+B+C)			No. (a)	As a % of total Shares held(b)	No. (a)	As a % of total Shares held(b)	
									Class eg: Equity Shares	Class eg: y	Total								
	(I)	(II)	(III)	(IV)	(V)	(VI)	(VII) = (IV)+(V)+(VI)	(VIII) As a % of (A+B+C2)	(IX)			(X)	(XI)= (VII)+(X) As a % of (A+B+C2)	(XII)		(XIII)		(XIV)	
	up to Rs. 2 lakhs.		70	10,79,62,676	-	-	10,79,62,676	13.2626%	10,79,62,676	-	10,79,62,676	13.2626%	-	13.2626%	-	-	-	-	10,79,62,676
	ii. Individual shareholders holding nominal share capital in excess of Rs. 2 lakhs.																		
	Rujan Harchand Panjwani	AAYPP 4060H		1,23,16,380	-	-	1,23,16,380	1.5130%	1,23,16,380	-	1,23,16,380	1.5130%	-	1.5130%	-	-	-	-	1,23,16,380
	Deepak Mittal	AHRP M1419 R		84,18,800	-	-	84,18,800	1.0342%	84,18,800	-	84,18,800	1.0342%	-	1.0342%	-	-	-	-	84,18,800
	Jhunjhunwala Rakesh Radheshyam	ACPPJ9 449M		90,00,000	-	-	90,00,000	1.1056%	90,00,000	-	90,00,000	1.1056%	-	1.1056%	-	-	-	-	90,00,000
	Naresh Lakshmansingh Kothari	AALPK 7561R		1,16,06,220	-	-	1,16,06,220	1.4258%	1,16,06,220	-	1,16,06,220	1.4258%	-	1.4258%	-	-	-	-	1,16,06,220
	Shriram Venkiteswaran Iyer	AAGPI 2806Q		83,23,465	-	-	83,23,465	1.0225%	83,23,465	-	83,23,465	1.0225%	-	1.0225%	-	-	-	-	83,23,465
(b)	NBFCs registered with RBI		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(c)	Employee Trusts		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(d)	Overseas Depositories (holding DRs) (balancing figure)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(e)	Any Other (Specify)		8,503	6,12,77,889	-	-	6,12,77,889	7.5277%	6,12,77,889	-	6,12,77,889	7.5277%	-	7.5277%	-	-	-	-	6,05,66,889
	Trusts		9	5,37,661	-	-	5,37,661	0.0660%	5,37,661	-	5,37,661	0.0660%	-	0.0660%	-	-	-	-	5,37,661
	Hindu Undivided Family		6,633	22,13,278	-	-	22,13,278	0.2719%	22,13,278	-	22,13,278	0.2719%	-	0.2719%	-	-	-	-	22,13,278

Category	Category & Name of the shareholders	PAN	Nos. of shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights held in each class of securities				No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form
									No of Voting Rights			Total as a % of (A+B+C)			No. (a)	As a % of total Shares held(b)	No. (a)	As a % of total Shares held(b)	
									Class eg: Equity Shares	Class eg: y	Total								
	(I)	(II)	(III)	(IV)	(V)	(VI)	(VII) = (IV)+(V)+(VI)	(VIII) As a % of (A+B+C2)	(IX)				(X)	(XI)= (VII)+(X) As a % of (A+B+C2)	(XII)		(XIII)		(XIV)
	Foreign Companies		4	1,62,14,530	-	-	1,62,14,530	1.9919%	1,62,14,530	-	1,62,14,530	1.9919%	-	1.9919%	-	-	-	-	1,60,58,530
	BIH SA	AADC B9345B		1,40,43,180	-	-	1,40,43,180	1.7251%	1,40,43,180	-	1,40,43,180	1.7251%	-	1.7251%	-	-	-	-	1,40,43,180
	Non Resident Indians (Non Repat)		276	10,83,722	-	-	10,83,722	0.1331%	10,83,722	-	10,83,722	0.1331%	-	0.1331%	-	-	-	-	10,83,722
	Non Resident Indians (Repat)		626	1,62,61,758	-	-	1,62,61,758	1.9977%	1,62,61,758	-	1,62,61,758	1.9977%	-	1.9977%	-	-	-	-	1,57,06,758
	Priya Khubchandani	AKXPK 6448F		1,07,13,142	-	-	1,07,13,142	1.3161%	1,07,13,142	-	1,07,13,142	1.3161%	-	1.3161%	-	-	-	-	1,07,13,142
	Individuals / Hindu Undivided Family		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Clearing Member		221	6,78,223	-	-	6,78,223	0.0833%	6,78,223	-	6,78,223	0.0833%	-	0.0833%	-	-	-	-	6,78,223
	Bodies Corporate		730	1,62,07,037	-	-	1,62,07,037	1.9909%	1,62,07,037	-	1,62,07,037	1.9909%	-	1.9909%	-	-	-	-	1,62,07,037
	Other Directors		4	80,81,680	-	-	80,81,680	0.9928%	80,81,680	-	80,81,680	0.9928%	-	0.9928%	-	-	-	-	80,81,680
	Sub Total (B)(3)		1,22,453	21,48,79,556	-	-	21,48,79,556	26.3968%	21,48,79,556	-	21,48,79,556	26.3968%	-	26.3968%	-	-	-	-	21,40,95,386
	Total Public Shareholding (B)= (B)(1)+(B)(2)+(B)(3)		1,22,557	46,17,54,160	-	-	46,17,54,160	56.7240%	46,17,54,160	-	46,17,54,160	56.7240%	-	56.7240%	-	-	-	-	46,09,69,990

Details of the shareholders acting as persons in Concert including their Shareholding (No. and %):

**Note:**

1. PAN would not be displayed on website of Stock Exchange(s).
2. The above format needs to be disclosed along with the name of following persons: Institutions/Non Institutions holding more than 1% of total number of shares
3. W.r.t. the information pertaining to Depository Receipts, the same may be disclosed in the respective columns to the extent information available and the balance to be disclosed as held by custodian.

**Table IV - Statement showing shareholding pattern of the Non Promoter- Non Public shareholder**

Category	Category & Name of shareholders	PAN	Nos. of shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)	Number of Voting Rights held in each class of securities				No. of Shares Outstanding convertible securities (including Warrants)	Shareholding , as a % assuming full conversion of convertible securities ( as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form	
									No of Voting Rights						Total as a % of (A+B+C)	No. (a)	As a % of total Shares held(b)	No. (a)		As a % of total Shares held(b)
									Class eg: Equity Shares	Classes eg: y	Total									
	(I)	(II)	(III)	(IV)	(V)	(VI)	(VII) = (IV)+(V)+(VI)	(VIII) As a % of (A+B+C2)	(IX)				(X)	(XI)= (VII)+(X) As a % of (A+B+C2)	(XII)		(XIII)		(XIV)	
1	Custodian/DR Holder		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2	Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014)		2	4,48,96,780	-	-	4,48,96,780	5.5153%	4,48,96,780	-	4,48,96,780	5.5153%	-	5.5153%	-	-	-	-	4,48,96,780	
	EDELWEISS EMPLOYEES WELFARE TRUST	AAATE1688G		3,75,95,270	-	-	3,75,95,270	4.6184%	3,75,95,270	-	3,75,95,270	4.6184%	-	4.6184%	-	-	-	-	3,75,95,270	
	Total Non-Promoter-Non Public Shareholding (C)= (C)(1)+(C)(2)		2	4,48,96,780	-	-	4,48,96,780	5.5153%	4,48,96,780	-	4,48,96,780	5.5153%	-	5.5153%	-	-	-	-	4,48,96,780	

**Note:**

1. PAN would not be displayed on website of Stock Exchange(s).
2. The above format needs to disclose name of all holders holding more than 1% of total number of shares
3. W.r.t. the information pertaining to Depository Receipts, the same may be disclosed in the respective columns to the extent information available

**Edelweiss Commodities Services Limited (“ECSL”):**

Edelweiss Commodities Services Limited was originally incorporated on October 17, 2006 as a private limited company under the provisions of the Companies Act, 1956 as Sky Heights Developers Private Limited in the State of Maharashtra. Subsequently, the name was changed to “Comfort Projects Private Limited”. Further, on January 13, 2011, the name was changed to Comfort Projects Limited as a public limited company. Subsequently, High Court, Hyderabad vide order dated April 13, 2012, sanctioned the composite scheme of arrangement and amalgamation, pursuant to which Edelweiss Trading & Holdings Limited merged with ECSL. The Registered Office of our Promoter is situated at 2<sup>nd</sup> Floor, M B Towers, Plot no. 5, Road no.2, Banjara Hills, Hyderabad.

Further, with effect from August 17, 2012, the name of the Company was changed from Comfort Projects Limited to Edelweiss Commodities Services Limited, pursuant to the fresh certificate of incorporation issued by the Registrar of Companies, Andhra Pradesh, Hyderabad.

**Board of Directors of ECSL:**

Sr. No.	Name of Director	Designation
1.	Mr. Rujan Panjwani	Executive Director
2.	Mr. Pradeep Rooplal Nagori	Executive Director
3.	Mr. Amit Maheshwari	Executive Director
4.	Ms. Kalpana Kiran Maniar	Non-Executive Director
5.	Mr. P. N. Venkatachalam	Independent Director
6.	Mr. Kunnasagaran Chinniah	Independent Director

**Shareholding Pattern of ECSL:**

Sr. No.	Name of the shareholders	Total No. of Equity Shares	No. of shares in demat form	Total shareholding as % of total no. of equity shares	No. of Shares Pledged	% of Shares pledged with respect to shares owned
1	Edelweiss* Financial Services Limited	2,97,75,368	2,97,75,368	100	-	-

\*Including 6 equity shares held by nominees of Edelweiss Financial Services Limited (“EFSL”) namely Mr.B. Renganathan, Mr.Tarun Khurana, Mr. Vinit Agrawal, Mr. Ashish Bansal, Mr.Deepakkumar K. Shah and Mr. Ganesh Umashankar holding one share each.

EFSL vide letter dated April 12, 2016 addressed to the National Commodity & Derivatives Exchange Limited sought approval for transfer of its shareholding of 2,97,75,362 Equity Shares (of Edelweiss Commodities Services Limited) to EFSL’s wholly owned subsidiary. Consequent upon the transfer of the aforesaid EFSL’s shareholding (in Edelweiss Commodities Services Limited), our Company will continue to be a wholly owned subsidiary of EFSL. National Commodity & Derivatives Exchange Limited vide its letter dated May 10,2016 has *inter alia* conveyed its no objection to transfer 2,97,75,362 Equity Shares (of Edelweiss Commodities Services Limited) to EFSL’s wholly owned subsidiary.

Promoters shareholding in our Company as on date of the Draft Prospectus:

Sr. No	Name of Shareholders	Total No. of Equity Shares	No. of shares in Demat form	Total Shareholding as % of total no. of equity shares	Shares pledged or otherwise encumbered
1	Edelweiss Commodities Services Limited	3,83,00,000	53,00,000	77.61%	NIL

Sr. No	Name of Shareholders	Total No. of Equity Shares	No. of shares in Demat form	Total Shareholding as % of total no. of equity shares	Shares pledged or otherwise encumbered
2	Edelweiss Financial Services Limited (EFSL)* Nominees to be included	1,10,50,000	1,05,49,994	22.39%	NIL
<b>Total</b>		<b>4,93,50,000</b>	<b>1,58,49,994</b>	<b>100.00%</b>	<b>-</b>

\*Including 6 equity shares held by nominees of Edelweiss Financial Services Limited namely Mr. Rashesh Shah, Mr.Venkat Ramaswamy, Mr.Tarun Khurana , Mr.Deepak Mittal, Mr.Vikas Khemani and Mr.Himanshu Kaji holding 1 one share each.

EFSL vide letter dated June 2, 2016 addressed to the National Housing Bank sought approval for transfer of its shareholding of 11,049,994 Equity Shares (of our Company) to EFSL's wholly owned subsidiary. Consequent upon the transfer of the aforesaid EFSL's shareholding (in our Company), our Company will continue to be a wholly owned subsidiary of EFSL.

Equity Shares of our Company allotted to our Promoters during the last three Financial Years:

Date of Allotment	No of Equity Shares	Face value (Rs)	Issue Price (Rs.)	Consideration (Cash, other cash, etc)	Nature for Allotment	Cumulative		
						No. of equity shares	Equity Share Capital (in ₹ million)	Equity Share Premium (in ₹ million.)
August 25, 2011	4,000,000	10	100	Cash	Allotment to Edelweiss Tradings & Holdings Limited	2,68,50,000	268.50	466.00
May 28, 2012	2,500,000	10	100	Cash	Allotment to Comfort Projects Limited*	29,350,000	293.50	691.00
April 22, 2013	1,500,000	10	100	Cash	Allotment to Edelweiss Commodities Services Limited	30,850,000	308.50	826.00
March 27, 2014	70,00,000	10	100	Cash	Allotment to Edelweiss Commodities Services Limited	37,850,000	378.50	1,456.00
March 27, 2015	11,000,000	10	100	Cash	Right Issue to Edelweiss Commodities Services Limited	48,850,000	488.50	2,446.00
March 27, 2015	500,000	10	100	Cash	Rights Issue to Edelweiss Financial Services Limited	49,350,000	493.50	2,491.00**

\*presently known as Edelweiss Commodities Services Limited.

\*\* this figure of Rs. 2,491.00 million (for March 31, 2015) is arrived at prior to deduction of ₹ 110.09 million towards the provision for premium payable on redemption of debentures for year ended March 31, 2015.

### Interest of our Promoters in our Company

Except as stated under the chapter titled “**Financial Statements**” beginning on page 114 of this Draft Prospectus, and to the extent of their shareholding in our Company, our Promoters do not have any other interest in our Company's business.

Our Company has entered into a memorandum of understanding dated April 1, 2015 with one of our promoters, ECSL, for the part usage of office space at Edelweiss House and Dani compound office along with all facilities. The MoU shall be valid until either party expresses desire to withdraw from the arrangement under the MoU. The consideration was decided at the rate of ₹175 per square feet per month and applicable taxes and ₹ 125 per square

feet per month and applicable taxes on the basis of usage of actual office space at Edelweiss House and Dani compound office, respectively.

Except as disclosed above, our Promoters have no interest in any property acquired by our Company in the last two years from the date of this Draft Prospectus, or proposed to be acquired by our Company, or in any transaction with respect to the acquisition of land, construction of building or supply of machinery.

Further as on March 31, 2016, our Company, has sanctioned bank facilities of ₹ 15,250.00 million and of ₹ 3,900.00 million (outstanding ₹ 11,555.81 million and ₹ 3,205.69 million), which have been guaranteed by our Promoters, EFSL and ECSL, respectively.

Our Promoters do not intend to subscribe to this Issue.

### **Other Confirmations**

Our Promoters have confirmed that as on the date of this Draft Prospectus they have not been identified as willful defaulters by the RBI or any government authority, statutory body, regulatory authority, banks or financial institutions.

There were no instances of non-compliance by our Promoters on any matter related to the capital markets, resulting in disciplinary action against the Company by the Stock Exchanges or Securities and Exchange Board of India (SEBI) or any other statutory authority, except as disclosed in the “*Outstanding Litigations and Defaults*” on page 133 of this Draft Prospectus.

Our Promoters have not been restrained or debarred or prohibited from accessing the capital markets or restrained or debarred or prohibited from buying, selling or dealing in securities under any order or directions passed for any reasons by SEBI or any other authority or refused listing of any of the securities issued by any stock exchanges in India or abroad.

Our Promoters have confirmed that they have not been identified as willful defaulters by the RBI or any government authority.

Our Promoters have not been restrained or debarred or prohibited from accessing the capital markets or restrained or debarred or prohibited from buying, selling or dealing in securities under any order or directions passed for any reasons by SEBI or any other authority or refused listing of any of the securities issued by any stock exchanges in India or abroad.

There has been no change in control of our Promoters during the last three years.

## SECTION V-FINANCIAL INFORMATION

### FINANCIAL STATEMENTS

Sr. No.	Particulars	Page No.
1.	Examination Report on the Reformatted Financial Statements of the Company as of and for the years ended 31 March 2016, 31 March 2015, 31 March 2014, 31 March 2013 and 31 March 2012.	F-1
2.	Financial Statements of our Company as of and for the years ended 31 March 2016, 31 March 2015, 31 March 2014, 31 March 2013 and 31 March 2012.	F-4



The Board of Directors  
Edelweiss Housing Finance Limited  
Edelweiss House  
Off CST Road  
Kalina  
MUMBAI 400 098

17 June 2016

Dear Sirs

We have examined the Reformatted Statement of Assets and Liabilities and Notes forming part thereof, the Reformatted Statement of Profit and Losses and Notes forming part thereof and the Reformatted Statement of Cash Flows (together referred to as "Reformatted Financial Statements") of Edelweiss Housing Finance Limited ('EHFL' or 'the Company'), for the years ended 31 March 2016, 31 March 2015, 31 March 2014, 31 March 2013 and 31 March 2012 annexed to this report for the purpose of inclusion in the draft prospectus and prospectus (herein referred as "Offer Document") to be filed by the Company in connection with its proposed issue of Secured Redeemable Non-Convertible Debentures ('NCDs') amounting to Rs. 5,000 million ("the Issue"), which has been approved by the Securities IPO Committee of the Board of Directors of the Company by taking into consideration the requirements of :-

- a. section 26(1)(b)(i) of the Companies Act 2013 read with rule 4 (1) of the Companies (Prospectus and Allotment of Securities) Rules, 2014; and
- b. the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended ('the SEBI Regulations') issued by Securities and Exchange Board of India ('SEBI').

The preparation of such Reformatted Financial Statements is the responsibility of the Company's management. Our responsibility is to report on such statements based on our procedures.

1. The Reformatted Financial Statements have been extracted by management from the audited Financial Statements of the Company for the years ended 31 March 2016, 31 March 2015, 31 March 2014, 31 March 2013 and 31 March 2012, which were approved by Board of Directors of the Company and which have been audited by us and in respect of which we have issued our audit opinion dated 11 May 2016; 14 May 2015; 13 May 2014; 30 April 2013 and 12 May 2012 respectively to the Members of the Company.
2. We have examined the Reformatted Financial Statements taking into consideration:
  - a. the terms of reference received from the Company requesting us to carry out work on such financial information, proposed to be included in the Offer Document of the Company in connection with its Issue; and
  - b. the Guidance Note on Reports in Company Prospectuses (Revised) issued by the Institute of Chartered Accountants of India (ICAI).

3. In accordance with the requirements of section 26(1)(b)(i) of the Companies Act 2013 read with rule 4(1) of the Companies (Prospectus and Allotment of Securities) Rules, 2014, the SEBI Regulations and the terms of our engagement agreed with you, we further report that:

The Reformatted Financial Statements of the Company for the years ended 31 March 2016, 31 March 2015, 31 March 2014, 31 March 2013 and 31 March 2012 examined by us are set out in Annexure I to III to this report.

4. Based on our examination as above, we further report that:
- a. The Reformatted Financial Statements have to be read in conjunction with the notes given in Annexure IV;
  - b. the figures of earlier years have been regrouped (but not restated retrospectively for changes in accounting policies), wherever necessary, to conform primarily to the requirements of the Schedule III to the Companies Act, 2013; and
  - c. in the preparation and presentation of Reformatted Financial Statements based on Audited Financial Statements as referred to in paragraph 2 and 3 above, no adjustments have been made for any events occurring subsequent to dates of the audit reports specified in paragraph 1 above.
5. As stated in our audit reports referred to in paragraph 1 above, we conducted our audit for the years 31 March 2015, 31 March 2014, 31 March 2013 and 31 March 2012 in accordance with the Standards on Auditing specified under Section 143 (10) of the Companies Act, 2013 / issued by the Institute of Chartered Accountants of India, as applicable. Those Standards require we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit involves performing procedures to obtain audit evidence supporting the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation, as applicable, of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors / management, as applicable, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

As stated in our audit reports referred to in paragraph 1 above, we conducted our audit for the year 31 March 2016 in accordance with the Standards on Auditing specified under Section 143 (10) of the Companies Act, 2013. Those Standards require we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit involves performing procedures to obtain audit evidence supporting the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit

evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

6. We have not audited any financial statements of the Company as of any date or for any period subsequent to 31 March 2016. Accordingly, we express no opinion or negative assurance on the financial position, results of operations or cash flows of the Company as of any date or for any period subsequent to 31 March 2016.

#### **Other Financial Information**

7. At the Company's request, we have also examined the following financial information proposed to be included in the Offer Document prepared by management and approved by the Securities IPO Committee of the Board of Directors of the Company and annexed to this report relating to the Company for the years ended 31 March 2016, 31 March 2015, 31 March 2014, 31 March 2013 and 31 March 2012:
  - a) Statement of secured and unsecured loans, as appearing in Annexure V
  - b) Statement of accounting ratios, as appearing in Annexure VI
  - c) Statement of dividend paid/proposed, rates of dividend, as appearing in Annexure VII
  - d) Statement of tax shelters, as appearing in Annexure VIII.
8. In our opinion, the Reformatted Financial Statements and other financial information as disclosed in the Annexures to this report read with the significant accounting policies and notes disclosed in Annexure IV has been prepared in accordance with the requirements of section 26(1)(b)(i) of the Companies Act 2013 read with rule 4(1) of the Companies (Prospectus and Allotment of Securities) Rules, 2014 and the SEBI Regulations.
9. This report should not in any way be construed as a re-issuance or re-dating of any of the previous audit reports issued by us nor should this be construed as a new opinion on any of the financial statements referred to herein.
10. We have no responsibility to update our report for events and circumstances occurring after the date of the report.
11. This report is intended solely for your information and for inclusion in the Offer Document prepared in connection with the Issue of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

**For B S R & Associates LLP**  
*Chartered Accountants*  
Firm's Registration No: 116231W/W100024

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

# Edelweiss Housing Finance Limited

## Reformatted Statement of Assets and Liabilities

(Currency : Indian rupees in millions)

Annexure I

	Note	As at March 2016	As at March 2015	As at March 2014	As at March 2013	As at March 2012
<b>I. EQUITY AND LIABILITIES</b>						
<b>(1) Shareholders' funds</b>						
(a) Share capital	2.1	493.50	493.50	378.50	293.50	268.50
(b) Reserves and surplus	2.2	2,892.28	2,615.86	1,479.95	667.53	404.59
		3,385.78	3,109.36	1,858.45	961.03	673.09
<b>Share application money pending allotment</b>						
		-	-	-	150.00	-
<b>(3) Non-current liabilities</b>						
(a) Long-term borrowings	2.3	9,815.35	8,849.14	7,350.43	4,306.28	1,700.00
(b) Other Long term liabilities	2.4	259.87	231.85	43.31	24.21	12.63
(c) Long-term provisions	2.5	157.81	88.03	44.27	24.62	21.30
		10,233.03	9,169.02	7,438.01	4,355.11	1,733.93
<b>(4) Current liabilities</b>						
(a) Short-term borrowings	2.6	6,263.01	968.10	539.89	1,127.99	2,465.07
(b) Trade payables	2.7	108.03	22.90	24.49	16.89	16.97
(c) Other current liabilities	2.8	4,447.02	2,688.89	2,282.01	799.29	48.50
(d) Short-term provisions	2.9	107.63	37.51	35.29	10.16	1.46
		10,925.69	3,717.40	2,881.68	1,954.33	2,532.00
<b>TOTAL</b>		<b>24,544.50</b>	<b>15,995.78</b>	<b>12,178.14</b>	<b>7,420.47</b>	<b>4,939.02</b>
<b>II. ASSETS</b>						
<b>(1) Non-current assets</b>						
(a) Fixed assets	2.10					
(i) Tangible assets		26.02	18.01	9.74	8.93	8.29
(ii) Intangible assets		3.88	6.17	6.88	13.38	12.37
(iii) Capital work-in-progress		0.03	0.93	-	-	-
(b) Deferred tax assets (Net)	2.11	24.30	(0.00)	13.55	4.41	-
(c) Long-term loans and advances	2.12	12,207.66	10,323.08	8,796.55	5,026.72	4,685.86
(d) Other non-current assets	2.13	33.89	32.74	10.60	-	-
		12,295.78	10,380.93	8,837.32	5,053.44	4,706.52
<b>(2) Current assets</b>						
(a) Current Investments	2.14	-	250.00	-	-	-
(b) Trade receivables	2.15	85.78	43.35	46.76	85.95	42.91
(c) Cash and bank balances	2.16	56.50	310.22	355.65	174.16	30.95
(d) Short-term loans and advances	2.17	11,886.20	4,883.24	2,845.49	2,058.83	130.03
(e) Other current assets	2.18	220.24	128.04	92.92	48.09	28.61
		12,248.72	5,614.85	3,340.82	2,367.03	232.50
<b>TOTAL</b>		<b>24,544.50</b>	<b>15,995.78</b>	<b>12,178.14</b>	<b>7,420.47</b>	<b>4,939.02</b>

Significant accounting policies and notes to financial statements 1 & 2

As per our report of even date attached.

**For B S R & Associates LLP**

Chartered Accountants

Firm Registration No. 116231W/W - 100024

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

**Ashwin Suvarna**

Partner

Membership No: 109503

**Vineet Mahajan**

Director

DIN : 07253615

**Shalinee Mimani**

Director

DIN : 07404075

**Gaurang Tailor**

Chief Financial Officer

**Kulprakash Singh**

Company Secretary

Mumbai  
17 June 2016

Mumbai  
17 June 2016

Mumbai  
17 June 2016

# Edelweiss Housing Finance Limited

## Reformatted Statement of Profit and Loss

(Currency : Indian rupees in millions)

### Annexure II

	Note	For the Year ended 31 March 2016	For the Year ended 31 March 2015	For the Year ended 31 March 2014	For the Year ended 31 March 2013	For the Year ended 31 March 2012
<b>Income</b>						
<b>Revenue from operations</b>						
Fee income	2.19	213.09	116.40	83.55	96.53	5.05
Interest income	2.20	2,514.93	1,680.31	1,079.53	678.09	277.85
<b>Other income</b>	2.21	5.37	1.92	0.35	0.30	1.30
<b>Total revenue</b>		<b>2,733.39</b>	<b>1,798.63</b>	<b>1,163.43</b>	<b>774.92</b>	<b>284.20</b>
<b>Expenses</b>						
Employee benefits expense	2.22	274.34	152.83	65.20	46.43	58.75
Finance costs	2.23	1,368.64	1,063.49	846.24	563.61	191.03
Other operating expenses	2.24	468.06	230.48	166.65	120.84	72.12
Depreciation and amortization expenses	2.10	16.09	11.52	12.29	9.98	6.90
<b>Total expenses</b>		<b>2,127.13</b>	<b>1,458.32</b>	<b>1,090.38</b>	<b>740.86</b>	<b>328.80</b>
<b>Profit Before Tax</b>		<b>606.26</b>	<b>340.31</b>	<b>73.05</b>	<b>34.06</b>	<b>(44.60)</b>
<b>Tax expense</b>						
(1) Current tax ( includes excess provision for earlier year written back 2016 Rs. 1.89 million ; 2015 Rs. 11.77 million; 2014 Rs. Nil; 2013 Rs. Nil; 2012 Rs. Nil.)		248.42	115.72	34.77	7.17	-
(2) MAT credit entitlement		-	-	-	(6.63)	-
(3) Deferred tax (net)		(24.30)	13.55	(9.15)	(4.42)	-
<b>Profit for the Year</b>		<b>382.14</b>	<b>211.04</b>	<b>47.43</b>	<b>37.94</b>	<b>(44.60)</b>
<b>Earnings per share</b> (Face Value Rs. 10)						
(1) Basic (in Rupees)		7.74	5.55	1.54	1.31	(1.77)
(2) Diluted (in Rupees)		7.74	5.55	1.54	1.31	(1.77)

Significant accounting policies and notes to financial statements 1 & 2

As per our report of even date attached.

**For B S R & Associates LLP**

Chartered Accountants

Firm Registration No. 116231W/W - 100024

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

**Ashwin Suvarna**  
Partner  
Membership No: 109503

**Vineet Mahajan**  
Director  
DIN : 07253615

**Shalinee Mimani**  
Director  
DIN : 07404075

**Gaurang Tailor**  
Chief Financial Officer

**Kulprakash Singh**  
Company Secretary

Mumbai  
17 June 2016

Mumbai  
17 June 2016

Mumbai  
17 June 2016

# Edelweiss Housing Finance Limited

## Reformatted Statement of Cash Flows

(Currency : Indian rupees in millions)

Annexure III

	For the year ended 31 March 2016	For the year ended 31 March 2015	For the year ended 31 March 2014	For the year ended 31 March 2013	For the year ended 31 March 2012
<b>A Cash flow from operating activities</b>					
Profit/(loss) before taxation	606.26	340.31	73.05	34.06	(44.60)
<b>Adjustments for</b>					
Depreciation and amortization expenses	16.09	11.52	12.29	9.98	13.29
Baddebts write off	0.32	-	-	-	-
Provision for standard assets	66.88	22.56	23.45	9.07	19.07
Provision for non performing assets	59.95	21.20	0.99	-	-
Loss on sale of fixed assets (net)	0.04	-	0.29	-	-
Provision for gratuity	-	2.65	0.27	(0.01)	0.75
Provision for compensated absences	-	0.46	0.14	(0.75)	0.53
Profit on sale of Current Investment (for finance Company)	(0.38)	-	-	-	-
<b>Operating cash flow before working capital changes</b>	<b>749.16</b>	<b>398.70</b>	<b>110.48</b>	<b>52.35</b>	<b>(10.96)</b>
Add / (Less): Adjustments for working capital changes					
(Increase)/Decrease in trade receivables	(42.43)	3.41	39.18	(43.03)	(42.91)
(Increase)/Decrease in short term loans and advances - Others	(89.64)	(5.01)	(7.38)	(3.88)	(14.10)
(Increase)/Decrease in long term loans and advances - Others	0.97	(16.03)	(88.67)	(13.15)	(18.70)
(Increase)/Decrease in other non current assets	(1.15)	(0.97)	(10.60)	-	-
(Increase)/Decrease in other current assets	(92.20)	(35.69)	(44.83)	(19.48)	(23.47)
Increase/(Decrease) in current liabilities and provisions	812.81	218.26	502.40	74.75	(160.82)
Increase/(Decrease) in non-current liabilities and provisions	(133.68)	52.75	18.34	11.58	9.80
Income taxes paid	(194.09)	(134.45)	(8.36)	(9.30)	(5.16)
<b>Net cash from operating activities</b>	<b>1,009.75</b>	<b>480.97</b>	<b>510.56</b>	<b>49.84</b>	<b>(266.32)</b>
Loan disbursed (net)	(9,972.09)	(5,193.13)	(4,533.47)	(2,242.53)	(3,722.74)
<b>Net cash generated/(used) in operating activities - A</b>	<b>(8,962.34)</b>	<b>(4,712.16)</b>	<b>(4,022.91)</b>	<b>(2,192.69)</b>	<b>(3,989.06)</b>
<b>B Cash flow from investing activities</b>					
Purchase of fixed assets	(20.97)	(20.04)	(6.92)	(11.63)	(22.95)
Decrease/(increase) in capital work-in-progress	-	-	-	-	9.80
Sale of fixed assets	-	-	0.02	-	-
Purchase of Mutual funds	-	(250.00)	-	-	-
Redemption of Mutual funds	250.38	-	-	-	-
Increase in fixed deposits	-	(20.60)	(0.74)	(18.70)	-
<b>Net cash generated/(used) in investing activities - B</b>	<b>229.41</b>	<b>(290.64)</b>	<b>(7.64)</b>	<b>(30.33)</b>	<b>(13.15)</b>
<b>C Cash flow from financing activities</b>					
Proceeds from issue of shares including securities premium	-	1,150.00	700.00	250.00	400.00
Share application money /received	-	-	-	150.00	-
Non convertible debentures issued	-	1,120.00	-	-	-
Non convertible debentures repaid	(2,430.00)	-	-	-	-
Proceeds from loans securitized	1,186.40	1,658.00	67.32	-	-
Proceeds from short term borrowings (net)	5,294.90	428.20	(588.09)	(1,337.09)	1,931.65
Proceeds from long term borrowings (net)	4,427.91	601.17	4,032.07	3,284.62	1,700.00
<b>Net cash generated from financing activities - C</b>	<b>8,479.21</b>	<b>4,957.37</b>	<b>4,211.30</b>	<b>2,347.53</b>	<b>4,031.65</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>(253.72)</b>	<b>(45.43)</b>	<b>180.75</b>	<b>124.51</b>	<b>29.44</b>
Cash and cash equivalents as at the beginning of the year	290.78	336.21	155.46	30.95	1.51
Cash and cash equivalents as at the end of the year ( <i>refer note 2.16</i> )	37.06	290.78	336.21	155.46	30.95

As per our report of even date attached.

**For B S R & Associates LLP**

Chartered Accountants

Firm Registration No. 116231W/W - 100024

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

**Ashwin Suvarna**

Partner

Membership No: 109503

Mumbai

11 May 2016

**Vineet Mahajan**

Director

DIN : 07253615

**Shalinee Mimani**

Director

DIN : 07404075

**Gaurang Tailor**

Chief Financial Officer

Mumbai

17 June 2016

**Kulprakash Singh**

Company Secretary

Mumbai

17 June 2016

# Edelweiss Housing Finance Limited

## Notes forming part of Reformatted financial statements

### Annexure IV

#### 1. Significant accounting policies

##### 1.1 Basis of preparation of financial statements

The accompanying financial statements are prepared and presented in accordance with Indian Generally Accepted Accounting Principles (“GAAP”) under the historical cost convention, on the accrual basis of accounting, unless otherwise stated, and comply with the Accounting Standards as prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 (to the extent applicable) (hereinafter referred to as ‘the Act’) and the Schedule III to the Act and the Housing Finance companies (“NHB”) Directions, 2010. Further, the guidance notes/ announcements issued by the Institute of Chartered Accountants of India and NHB guidelines are also considered, wherever applicable. The financial statements are presented in Indian Rupees in millions.

##### 1.2 Use of estimates

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

##### 1.3 Revenue recognition

- Interest income on loans is recognised on accrual basis except in case of non-performing assets where interest is recognised on realisation, as per NHB guidelines. Loans are repaid by way of Equated Monthly Instalments (“EMIs”), which comprise of principal and interest. Interest is calculated on outstanding balance at the beginning of a month. EMIs generally commence only after the entire loan is disbursed. Pending commencement of EMIs, pre-EMI interest is charged every month and is accounted on accrual basis.
- Processing fees collected are amortised over a pre-determined tenor arrived on an industry average or original contractual tenor, whichever is shorter. The unamortised balance is disclosed under “Other current liabilities” and “Other long term liabilities” based on amortisable tenor. In the event of a loan being foreclosed or written off, the unamortised portion of such processing fees is recognised as income at the time of such foreclosure or write off.
- Penal interest income on delayed EMI or Pre-EMI is recognized on receipt basis.
- Charges levied like cheque bouncing charges, loan conversion charges etc are recognized on receipt basis.
- Fee income including advisory fees is accounted for on an accrual basis in accordance with the terms and conditions of contracts entered into between the Company and the counterparty.

# Edelweiss Housing Finance Limited

## Notes forming part of Reformatted financial statements

### Annexure IV

#### 1.3 *Revenue recognition (continued)*

- Profit / loss earned on sale of investments is recognised on trade date basis. Profit/loss on sale of investments is determined based on the weighted average cost of the investments sold.
- Dividend income is recognised when the right to receive payment is established.
- Interest income on fixed deposits with banks is recognised on accrual basis.

#### 1.4 *Current-non-current classification*

All assets and liabilities are classified into current and non-current as follows:

##### **Assets**

An Asset is classified as current when it satisfies any of the following criteria:

- a. It is expected to be realized in, or is intended for sale or consumption in, the company's normal operating cycle;
- b. It is held primarily for the purpose of being traded;
- c. It is expected to be realized within twelve months after the reporting date; or
- d. It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.
- e. Current Assets include the current portion of non-current assets.

All other assets are classified as non-current.

##### **Liabilities**

A liability is classified as current when it satisfies any of the following criteria:

- a. It is expected to be settled in the company's normal operating cycle.
- b. It is held primarily for the purpose of being traded;
- c. It is due to be settled within twelve months after the reporting date; or
- d. The company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.
- e. Current Liabilities include the current portion of noncurrent liabilities.

All other liabilities are classified as non-current.

#### 1.5 *Asset Classification and Loan Provisioning*

Asset classification and provisions for non performing assets ("NPAs") are made as per the prudential norms prescribed in the Housing Finance companies ("NHB") Directions, 2010 as amended. Additional provisions (over and above the prudential norms) if required are made, based on the management's assessment of the degree of impairment of the loan asset.



# Edelweiss Housing Finance Limited

## Notes forming part of Reformatted financial statements

### Annexure IV

#### 1.5 *Asset Classification and Loan Provisioning (continued)*

Currently asset classification and provisioning prescribed by NHB and followed by the company are as below:

S.N.	Asset Classification	NPA days from Maturity	Provisioning requirement
(I)	Sub-standard assets	> 90 days but <=15M	15% of outstanding loan
(II)	Doubtful assets	>15M	
	(i) Unsecured Portion	>15M	100% of Unsecured loan portion
	(ii) Secured Portion		
	(a) Category 1	>15M but <=27M	25% of Secured loan portion
	(b) Category 2	>27M but <=51M	40% of Secured loan portion
	(c) Category 3	>51M	100% of Secured loan portion
(III)	Loss assets		100% of outstanding loan

Provision for standard assets is being made on total outstanding amount of standard loans including accrued interest on such loans, on the basis of prudential norms laid down by NHB and as mentioned in Notes 2.5A to the financial statements.

#### 1.6 *Loan origination costs*

Loan origination costs comprise of costs paid to third party vendors and intermediaries for loan acquisition, processing, field verification, legal evaluation, title search, fraud check, technical valuation, etc. Such origination costs, directly attributable to disbursed loans are amortised over a pre-determined tenor arrived on an industry average or original contractual tenor, whichever is shorter. The unamortised balance is disclosed as part of “Long-term loans and advances” and “Short-term loans and advances” based on amortisable tenor. Where the loan is foreclosed or written off, the unamortised portion of such loan origination costs is recognised as a charge to the statement of profit and loss at the time of such foreclosure or write off.

#### 1.7 *Securitised Assets*

Assets that are securitised and assigned are derecognised in the books of accounts based on the principle of transfer of ownership interest over the assets. De-recognition of such assets and recognition of gain or loss arising on such securitisation is based on the Guidance Note on Accounting for Securitisation issued by the Institute of Chartered Accountants of India.

#### 1.8 *Investments*

Investments are classified into non-current investments and current investments. Investments which are readily realisable intended to be held for one year or more from date of purchase are classified as long term investments and investments which are intended to be held for less than one year are classified as current investments.

Non-current investments are carried at cost less diminution in value which is other than temporary, determined separately for each individual non-current investment.

# Edelweiss Housing Finance Limited

## Notes forming part of Reformatted financial statements

### Annexure IV

#### 1.8 *Investments (continued)*

Current investments are carried at lower of cost or fair value. The comparison of cost and fair value is done separately in respect of each category of investment. In case of investments in mutual funds, the net asset value of units declared by the mutual funds is considered as the fair value.

#### 1.9 *Fixed assets and depreciation*

##### **Tangible fixed assets and Capital work in progress**

Tangible fixed assets acquired by the Company are reported at acquisition cost, with deductions for accumulated depreciation and impairment losses, if any. The cost of fixed assets comprises purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Capital work in progress comprises the cost of fixed assets that are not ready for its intended use at the reporting date.

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

As per the requirement of Schedule II of the Companies Act, 2013 and Schedule XIV of the Companies Act, 1956, the Company has evaluated the useful lives of the respective fixed assets which are as per the provisions of Part C of the Schedule for calculating the depreciation. The estimated useful lives of the fixed assets are as follows:

<b>Nature of assets</b>	<b>Estimated Useful Life (as per Companies Act, 2013)</b>	<b>Estimated Useful Life (as per Companies Act, 1956)</b>
Furniture and fixtures	10 years	18.10%
Motor Vehicles	8 years	25.89%
Office Equipment	5 years	13.91%
Computers and data processing units - Servers and networks	6 years	40.00%
Computers and data processing units - End user devices, such as desktops, laptops, etc.	3 years	

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

##### **Intangible fixed assets**

Intangibles such as software are amortised over a period of 3 years or its estimated useful life, whichever is shorter.

#### 1.10 *Employee benefits*

The accounting policy followed by the Company in respect of its employee benefit schemes in accordance with Accounting Standard 15 (revised 2005), is set out below:

##### *Provident fund*

# Edelweiss Housing Finance Limited

## Notes forming part of Reformatted financial statements

### Annexure IV

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

#### **1.10 Employee benefits (continued)**

##### *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 actuarial valuation using the Projected Unit Credit Method which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at present values of estimated future cash flows. The discounted rates used for determining the present value are based on the market yields on Government Securities as at the balance sheet date.

Actuarial gains and losses arising from experience adjustments and change in actuarial assumptions are recognised in the statement of profit and loss in the period in which they arise.

##### *Compensated Absences*

The eligible employees of the Company are permitted to carry forward certain number of their annual leave entitlement to subsequent years, subject to a ceiling. The Company recognises the charge to the statement of profit and loss and corresponding liability on account of such non-vesting accumulated leave entitlement based on a valuation by an independent actuary.

##### *Deferred Bonus*

The Company has adopted a Deferred Bonus Plan under its Deferred Variable Compensation Plan. A pool of identified senior employees of the Company is entitled for benefits under this plan. Such deferred compensation will be paid in a phased manner over a future period of time. The measurement for the same has been based on actuarial assumptions and principles. These assumptions and principles are consistent with the requirements of Accounting Standard 15 (Revised 2005)

#### **1.11 Impairment of assets**

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired based on internal/external factors. If any such indication exists, the Company estimates the recoverable amount of the asset. The recoverable amount is higher of the assets net selling price and value in use which means the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. If such recoverable amount of the asset 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 profit and loss account. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of the depreciable historical cost.

# Edelweiss Housing Finance Limited

## Notes forming part of Reformatted financial statements

### Annexure IV

#### **1.12 Tax**

Tax expense comprises income tax (i.e. amount of tax for the period determined in accordance with the Income Tax Act, 1961), deferred tax charge or benefit (reflecting the tax effect of timing differences between accounting income and taxable income for the period).

##### *Current tax*

Provision for Current tax is recognised based on estimated tax liability computed after adjusting for allowances, disallowances and exemptions in accordance with the Income Tax Act, 1961.

##### *Deferred tax*

The deferred tax charge or credit and the corresponding deferred tax liabilities and assets are recognized using the tax rates that have been enacted or substantially enacted at the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the asset can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of the assets. Deferred Tax Assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably /virtually certain (as the case may be) to be realised.

##### *Minimum alternative tax (MAT)*

MAT credit asset is recognized where there is convincing evidence that the asset can be realized in future. MAT credit assets are reviewed at each balance sheet date and written down or written up to reflect the amount that is reasonably certain to be realized.

#### **1.13 Earnings per share**

The Company reports basic and diluted earnings per share in accordance with Accounting Standard 20 - Earnings Per Share Basic earnings per share is computed by dividing the net profit after tax attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted earnings per share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding at year end.

#### **1.14 Operating lease**

Lease payments for assets taken on operating lease are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

# Edelweiss Housing Finance Limited

## Notes forming part of Reformatted financial statements

### Annexure IV

#### **1.15 Provisions and contingencies**

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an economic benefit will arise, the asset and related income are recognised in the period in which the change occurs.

Provisions against standard assets and non-performing assets have been made as per the Prudential Norms prescribed by the National Housing Bank.

# Edelweiss Housing Finance Limited

## Notes forming part of Reformatted Statement of Assets and Liabilities (Continued)

(Currency : Indian rupees in millions)

Annexure IV

	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014	As at 31 March 2013	As at 31 March 2012
<b>2.1 SHARE CAPITAL</b>					
<b>AUTHORISED :</b>					
60,000,000 equity shares of Rs. 10/- each	600.00	600.00	-	-	-
38,500,000 equity shares of Rs. 10/-each	-	-	385.00	-	-
31,500,000 equity shares of Rs. 10/- each	-	-	-	315.00	-
27,000,000 equity shares of Rs. 10/- each	-	-	-	-	270.00
	<u>600.00</u>	<u>600.00</u>	<u>385.00</u>	<u>315.00</u>	<u>270.00</u>
<b>ISSUED &amp; SUBSCRIBED :</b>					
49,350,000 equity shares of Rs. 10/-, fully paid-up	493.50	493.50	-	-	-
37,850,000 equity shares of Rs. 10/-, fully paid-up	-	-	378.50	-	-
30,850,000 equity shares of Rs. 10/-, fully paid-up	-	-	-	308.50	-
26,850,000 equity shares of Rs. 10/- fully paid-up	-	-	-	-	268.50
	<u>493.50</u>	<u>493.50</u>	<u>378.50</u>	<u>308.50</u>	<u>268.50</u>
<b>PAID UP :</b>					
49,350,000 equity shares of Rs. 10/-, fully paid-up	493.50	493.50	-	-	-
37,850,000 equity shares of Rs. 10/-, fully paid-up	-	-	378.50	-	-
29,350,000 equity shares of Rs. 10/-, fully paid-up	-	-	-	293.50	-
26,850,000 equity shares of Rs. 10/- fully paid-up	-	-	-	-	268.50
	<u>493.50</u>	<u>493.50</u>	<u>378.50</u>	<u>293.50</u>	<u>268.50</u>
<b>a. Reconciliation of shares at the beginning and at the end of the reporting period :</b>					
	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014	As at 31 March 2013	As at 31 March 2012
<b>Equity shares ( no. of shares)</b>	No of shares	No of shares	No of shares	No of shares	No of shares
Outstanding at the beginning of the year	49.35	37.85	29.35	26.85	22.85
Issued during the year	-	11.50	8.50	2.50	4.00
Outstanding at the end of the year	<u>49.35</u>	<u>49.35</u>	<u>37.85</u>	<u>29.35</u>	<u>26.85</u>
	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014	As at 31 March 2013	As at 31 March 2012
<b>Equity shares ( in amount)</b>	Amount	Amount	Amount	Amount	Amount
Outstanding at the beginning of the year	493.50	378.50	293.50	268.50	228.50
Issued during the year	-	115.00	85.00	25.00	40.00
Outstanding at the end of the year	<u>493.50</u>	<u>493.50</u>	<u>378.50</u>	<u>293.50</u>	<u>268.50</u>
<b>b. Rights, Preferences and restrictions attached to each class of shares including restrictions on the distribution of dividend and repayment of capital :</b>					
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.					
<b>c. Shares in the Company held by each shareholder holding more than 5% shares specifying the number of shares held:</b>					
	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014	As at 31 March 2013	As at 31 March 2012
<b>Equity share of Rs. 10 each fully paid-up:</b>	No. of shares	No. of shares	No. of shares	No. of shares	No. of shares
Edelweiss Commodities Services Limited, the holding Company	38.30	38.30	27.30	18.80	16.30
(Formerly known as Comfort Projects Limited)					
Edelweiss Financial Services Limited, the Ultimate holding	11.05	11.05	10.55	10.55	10.55
	<u>49.35</u>	<u>49.35</u>	<u>37.85</u>	<u>29.35</u>	<u>26.85</u>
	% holding in the class	% holding in the class	% holding in the class	% holding in the class	% holding in the class
<b>Equity share of Rs. 10 each fully paid-up:</b>					
Edelweiss Commodities Services Limited, the holding Company	77.6%	77.6%	72.1%	64.1%	60.7%
(Formerly known as Comfort Projects Limited)					
Edelweiss Financial Services Limited, the Ultimate holding	22.4%	22.4%	27.9%	35.9%	39.3%
Company.	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
<b>2.2 RESERVES AND SURPLUS</b>					
<b>Securities premium account</b>					
Opening Balance	2,380.91	1,456.00	691.00	466.00	106.00
Add : Additions during the year	-	1,035.00	765.00	225.00	360.00
Less: Provision for premium payable on redemption of debentures	105.72	110.09	-	-	-
(A)	<u>2,275.19</u>	<u>2,380.91</u>	<u>1,456.00</u>	<u>691.00</u>	<u>466.00</u>
<b>Statutory Reserve (refer note 2.2 A)</b>					
Opening Balance	59.42	17.21	7.73	0.14	0.14
Add : Additions during the year	76.43	42.21	9.48	7.59	-
Closing Balance	<u>135.85</u>	<u>59.42</u>	<u>17.21</u>	<u>7.73</u>	<u>0.14</u>
<b>Surplus (Profit &amp; Loss balance)</b>					
Opening balance in Statement of Profit and Loss	175.53	6.74	(31.20)	(61.55)	(16.95)
Add: Profit/(Loss) for the year	382.14	211.04	47.42	37.94	(44.60)
Less: Adjustment on account of accumulated depreciation (net of tax) (refer note 2.10*)	-	0.04	-	-	-
	<u>557.67</u>	<u>217.74</u>	<u>16.22</u>	<u>(23.61)</u>	<u>(61.55)</u>
Less: Transfer to statutory reserve under section 29C of The National Housing Bank Act, 1987	76.43	42.21	9.48	7.59	-
Closing balance in the Statement of Profit and Loss	<u>481.24</u>	<u>175.53</u>	<u>6.74</u>	<u>(31.20)</u>	<u>(61.55)</u>
(A+B+C)	<u>2,892.28</u>	<u>2,615.86</u>	<u>1,479.95</u>	<u>667.53</u>	<u>404.59</u>

## Edelweiss Housing Finance Limited

### Notes forming part of Reformatted Statement of Assets and Liabilities (Continued)

(Currency : Indian rupees in millions)

Annexure IV

**2.2A** 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. 73.32 million as at 31st March 2016, Rs. 33.72 million as at 31st March 2015 to Special Reserve No. II in terms of Section 36(1)(viii) of the Income-tax Act, 1961 and an amount of Rs. 3.11 million as at 31st March 2016, Rs. 8.49 million as at 31st March 2015, Rs. 9.49 million as at 31st March 2014, Rs. 7.59 million as at 31st March 2013 to “Statutory Reserve (As per Section 29C of The NHB Act)”.

Disclosure in accordance with the circular no. NHB CND/DRS/Pol. Circular.61/2013-14 dated April 7, 2014 issued by the National Housing Bank.

Particulars	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014	As at 31 March 2013	As at 31 March 2012
<b>Balance at the beginning of the year</b>	Amount	Amount	Amount	Amount	Amount
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	25.70	17.21	7.73	0.14	0.14
b) Amount of special reserve u/s 36(1)(vii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under section 29C of the NHB Act, 1987	33.72	-	-	-	-
c) <b>Total</b>	59.42	17.21	7.73	0.14	0.14
<b>Addition/Appropriation/Withdrawal during the year</b>					
Add : a) Amount transferred u/s 29C of the NHB Act, 1987	3.11	8.49	9.48	7.59	-
b) Amount of special reserve u/s 36(1)(vii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under section 29C of the NHB Act, 1987	73.32	33.72	-	-	-
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	-	-	-	-	-
<b>Balance at the end of the year</b>					
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	28.81	25.70	17.21	7.73	0.14
b) Amount of special reserve u/s 36(1)(vii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under section 29C of the NHB Act, 1987	107.04	33.72	-	-	-
c) <b>Total</b>	135.85	59.42	17.21	7.73	0.14

# Edelweiss Housing Finance Limited

## Notes forming part of Reformatted Statement of Assets and Liabilities (Continued)

(Currency : Indian rupees in millions)

Annexure IV

	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014	As at 31 March 2013	As at 31 March 2012
<b>2.3 LONG TERM BORROWINGS</b>					
<b><u>Secured</u></b>					
Non-convertible debenture (Refer Note No. 2.3A)	1,090.00	3,520.00	2,900.00	1,500.00	-
Term loan from banks (Refer Note No. 2.3B)	8,076.68	4,639.31	4,450.43	2,806.28	250.00
Term loan from The National Housing Bank (Refer Note No. 2.3C)	148.67	189.83	-	-	-
<b><u>Unsecured</u></b>					
Non-convertible Subordinated Debentures (Refer Note No. 2.3D)	500.00	500.00	-	-	-
Loan and advances from others	-	-	-	-	1,200.00
Loan and advances from related party	-	-	-	-	250.00
	<b>9,815.35</b>	<b>8,849.14</b>	<b>7,350.43</b>	<b>4,306.28</b>	<b>1,700.00</b>

### 2.3A 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.

Description of Secured Redeemable Non Convertible Debentures (NCD)	Issue Date	Redemption Date	No. of NCDs	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014	As at 31 March 2013	As at 31 March 2012
EHFL/NCD/26Apr18	09/Mar/2015	26/Apr/2018	320	320.00	320.00	-	-	-
EHFL/NCD/10Mar18	05/Mar/2015	10/Mar/2018	80	80.00	80.00	-	-	-
EHFL/NCD/19Jan18	27/Oct/2014	19/Jun/2018	70	70.00	70.00	-	-	-
EHFL/NCD/05Dec17	12/Dec/2014	05/Dec/2017	100	100.00	100.00	-	-	-
EHFL/NCD/24Oct17	27/Oct/2014	24/Oct/2017	60	60.00	60.00	-	-	-
EHFL/NCD/12Sep17	12/Sep/2014	12/Sep/2017	100	100.00	100.00	-	-	-
EHFL/NCD/17Aug17	12/Sep/2014	17/Aug/2017	50	50.00	50.00	-	-	-
EHFL/NCD/23Jun2016	12/Sep/2014	23/Jun/2016	30	30.00	30.00	-	-	-
EHFL/NCD/24Apr17	28/May/2014	24/Apr/2017	60	60.00	60.00	-	-	-
EHFL/NCD/28Apr2016	28/May/2014	28/Apr/2016	250	250.00	250.00	-	-	-
EHFL/NCD/23Mar2017*	28/Mar/2014	23/Mar/2017	250	250.00	250.00	-	-	-
EHFL/NCD/24Apr2017*	20/Feb/2014	24/Apr/2017	250	250.00	250.00	-	-	-
EHFL/NCD/17Nov2016*	19/Dec/2013	17/Nov/2016	400	400.00	400.00	400.00	-	-
EHFL/NCD/27Nov2015*	06/Dec/2013	27/Nov/2015	500	-	500.00	500.00	-	-
EHFL/NCD/26Nov2016*	20/Feb/2013	16/Nov/2016	250	-	-	250.00	-	-
EHFL/NCD/27Mar2017*	28/Mar/2014	27/Mar/2017	250	-	-	250.00	-	-
EHFL/NCD/4Dec2017**	04/Dec/2012	04/Dec/2017	1500	-	1,500.00	1,500.00	1,500.00	-
<b>Total</b>				<b>2,020.00</b>	<b>4,020.00</b>	<b>2,900.00</b>	<b>1,500.00</b>	<b>-</b>
Of which Current maturities have been classified under other Current Liabilities (Refer Note No. 2.8)				930.00	500.00	-	-	-
<b>Long Term borrowings</b>				<b>1,090.00</b>	<b>3,520.00</b>	<b>2,900.00</b>	<b>1,500.00</b>	<b>-</b>

\* These NCDs are Zero Coupon Debentures issued at par and redeemable at premium.

\*\* The debentures are secured by way of pari passu charge on an immovable property and an exclusive charge on standard loan assets to the extent of 110% of the outstanding amount of the debentures.

Note : Coupon rate of "NCDs" outstanding as on 31 March 2016 varies from 10.00% to 11.75%; 31 March 2015 varies from 10.00% to 11.75%; 31 March 2014 varies from 11% to 11.75%.



# Edelweiss Housing Finance Limited

## Notes forming part of Reformatted Statement of Assets and Liabilities (Continued)

(Currency : Indian rupees in millions)

Annexure IV

### 2.3B Repayment terms of term loan from banks are as follow.

As at 31 March 2016					
Term loan from banks - Secured					
	Current maturities	Long Term Maturities			TOTAL
Rate of interest	<1 year	1-3 years	3-5 years	after 5 years	
<=10%	554.17	2,321.89	1,475.00	106.25	3,903.14
10.01-11.00%	1,926.08	3,124.04	1,020.00	29.50	4,173.54
Total	2,480.25	5,445.93	2,495.00	135.75	8,076.68

As at 31 March 2015					
Term loan from banks - Secured					
	Current maturities	Long Term Maturities			TOTAL
Rate of interest	<1 year	1-3 years	3-5 years	after 5 years	
<=10%	6.25	12.50	12.50	18.75	43.75
10.01-11.00%	1,108.83	3,146.67	1,252.38	115.50	4,514.55
11.01-12.00%	763.47	37.26	43.75	-	81.01
Total	1,878.55	3,196.43	1,308.63	134.25	4,639.31

As at 31 March 2014					
Term loan from banks - Secured					
	Current maturities	Long Term Maturities			TOTAL
Rate of interest	<1 year	1-3 years	3-5 years	after 5 years	
<=10%	-	-	-	-	-
10.01-11.00%	-	1,926.25	802.92	-	2,729.17
11.01-12.00%	-	2,632.70	578.64	176.18	3,387.52
Total	-	4,558.95	1,381.56	176.18	6,116.69

As at 31 March 2013					
Term loan from banks - Secured					
	Current maturities	Long Term Maturities			TOTAL
Rate of interest	<1 year	1-3 years	3-5 years	after 5 years	
11.01-12.00%	-	2,394.88	827.14	262.59	3,484.61
Total	-	2,394.88	827.14	262.59	3,484.61

As at 31 March 2012					
Term loan from banks - Secured by pari passu first charge on current and future housing loans and other receivables of the Company.					
The loan is taken at an interest rate of Base Rate + 1.35% and repayable in 8 equal quarterly installments after the moratorium period of 12 months starting from 11 March 2012.					

#### 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.

### 2.3C Repayment terms of term loan from National Housing Bank are as follow.

As at 31 March 2016					
Term loan from National Housing Bank - Secured					
	Current maturities	Long Term Maturities			TOTAL
Rate of interest	<1 year	1-3 years	3-5 years	after 5 years	
=8.85%*	10.17	27.12	27.12	94.43	148.67
Total	10.17	27.12	27.12	94.43	148.67

\*9.35% for period 1 April 2015 to 31 December 2015 and 8.85% w.e.f. 1 January 2016 to 31 March 2016.

As at 31 March 2015					
Term loan from National Housing Bank - Secured					
	Current maturities	Long Term Maturities			TOTAL
Rate of interest	<1 year	1-3 years	3-5 years	after 5 years	
=9.35%	10.17	27.12	27.12	135.59	189.83
Total	10.17	27.12	27.12	135.59	189.83

#### 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.

### 2.3D Details of Unsecured Subordinated Debentures

Description of Unsecured Redeemable Non Convertible Debentures (NCD)	Issue Date	Redemption Date	No. of NCDs	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014	As at 31 March 2013	As at 31 March 2012
EHFL/NCD/3May2025	04/Feb/2015	03/May/2025	500	500.00	500.00	-	-	-

Note : Coupon rate of "NCDs" outstanding as on 31 March 2016 and 31 March 2015 is 11.25%.

# Edelweiss Housing Finance Limited

## Notes forming part of Reformatted Statement of Assets and Liabilities (Continued)

(Currency : Indian rupees in millions)

Annexure IV

	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014	As at 31 March 2013	As at 31 March 2012
<b>2.4 OTHER LONG-TERM LIABILITIES</b>					
Interest accrued but not due on borrowings	182.33	173.51	-	-	-
Unamortised processing fees	77.54	58.03	43.31	24.21	12.63
Deposits	-	0.31	-	-	-
	<u>259.87</u>	<u>231.85</u>	<u>43.31</u>	<u>24.21</u>	<u>12.63</u>

## 2.5 LONG-TERM PROVISIONS

Provision for employee benefits :					
Gratuity (Refer Note No. 2.28B)	5.55	3.54	1.29	1.07	1.19
Compensated leave absences	0.88	0.55	0.20	0.07	-
Others :					
Contingent provision against standard assets (Refer Note No. 2.5A)	71.55	51.40	40.21	21.11	20.11
Provision for non performing assets (Refer Note No. 2.5A)	77.83	21.19	0.96	-	-
Provision for Deferred Bonus	-	6.69	-	-	-
Others	2.00	4.66	1.61	2.37	-
	<u>157.81</u>	<u>88.03</u>	<u>44.27</u>	<u>24.62</u>	<u>21.30</u>

**2.5A** A general provision of 0.40% of total outstanding amount of Loans where collateral is residential property, a general provision of 0.75% of total outstanding amount of builder loans and general provision of 1.00% of total outstanding amount of loans where collateral is commercial property, which are classified as standard assets has been made as per NHB's Direction No. NHB.(ND)/DRS/Pol.No.45/ dated 19th January 2012 & NHB.HFC.DIR.9/CMD/2013 dated 6th September 2013.

### Provisions for standard assets and non performing assets

Particulars	As at 31 March 2016			
	Provision for			
	Standard Assets	Sub-Standard Assets	Doubtful Assets	Loss Assets
<u>Housing</u>				
Current	33.69	0.78	1.13	1.84
Non Current	33.92	18.73	12.58	37.83
	<u>67.61</u>	<u>19.51</u>	<u>13.71</u>	<u>39.67</u>

<u>Non Housing</u>				
Current	37.38	0.46	0.08	-
Non Current	37.63	7.63	1.06	-
	<u>75.01</u>	<u>8.09</u>	<u>1.14</u>	<u>-</u>

Particulars	As at 31 March 2015			
	Provision for			
	Standard Assets	Sub-Standard Assets	Doubtful Assets	Loss Assets
<u>Housing</u>				
Current	12.90	0.63	0.26	0.05
Non Current	27.25	13.82	3.77	2.15
	<u>40.15</u>	<u>14.45</u>	<u>4.03</u>	<u>2.20</u>

<u>Non Housing</u>				
Current	11.44	0.07	-	-
Non Current	24.15	1.45	-	-
	<u>35.59</u>	<u>1.52</u>	<u>-</u>	<u>-</u>

Particulars	As at 31 March 2014			
	Provision for			
	Standard Assets	Sub-Standard Assets	Doubtful Assets	Loss Assets
<u>Housing</u>				
Current	8.20	0.02	-	-
Non Current	25.41	0.67	-	-
	<u>33.61</u>	<u>0.69</u>	<u>-</u>	<u>-</u>
<u>Non Housing</u>				
Current	4.78	0.01	-	-
Non Current	14.80	0.29	-	-
	<u>19.58</u>	<u>0.30</u>	<u>-</u>	<u>-</u>

# Edelweiss Housing Finance Limited

## Notes forming part of Reformatted Statement of Assets and Liabilities (Continued)

(Currency : Indian rupees in millions)

Annexure IV

### Provisions for standard assets and non performing assets (Continued)

Particulars	As at 31 March 2013			
	Provision for			
	Standard Assets	Sub-Standard Assets	Doubtful Assets	Loss Assets
<u>Housing</u>				
Current	6.36	-	-	-
Non Current	14.93	-	-	-
	21.29	-	-	-
<u>Non Housing</u>				
Current	2.27	-	-	-
Non Current	6.18	-	-	-
	8.45	-	-	-
Particulars	As at 31 March 2012			
	Provision for			
	Standard Assets	Sub-Standard Assets	Doubtful Assets	Loss Assets
<u>Housing</u>				
Current	0.43	-	-	-
Non Current	17.63	-	-	-
	18.06	-	-	-
<u>Non Housing</u>				
Current	0.13	-	-	-
Non Current	2.48	-	-	-
	2.61	-	-	-

# Edelweiss Housing Finance Limited

## Notes forming part of Reformatted Statement of Assets and Liabilities (Continued)

(Currency : Indian rupees in millions)

Annexure IV

	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014	As at 31 March 2013	As at 31 March 2012
<b>2.6 SHORT-TERM BORROWINGS</b>					
<b>(a) Loans repayable on demand</b>					
<b><u>Secured</u></b>					
- Bank overdraft (Refer Note No. 2.6A)	1,438.52	899.14	484.01	-	648.57
<b>(A)</b>	<b>1,438.52</b>	<b>899.14</b>	<b>484.01</b>	<b>-</b>	<b>648.57</b>
<b>(b) Other loans and advances</b>					
<b><u>Unsecured</u></b>					
(Due within one year, unless otherwise stated)					
- Loans and advances from related parties					
Holding Company (Refer Note No. 2.26(ii))	655.48	0.53	49.70	266.90	-
Others	-	68.43	6.18	172.61	636.75
- Commercial paper (Refer * below)	4,250.00	-	-	750.00	1,200.00
Less: Unamortised discount on commercial paper	80.99	-	-	61.52	20.25
	4,169.01	-	-	688.48	1,179.75
<b>(B)</b>	<b>4,824.49</b>	<b>68.96</b>	<b>55.88</b>	<b>1,127.99</b>	<b>1,816.50</b>
<b>(A+B)</b>	<b>6,263.01</b>	<b>968.10</b>	<b>539.89</b>	<b>1,127.99</b>	<b>2,465.07</b>

### 2.6A Nature of security and terms of repayment for secured borrowings :

All secured short 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 and such other movable assets, both present and future.

\*Discount on Commercial Paper varies between 7.80% to 10.20% as at 31st March 2016.

## 2.7 TRADE PAYABLES

Trade payables

(includes sundry creditors and provision for expenses)

a. Related Parties (Refer Note No. 2.26 (ii))	45.86	-	-	-	-
b. Others	62.17	22.90	24.49	16.89	16.97
	108.03	22.90	24.49	16.89	16.97

# Edelweiss Housing Finance Limited

## Notes forming part of Reformatted Statement of Assets and Liabilities (Continued)

(Currency : Indian rupees in millions)

Annexure IV

	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014	As at 31 March 2013	As at 31 March 2012
<b>2.8 Other current liabilities</b>					
<b><u>Borrowings :</u></b>					
Current maturities of long term debt-Secured					
Term loan from banks (Refer Note No. 2.3B)	2,480.25	1,878.55	1,666.26	678.33	-
The National Housing Bank (Refer Note No. 2.3C)	10.17	10.17	-	-	-
Non-convertible debentures (Refer Note No. 2.3A)	930.00	500.00	-	-	-
Interest accrued but not due on borrowings	241.95	136.03	134.51	62.81	4.76
Interest accrued and due on borrowings	15.29	-	-	-	-
<b>A</b>	<b>3,677.66</b>	<b>2,524.75</b>	<b>1,800.77</b>	<b>741.14</b>	<b>4.76</b>
<b><u>Others :</u></b>					
Unamortised processing fees	55.42	26.30	19.95	10.90	5.80
Accrued employee benefit expenses	82.07	45.19	9.84	4.74	17.67
Other payables					
Withholding tax, service tax and other taxes payable	29.21	9.95	10.05	21.67	8.25
Book overdraft	499.48	43.00	436.49	4.09	0.27
Others	103.18	39.70	4.91	16.75	11.75
<b>B</b>	<b>769.36</b>	<b>164.14</b>	<b>481.24</b>	<b>58.15</b>	<b>43.74</b>
<b>A+B</b>	<b>4,447.02</b>	<b>2,688.89</b>	<b>2,282.01</b>	<b>799.29</b>	<b>48.50</b>
<b>2.9 Short-term provisions</b>					
<b><u>- Provision for employee benefits :</u></b>					
Gratuity (Refer Note No. 2.28B)	1.10	0.57	0.18	0.12	0.01
Compensated leave absences	0.32	0.18	0.08	0.07	0.89
Deferred bonus	7.59	-	-	-	-
<b><u>- Others :</u></b>					
Contingent provision for standard assets (Refer Note No. 2.5A)	71.07	24.34	12.98	8.63	0.56
Provision for non performing assets (Refer Note No. 2.5A)	4.29	1.01	0.03	-	-
Provision for taxation (net of advance tax and tax deducted at source 2016 Rs. 175.07 million; 2015 Rs. 61.23 million; 2014 Rs. 7.13 million; 2013 Rs. 5.83 millions)	23.26	11.41	22.02	1.34	-
	<b>107.63</b>	<b>37.51</b>	<b>35.29</b>	<b>10.16</b>	<b>1.46</b>

# Edelweiss Housing Finance Limited

## Notes forming part of Reformatted Statement of Assets and Liabilities (Continued)

(Currency : Indian rupees in millions)

Annexure IV

### 2.10 FIXED ASSETS

Particulars	Tangible Assets						Total Tangible Asset	Intangible Assets	Total Fixed Assets
	Land	Leasehold improvements	Furniture & fixtures	Vehicles	Office equipment	Computers		Computer Software	
<b>Gross Block</b>									
<b>As at 31 March 2011</b>	-	-	-	3.07	0.24	0.86	4.17	0.85	5.02
Addition	-	0.16	0.12	2.85	0.49	2.40	6.02	16.93	22.95
Disposals	-	-	-	-	-	-	-	-	-
<b>As at 31 March 2012</b>	-	0.16	0.12	5.92	0.73	3.26	10.19	17.78	27.97
Addition	1.21	0.50	-	-	0.37	1.56	3.64	8.07	11.71
Disposals	-	-	(0.09)	-	-	-	(0.09)	-	(0.09)
<b>As at 31 March 2013</b>	1.21	0.66	0.03	5.92	1.10	4.82	13.74	25.85	39.59
Addition	-	0.38	0.67	-	0.53	2.82	4.40	2.52	6.92
Disposals	-	-	-	-	(0.23)	(0.48)	(0.71)	-	(0.71)
<b>As at 31 March 2014</b>	1.21	1.04	0.70	5.92	1.40	7.16	17.43	28.37	45.80
Addition	-	2.48	1.68	1.53	0.71	8.87	15.27	3.86	19.13
Disposals	-	-	-	-	-	-	-	-	-
<b>As at 31 March 2015</b>	1.21	3.52	2.38	7.45	2.11	16.03	32.70	32.23	64.93
Addition	-	5.66	2.69	1.93	3.21	7.13	20.62	1.25	21.87
Disposals	-	(0.13)	(0.01)	-	(0.06)	(0.08)	(0.28)	-	(0.28)
<b>As at 31 March 2016</b>	1.21	9.05	5.06	9.38	5.26	23.08	53.04	33.48	86.52

Particulars	Tangible Assets						Total Tangible Asset	Intangible Assets	Total Fixed Assets
	Land	Leasehold improvements	Furniture & fixtures	Vehicles	Office equipment	Computers		Computer Software	
<b>Accumulated Depreciation</b>									
<b>As at 31 March 2011</b>	-	-	-	0.20	0.01	0.11	0.32	0.09	0.41
Addition	-	0.03	0.00	0.78	0.08	0.69	1.58	5.32	6.90
Disposals	-	-	-	-	-	-	-	-	-
<b>As at 31 March 2012</b>	-	0.03	0.00	0.98	0.09	0.80	1.90	5.41	7.31
Addition	-	0.09	0.03	1.28	0.14	1.38	2.92	7.06	9.98
Disposals	-	-	-	-	-	-	-	-	-
<b>As at 31 March 2013</b>	-	0.12	0.03	2.26	0.23	2.18	4.82	12.47	17.29
Addition	-	0.27	0.18	0.95	0.21	1.66	3.27	9.02	12.29
Disposals	-	-	-	-	(0.07)	(0.33)	(0.40)	-	(0.40)
<b>As at 31 March 2014</b>	-	0.39	0.21	3.21	0.37	3.51	7.69	21.49	29.18
Addition	-	0.43	0.21	1.00	0.65	4.67	6.95	4.57	11.52
Disposals	-	-	-	-	-	-	-	-	-
Opening Reserve Adjustment*	-	-	-	-	-	0.05	0.05	-	0.05
<b>As at 31 March 2015</b>	-	0.82	0.42	4.21	1.02	8.23	14.69	26.06	40.75
Addition	-	1.97	0.95	1.40	1.49	6.74	12.55	3.54	16.09
Disposals	-	(0.09)	(0.01)	-	(0.04)	(0.08)	(0.22)	-	(0.22)
<b>As at 31 March 2016</b>	-	2.70	1.36	5.61	2.47	14.89	27.02	29.60	56.62

Particulars	Tangible Assets						Total Tangible Asset	Intangible Assets	Total Fixed Assets
	Land	Leasehold improvements	Furniture & fixtures	Vehicles	Office equipment	Computers		Computer Software	
<b>Net Block</b>									
<b>As at 31 March 2012</b>	-	0.13	0.12	4.94	0.64	2.46	8.29	12.37	20.66
<b>As at 31 March 2013</b>	1.21	0.54	-	3.66	0.87	2.64	8.93	13.38	22.31
<b>As at 31 March 2014</b>	1.21	0.65	0.49	2.71	1.03	3.65	9.74	6.88	16.62
<b>As at 31 March 2015</b>	1.21	2.70	1.96	3.24	1.09	7.80	18.01	6.17	24.18
<b>As at 31 March 2016</b>	1.21	6.35	3.70	3.77	2.80	8.19	26.02	3.88	29.90

\* As per the requirement of the Companies Act, 2013, the Company has evaluated the useful lives of its fixed assets and has computed depreciation according to the provisions of Schedule II of the Act. Consequently, in the profit and loss statement of the Company, the depreciation charge for the last year ended 31 March 2015 was higher by Rs. 0.04 million had been charged to the opening balance of the retained earnings in respect of assets whose remaining useful life had expired as at 1 April 2014.

# Edelweiss Housing Finance Limited

## Notes forming part of Reformatted Statement of Assets and Liabilities (Continued)

(Currency : Indian rupees in millions)

Annexure IV

	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014	As at 31 March 2013	As at 31 March 2012
<b>2.11 DEFERRED TAX ASSETS</b>					
<b>Deferred tax assets on account of :-</b>					
Difference between book and tax depreciation	0.46	-	-	-	-
Disallowances under section 43B of the Income Tax Act, 1961	5.34	3.99	0.51	-	-
Amortisation of loan processing fees	46.02	29.19	20.52	11.39	-
Unabsorbed depreciation and business losses	-	-	-	0.12	-
Any other item	-	-	-	0.35	-
Provision for Non Performing Assets	28.43	7.68	17.26	9.65	-
<b>Total (A)</b>	<b>80.25</b>	<b>40.86</b>	<b>38.29</b>	<b>21.51</b>	<b>-</b>
<b>Deferred tax liabilities on account of :-</b>					
Difference between book and tax depreciation	-	0.54	1.20	1.92	-
Amortisation of loan origination cost	30.57	28.86	23.54	15.18	-
Special Reserve u/s 36(1) (viii)	25.38	11.46	-	-	-
<b>Total (B)</b>	<b>55.95</b>	<b>40.86</b>	<b>24.74</b>	<b>17.10</b>	<b>-</b>
<b>Net Deferred tax assets (A-B)</b>	<b>24.30</b>	<b>(0.00)</b>	<b>13.55</b>	<b>4.41</b>	<b>-</b>

## 2.12 LONG-TERM LOANS AND ADVANCES - LOANS

### Secured

(Considered good unless otherwise stated)

#### Loans to borrowers

##### **Housing (Refer Note 2.12A)**

Standard Assets	9,956.85	6,207.17	5,801.11	3,732.88	4,655.89
Sub-standard Assets	124.88	92.53	4.49	-	-
Doubtful Assets	47.79	3.77	-	-	-
Loss Assets	37.83	2.14	-	-	-
<b>(A)</b>	<b>10,167.35</b>	<b>6,305.61</b>	<b>5,805.60</b>	<b>3,732.88</b>	<b>4,655.89</b>
<b>Non housing</b>					
Standard Assets	609.63	3,923.36	2,924.71	1,240.61	-
Sub-standard Assets	50.89	9.28	1.95	-	-
Doubtful Assets	3.12	-	-	-	-
<b>(B)</b>	<b>663.64</b>	<b>3,932.64</b>	<b>2,926.66</b>	<b>1,240.61</b>	<b>-</b>

### Unsecured

(Considered good unless otherwise stated)

#### Other Loans

<b>(C)</b>	<b>1,284.05</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
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## LONG-TERM LOANS AND ADVANCES - OTHERS

(Unsecured considered good )

Capital advances	0.05	-	-	0.42	1.31
Security deposits	16.03	11.65	7.21	3.56	0.96
<b>Other loans and advances :</b>					
Unamortised loan origination costs	58.25	63.64	52.06	33.82	22.49
Advance income tax (net of provision for taxation 2016 Rs. 24.02 million; 2015 Rs. 13.39 million; 2014 Rs. Nil; 2013 Rs. Nil; 2012 Rs. Nil)	18.29	9.54	5.02	8.69	5.21
MAT credit entitlement				6.63	-
Loans and advances to employees				0.11	-
<b>(D)</b>	<b>92.62</b>	<b>84.83</b>	<b>64.29</b>	<b>53.23</b>	<b>29.97</b>
<b>(A+B+C+D)</b>	<b>12,207.66</b>	<b>10,323.08</b>	<b>8,796.55</b>	<b>5,026.72</b>	<b>4,685.86</b>

**2.12A** The housing loan referred to in note 2.12 & 2.17 also includes an amount of Rs. 184.65 million as on 31 March 2016; Rs. 148.14 million as on 31 March 2015 being life insurance premium paid to the insurer.

## 2.13 OTHER NON-CURRENT ASSETS

### **Other Bank Balances**

Bank deposits with more than 12 months maturity, held as margin money or security against borrowings, guarantees  
Accrued interest on fixed deposits

31.20	31.20	10.60	-	-
2.69	1.54	-	-	-
<b>33.89</b>	<b>32.74</b>	<b>10.60</b>	<b>-</b>	<b>-</b>

## Edelweiss Housing Finance Limited

### Notes forming part of Reformatted Statement of Assets and Liabilities (Continued)

(Currency : Indian rupees in millions)

Annexure IV

2.14	CURRENT INVESTMENTS :	As at 31 March 2016			As at 31 March 2015			As at 31 March 2014			As at 31 March 2013			As at 31 March 2012		
		Face Value	Quantity	Amount	Face Value	Quantity	Amount	Face Value	Quantity	Amount	Face Value	Quantity	Amount	Face Value	Quantity	Amount
	<b>Investments in mutual funds :</b>															
	ICICI Prudential Flexible Income - Direct Plan - Growth	-	-	-	10	948,620	250.00	-	-	-	-	-	-	-	-	-
	<b>Total</b>	-	-	-	948,620	250.00	-	-	-	-	-	-	-	-	-	-



# Edelweiss Housing Finance Limited

## Notes forming part of Reformatted Statement of Assets and Liabilities (Continued)

(Currency : Indian rupees in millions)

Annexure IV

	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014	As at 31 March 2013	As at 31 March 2012
<b>2.15 TRADE RECEIVABLES</b>					
Other debts					
Unsecured, considered good from related parties (Refer Note No. 2.26 (ii))	85.78	43.35	46.76	85.95	42.91
	<u>85.78</u>	<u>43.35</u>	<u>46.76</u>	<u>85.95</u>	<u>42.91</u>
<b>2.16 CASH AND BANK BALANCES</b>					
<b>Cash and cash equivalents</b>					
Cash in hand	0.04	0.01	0.01	-	-
Balances with banks					
in current accounts	37.02	290.77	336.20	155.46	30.95
	<u>37.06</u>	<u>290.78</u>	<u>336.21</u>	<u>155.46</u>	<u>30.95</u>
<b>In deposit accounts with original maturity less than one year</b>					
Short term deposit with bank	19.44	19.44	19.44	18.70	-
	<u>56.50</u>	<u>310.22</u>	<u>355.65</u>	<u>174.16</u>	<u>30.95</u>

# Edelweiss Housing Finance Limited

## Notes forming part of Reformatted Statement of Assets and Liabilities (Continued)

(Currency : Indian rupees in millions)

Annexure IV

	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014	As at 31 March 2013	As at 31 March 2012
<b>2.17 SHORT-TERM LOANS AND ADVANCES - LOANS</b>					
<u>Secured</u>					
<i>(Considered good unless otherwise stated)</i>					
<b>Loans to borrowers</b>					
<b>Housing (Refer Note 2.17A)</b>					
Standard Assets	3,641.13	2,968.06	2,378.94	1,589.36	120.28
Sub-standard Assets	5.21	3.80	0.13	-	-
Doubtful Assets	4.32	0.26	-	-	-
Loss Assets	1.84	0.05	-	-	-
<b>(A)</b>	<b>3,652.50</b>	<b>2,972.17</b>	<b>2,379.07</b>	<b>1,589.36</b>	<b>120.28</b>
<b>Non housing</b>					
Standard Assets	5,491.13	1,876.02	440.79	455.84	-
Sub-standard Assets	3.09	0.85	0.05	-	-
Doubtful Assets	0.25	-	-	-	-
<b>(B)</b>	<b>5,494.47</b>	<b>1,876.87</b>	<b>440.84</b>	<b>455.84</b>	<b>-</b>
<u>Unsecured</u>					
<i>(Considered good unless otherwise stated)</i>					
Other Loans	<b>(C) 2,610.66</b>	-	-	-	-
<b>SHORT-TERM LOANS AND ADVANCES - OTHERS</b>					
<u>Unsecured</u>					
<i>(Considered good unless otherwise stated)</i>					
Prepaid expenses	1.91	1.54	0.36	0.27	0.12
Unamortised loan origination costs	30.09	19.73	20.48	12.97	8.09
Loans and advances to employees	2.51	1.00	-	0.00	1.41
Vendor advances	0.74	3.76	0.18	0.39	-
Advance income tax (net of provision for taxation 2016 Rs. 72.69 million; 2015 Rs. 16.85 million; 2014 Rs. Nil; 2013 Rs. Nil; 2012 Rs. Nil)	12.90	8.17	4.56	-	-
Advance recoverable in cash or in kind or for value to be received	-	-	-	-	0.01
Advances to others	80.42	-	-	-	0.12
<b>(D)</b>	<b>128.57</b>	<b>34.20</b>	<b>25.58</b>	<b>13.63</b>	<b>9.75</b>
<b>(A+B+C+D)</b>	<b>11,886.20</b>	<b>4,883.24</b>	<b>2,845.49</b>	<b>2,058.83</b>	<b>130.03</b>

**2.17A** Refer note 2.12A being life insurance premium paid to the insurer.

### 2.18 OTHER CURRENT ASSETS

Current maturity of long term loans and advances :

Accrued interest on fixed deposits	0.04	0.11	0.61	0.04	-
Interest accrued but not due on loans	210.01	123.38	92.31	48.05	28.61
Interest accrued and due on loans	10.19	4.55	-	-	-
	<b>220.24</b>	<b>128.04</b>	<b>92.92</b>	<b>48.09</b>	<b>28.61</b>

# Edelweiss Housing Finance Limited

## Notes forming part of Reformatted Statement of Profit and Loss

(Currency : Indian rupees in millions)

Annexure IV

	For the year ended 31 March 2016	For the year ended 31 March 2015	For the year ended 31 March 2014	For the year ended 31 March 2013	For the year ended 31 March 2012
<b>2.19 FEE INCOME</b>					
Advisory fees	80.55	41.68	42.01	80.32	-
Processing fees and other charges	132.54	74.72	41.54	16.21	5.05
	<u>213.09</u>	<u>116.40</u>	<u>83.55</u>	<u>96.53</u>	<u>5.05</u>
<b>2.20 INTEREST INCOME</b>					
On loans	2,510.38	1,677.11	1,077.26	678.04	277.85
On fixed deposits	4.55	3.20	2.27	0.05	-
	<u>2,514.93</u>	<u>1,680.31</u>	<u>1,079.53</u>	<u>678.09</u>	<u>277.85</u>
<b>2.21 OTHER INCOME</b>					
Other non operating income	5.37	1.92	0.35	0.30	1.30
	<u>5.37</u>	<u>1.92</u>	<u>0.35</u>	<u>0.30</u>	<u>1.30</u>

# Edelweiss Housing Finance Limited

## Notes forming part of Reformatted Statement of Profit and Loss (Continued)

(Currency : Indian rupees in millions)

Annexure IV

	For the year ended 31 March 2016	For the year ended 31 March 2015	For the year ended 31 March 2014	For the year ended 31 March 2013	For the year ended 31 March 2012
<b>2.22 EMPLOYEE BENEFIT EXPENSES</b>					
Salaries and wages (Refer note 2.31)	261.82	146.24	62.50	44.97	57.09
Contribution to provident and other funds	7.50	4.23	1.48	0.89	1.24
Staff welfare expenses	5.02	2.36	1.22	0.57	0.42
	<u>274.34</u>	<u>152.83</u>	<u>65.20</u>	<u>46.43</u>	<u>58.75</u>
<b>2.23 FINANCE COSTS</b>					
Interest on debentures	299.23	216.76	200.43	53.34	-
Interest on term loan	751.35	669.96	510.26	230.41	2.10
Interest on cash credit facilities	26.53	16.80	12.71	4.66	-
Interest on loan from holding/ultimate holding Company/ fellow subsidiary	158.46	89.64	52.54	154.91	174.30
Discount on commercial paper	108.19	59.14	61.52	98.54	8.93
Financial and bank charges	15.84	9.88	7.77	21.72	1.60
Interest - others	9.04	1.31	1.01	0.03	4.10
	<u>1,368.64</u>	<u>1,063.49</u>	<u>846.24</u>	<u>563.61</u>	<u>191.03</u>

# Edelweiss Housing Finance Limited

## Notes forming part of Reformatted Statement of Profit and Loss (Continued)

(Currency : Indian rupees in millions)

Annexure IV

	For the year ended 31 March 2016	For the year ended 31 March 2015	For the year ended 31 March 2014	For the year ended 31 March 2013	For the year ended 31 March 2012
<b>2.24 OTHER OPERATING EXPENSES</b>					
Advertisement and business promotion (Refer note 2.31)	4.42	2.89	5.69	4.93	0.29
Auditors' remuneration (Refer note 2.24A)	1.49	1.29	1.16	0.70	0.40
Bad- debts and advances written off	0.32	-	0.23	-	-
Commission and brokerage	1.05	1.46	1.18	0.22	0.04
Communication	6.03	2.88	1.06	0.78	1.59
Computer expenses	0.44	0.63	0.12	0.08	-
Computer software	5.94	4.21	3.85	3.40	0.08
Directors' sitting fees	0.34	0.14	0.06	0.02	-
Donation	0.30	-	-	-	-
Electricity charges	6.81	4.58	3.88	1.34	1.29
Insurance	-	-	0.12	0.06	-
Legal and professional fees	10.30	9.54	6.45	3.07	11.90
Loan origination costs	179.65	85.29	40.10	24.48	6.39
Membership and subscription	-	2.53	0.09	-	-
Office expenses	8.86	5.86	3.32	1.89	1.64
Postage and courier	1.25	1.02	0.54	0.24	0.08
Printing and stationery	3.06	2.23	1.79	1.11	0.89
Provision for standard assets	66.88	22.56	23.45	9.07	19.07
Provision for non performing assets	59.95	21.20	0.99	-	-
Rates and taxes	1.83	3.75	0.57	0.18	0.32
Rating support fees	37.50	16.35	34.20	46.88	11.51
Rent (Refer note 2.31)	33.93	23.76	20.86	14.45	10.89
Repairs and maintenance	3.16	2.24	1.36	0.70	0.06
Seminar and conference	-	-	0.05	0.09	0.14
Service tax expenses	16.14	6.70	7.34	3.35	-
Stamp duty	6.36	3.31	3.58	0.53	0.07
Transportation charges	-	-	0.02	0.03	-
Travelling and conveyance	10.27	5.63	4.27	3.22	5.46
Miscellaneous expenses	1.74	0.43	0.03	0.02	0.01
Loss on sale of asset	0.04	-	0.29	-	-
	<u>468.06</u>	<u>230.48</u>	<u>166.65</u>	<u>120.84</u>	<u>72.12</u>
<b>2.24A Auditors' remuneration:</b>					
For statutory audit	1.00	0.70	0.70	0.70	0.40
For other services (Certificates)	0.42	0.50	0.46	-	-
For reimbursement of expenses	0.07	0.09	-	-	-
	<u>1.49</u>	<u>1.29</u>	<u>1.16</u>	<u>0.70</u>	<u>0.40</u>

# Edelweiss Housing Finance Limited

## Notes forming part of Reformatted Statement of Assets and Liabilities (Continued)

(Currency: Indian Rupees in millions)

Annexure IV

### 2.25 Segment reporting

The Company's main business is to provide loans for purchase or construction of residential houses. All other activities of the Company revolve around the main business. Since the business operations of the Company are primarily concentrated in India, the Company is considered to operate only in the domestic segment.

As the Company's business activity falls within a primary business segment, the financial statements are reflective of the information required under Accounting Standard 17 on Segment Reporting notified under section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules 2014.

### 2.26 Disclosure as required by Accounting Standard (AS) – 18 on “Related Party Disclosures” notified under Section 133 of the Companies Act, 2013

#### A. Related Parties by whom control is exercised

Sr. No.	For the year ended 31 March 2016	For the year ended 31 March 2015	For the year ended 31 March 2014	For the year ended 31 March 2013	For the year ended 31 March 2012
1	Edelweiss Commodities Services Limited (the Holding Company)	Edelweiss Commodities Services Limited (the Holding Company)	Edelweiss Commodities Services Limited (the Holding Company)	Edelweiss Commodities Services Limited (Formerly Comfort Projects Limited) (the Holding Company)	Comfort Projects Limited (the Holding Company)
2	Edelweiss Financial Services Limited (the Ultimate Holding Company)	Edelweiss Financial Services Limited (the Ultimate Holding Company)	Edelweiss Financial Services Limited (the Ultimate Holding Company)	Edelweiss Financial Services Limited (the Ultimate Holding Company)	Edelweiss Financial Services Limited (the Ultimate Holding Company)

# Edelweiss Housing Finance Limited

## Notes forming part of Reformatted Statement of Assets and Liabilities (Continued)

(Currency: Indian Rupees in millions)

Annexure IV

### 2.26 Disclosure as required by Accounting Standard (AS) – 18 on “Related Party Disclosures” notified under Section 133 of the Companies Act, 2013 (Continued)

#### B. Fellow Subsidiaries (With whom Transactions have taken place during the year)

Sr. No.	For the year ended 31 March 2016	For the year ended 31 March 2015	For the year ended 31 March 2014	For the year ended 31 March 2013	For the year ended 31 March 2012
1	Edelweiss Finance & Investments Limited	Edelweiss Finance & Investments Limited	Edelweiss Finance & Investments Limited	Edelweiss Finance & Investments Limited	Edelweiss Finance & Investments Limited
2	ECL Finance Limited	ECL Finance Limited	ECL Finance Limited	ECL Finance Limited	ECL Finance Limited
3	Edelweiss Investment Adviser Limited	Edelweiss Investment Adviser Limited	Edelcap Securities Limited	Ecap Equities Limited	Ecap Equities Limited
4	Edelweiss Web Services Limited	Edelweiss Web Services Limited	Edelweiss Securities Limited	Edelcap Securities Limited	Edelcap Securities Limited
5	Edelweiss Retail Finance Limited	Edelweiss Retail Finance Limited	Edelweiss Investment Advisor Limited	Edelweiss Securities Limited	-
6	Edelweiss Broking Limited	Edelweiss Broking Limited	Edelweiss Web Services Limited	-	-
7	Auris Corporate Centre Limited	Auris Corporate Centre Limited (From 31 October 2014 to 3 December 2014)	Edelweiss Retail Finance Limited	-	-
8	EdelGive Foundation	-	-	-	-
9	Edelweiss Securities Limited	-	-	-	-
10	Edelweiss Tokio Life Insurance Company Limited	-	-	-	-

# Edelweiss Housing Finance Limited

## Notes forming part of Reformatted Statement of Assets and Liabilities (Continued)

(Currency: Indian Rupees in millions)

Annexure IV

### 2.26 Disclosure as required by Accounting Standard (AS) – 18 on “Related Party Disclosures” notified under Section 133 of the Companies Act, 2013 (Continued)

#### C. Key management personnel with whom transactions have taken place during the year

Sr. No.	For the year ended 31 March 2016	For the year ended 31 March 2015	For the year ended 31 March 2014	For the year ended 31 March 2013	For the year ended 31 March 2012
1	Anil Kothuri	Anil Kothuri (From 1 April 2014 to 25 February 2015)	Anil Kothuri – Managing Director and CEO	Anil Kothuri – Managing Director and CEO  (with effect from 1 December 2012)	-

With effect from 1 April 2011 (being the appointed date), the securities business of erstwhile Edelweiss Trading & Holdings Limited, a subsidiary of Edelweiss Financial Services Limited, has been demerged and merged with Edelweiss Securities Limited (ESL) and businesses other than securities business have been merged with Comfort Projects Limited (CPL)(an ultimate subsidiary of Edelweiss Financial Services Limited) vide an order of the Hon. High Court of Andhra Pradesh. The effective date of the order is 12 May 2012. All related party transactions during the year and the outstanding balances as at the end of the year have accordingly been disclosed against ESL and CPL in the financial statements of the Company.



**Edelweiss Housing Finance Limited**
**Notes forming part of Reformatted Standalone Statement of Assets and Liabilities (Continued)**

(Currency : Indian rupees in millions)

**Annexure IV**
**(ii) Transactions carried out with related parties referred in (ii) above :**

Sr. No.	Nature of Transaction	Related Party Name	31 March 2016	31 March 2015	31 March 2014	31 March 2013	31 March 2012
	<u>Capital Account Transaction during the year</u>						
1	Investment in Equity Shares of	Auris Corporate Centre Limited	-	0.50	-	-	-
		Edelweiss Financial Services Limited	-	-	-	-	-
		Edelweiss Commodities Services Limited	-	-	-	250.00	-
		Comfort Project Limited	-	-	-	-	400.00
	Sale of Investment in Equity Shares to	Edelweiss Broking Limited	-	0.50	-	-	-
2	Issue of Share Capital	Edelweiss Commodities Services Limited	-	1,100.00	850.00	-	-
		Edelweiss Financial Services Limited	-	50.00	-	-	-
3	Short term loans taken from (refer note 2.26 A)	Edelweiss Financial Services Limited	6,000.33	3,052.28	6,041.66	10,563.22	4,466.23
		Edelweiss Commodities Services Limited	4,999.47	706.23	6,454.01	610.90	-
		ECL Finance Limited	-	-	60.00	-	-
		Edelweiss Finance & Investment Limited	-	-	-	-	250.00
4	Short term loans repaid to (refer note 2.26 A)	Edelweiss Financial Services Limited	5,421.27	2,940.03	5,875.23	11,027.35	4,362.90
		Edelweiss Commodities Services Limited	4,992.01	755.40	6,236.81	344.00	-
		ECL Finance Limited	-	-	60.00	-	-
		Edelweiss Finance & Investment Limited	-	-	-	250.00	-
5	Application Money Received	Edelweiss Commodities Services Limited	-	-	-	150.00	-
	<u>Current Account Transaction during the year</u>						
6	Interest Expenses on loan from	Edelweiss Financial Services Limited	127.03	76.84	26.30	132.96	174.14
		Edelweiss Commodities Services Limited	31.43	12.80	26.05	0.33	-
		ECL Finance Limited	-	-	0.20	-	-
		Edelweiss Finance & Investments Limited	-	-	-	21.62	0.16
7	Cost reimbursement paid to	Edelweiss Financial Services Limited	16.80	1.32	-	4.70	-
		Edelweiss Commodities Services Limited	11.17	10.28	11.70	11.75	-
		Auris Corporate Centre Limited	1.75	-	-	-	-
		Edelweiss Tokio Life Insurance Company Limited	0.08	-	-	-	-
		Comfort Project Limited	-	-	-	-	10.37
8	Reimbursement paid to	Edelweiss Financial Services Limited	205.77	21.16	36.95	12.26	25.86
		ECL Finance Limited	-	-	-	13.72	-
9	Transaction during the year	Edelweiss Web Services Limited	13.86	-	-	-	-
		Edelweiss Insurance Brokers Limited	0.01	-	-	-	-
		Edelweiss Securities Limited	0.51	-	-	-	-
10	Rating support fees paid to	Edelweiss Financial Services Limited	37.50	16.35	34.20	46.88	11.51
11	Commission and brokerage paid to	Edelweiss Investment Adviser Limited	0.98	1.28	1.18	-	-
12	Advertisement and Business Promotional Expenses paid to	Edelweiss Financial Services Limited	-	-	1.40	-	-
13	Legal & Professional Charges paid to	Edelweiss Web Services Limited	0.30	0.17	0.03	-	-
14	Remuneration paid to	Anil Kothuri	32.48	1.13	1.63	2.59	-
15	Director seating fees	Udayshankar Dutt	0.12	-	-	-	-
		P N Venkatachalam	0.22	-	-	-	-
16	Advisory fees earned from	ECL Finance Limited	23.04	16.77	35.78	80.33	-
		Edelweiss Retail Finance Limited	57.51	24.91	6.23	-	-
17	Directors nomination received from	Edelweiss Commodities Services Limited	0.10	0.10	-	-	-
18	Donation Exps	EdelGive Foundation	0.30	-	-	-	-
19	Cost reimbursement recovered	Edelweiss Financial Services Limited	-	-	-	0.12	-
		Edelcap Securities Limited	-	-	-	0.20	-
		Edelweiss Finance & Investments Limited	-	-	-	-	14.35
		ECL Finance Limited	-	-	-	-	33.49
20	Sale / Subscription of debt instruments	Edelweiss Commodities Services Limited	-	-	-	900.00	-
21	Redemption / Purchase of debt instruments	Edelweiss Commodities Services Limited	-	-	-	994.90	-
	<u>Balances with related party</u>						
22	Short term loans taken from	Edelweiss Financial Services Limited	647.49	68.43	6.18	172.61	636.74
		Edelweiss Commodities Services Limited	7.99	0.53	49.70	266.90	-
		Edelweiss Finance & Investment Limited	-	-	-	-	250.00

Edelweiss Housing Finance Limited

Notes forming part of Reformatted Standalone Statement of Assets and Liabilities (Continued)  
(Currency : Indian rupees in millions)

Annexure IV

(ii) Transactions carried out with related parties referred in (ii) above :

Sr. No.	Nature of Transaction	Related Party Name	31 March 2016	31 March 2015	31 March 2014	31 March 2013	31 March 2012
23	Trade Payables to	Edelweiss Financial Services Limited	42.97	1.59	1.99	5.37	7.41
		Edelweiss Web Services Limited	0.31	0.18	0.03	-	-
		ECL Finance Limited	0.74	-	-	13.72	-
		Edelweiss Investment Advisors Limited	0.02	-	-	-	-
		Auris Corporate Centre Limited	1.83	-	-	-	-
		Edelweiss Securities Limited	-	-	0.01	-	-
		Edelweiss Commodities Services Limited (Formerly known Comfort Project Limited)	-	0.07	1.61	0.29	10.37
24	Trade Receivables from	ECL Finance Limited	25.00	17.16	44.40	85.82	30.14
		Edelweiss Financial Services Limited	0.18	0.13	0.13	-	-
		Edelweiss Retail Finance Limited	60.10	25.50	7.01	-	-
		Edelweiss Finance & Investments Limited	-	0.52	-	-	12.77
		Edelweiss Web Services Limited	0.14	0.05	-	-	-
		Edelweiss Broking Limited	0.01	-	-	-	-
		Edelweiss Securities Limited	0.36	-	-	-	-
		Edelweiss Tokio Life Insurance Company Limited	0.00	-	-	-	-
25	Accrued interest expense on Short term loans taken from	Edelweiss Financial Services Limited	3.71	2.06	-	-	-
		Edelweiss Commodities Services Limited	11.58	0.00	-	-	-
26	Nomination Deposit payable to	Edelweiss Commodities Services Limited	0.20	-	-	-	-
27	Nomination Deposit received from	Edelweiss Commodities Services Limited	-	0.10	-	-	-
28	Remuneration payable to	Anil Kothuri	22.00	-	-	-	-
	<u>Off Balancesheet</u>						
29	Corporate Guarantee taken	Edelweiss Financial Services Limited	11,555.10	11,236.96	-	-	-
		Edelweiss Commodities Services Limited	3,205.60	2,055.05	-	-	-

Note : 2.26 A

- 1 Loan given/taken to/from parties and margin money placed / refund received with/ from related parties are disclosed based on the maximum incremental amount given/taken and placed / refund received during the reporting period.  
Information relating to remuneration paid to key managerial person mentioned above excludes provision made for gratuity, leave encashment and deferred bonus which are provided for group of employees on an overall basis. These are included on cash basis.
- 2

# Edelweiss Housing Finance Limited

## Notes forming part of Reformatted Statement of Assets and Liabilities (Continued)

(Currency: Indian Rupees in millions)

Annexure IV

### 2.27 Earnings per share

In accordance with Accounting Standard 20 on Earnings Per Share as prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, the computation of earnings per share is set out below:

Particulars	31 March 2016	31 March 2015	31 March 2014	31 March 2013	31 March 2012
a) Shareholders earnings (as per statement of profit and loss)	382.14	211.04	47.43	37.94	(44.60)
b) Weighted average number of equity shares outstanding during the year/period (based on the date of issue of shares) (nos. in millions).	49.35	38.03	30.86	28.96	25.25
c) Number of dilutive potential equity shares (nos. in millions)	-	-	-	0.02	-
d) Basic earnings per share (Rs.) (a/b)	7.74	5.55	1.54	1.31	-1.77
e) Diluted earnings per share (Rs.) {a/(b+c)}	7.74	5.55	1.54	1.31	-1.77

### 2.28 Disclosure pursuant to Accounting Standard 15 (Revised) - Employee Benefits

#### FY 2015-16

#### A) Defined contribution plan (Provident fund and National Pension Scheme):

Amount of Rs. 7.02 million (Previous year: Rs. 3.89 million) is recognised as expense and included in "Employee benefit expenses" (refer note 2.22) in the statement of profit and loss for the year ended 31 March 2016.

#### B) Defined benefit plan (Gratuity):

The following tables summarize the components of the net benefit expenses recognised in the statement of profit and loss and the unfunded status and amounts recognised in the balance sheet for the gratuity benefit plan.

#### Statement of profit and loss

##### Net employee benefit expenses recognised in the statement of profit & loss account

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
Current service cost	0.87	0.43
Interest cost	0.40	0.17
Actuarial (gain) or loss recognized in the year	0.53	1.53
<b>Expense recognized in statement of profit/(loss)</b>	<b>1.80</b>	<b>2.13</b>

# Edelweiss Housing Finance Limited

## Notes forming part of Reformatted Statement of Assets and Liabilities (Continued)

(Currency: Indian Rupees in millions)

Annexure IV

### 2.28 Disclosure pursuant to Accounting Standard 15 (Revised) - Employee Benefits (Continued)

#### Balance Sheet

##### Net Liability/(Asset) recognised in the Balance sheet

Particulars	As at 31 March 2016	As at 31 March 2015
Present value of Defined Benefit Obligation	6.65	4.11
Fair value of plan assets at the end of the year	-	-
Difference	-	-
Unrecognized past service cost	-	-
Unrecognized transition liability	-	-
<b>Liability recognized in Balance Sheet</b>	<b>6.65</b>	<b>4.11</b>

##### Reconciliation of Defined Benefit Obligation (DBO) are as follows :-

Particulars	As at 31 March 2016	As at 31 March 2015
Present value of Defined Benefit Obligation at the beginning of the year	4.11	1.46
Interest cost	0.40	0.17
Past service cost	-	-
Current service cost	0.87	0.43
Transfer In / (Out)	0.99	-
Curtailement cost	-	-
Settlement cost	-	0.52
Benefits paid	(0.25)	-
Actuarial (gain)/loss on obligation	0.53	1.53
<b>Present value of Defined Benefit Obligation at the end of the year</b>	<b>6.65</b>	<b>4.11</b>

#### Balance Sheet Reconciliations

Particulars	As at 31 March 2016	As at March 31, 2015
Opening net liability(incl. transfer in/out)	5.09	1.98
Expense as above	1.80	2.13
Employers contribution	(0.24)	-
Closing net liability	6.65	4.11
<b>Closing provision at the end of the year</b>	<b>6.65</b>	<b>4.11</b>

# Edelweiss Housing Finance Limited

## Notes forming part of Reformatted Statement of Assets and Liabilities (Continued)

(Currency: Indian Rupees in millions)

Annexure IV

### 2.28 Disclosure pursuant to Accounting Standard 15 (Revised) - Employee Benefits (Continued)

#### Experience Adjustment:

Particulars	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014	As at 31 March 2013
Defined Benefit Obligation	6.65	4.11	1.46	1.19
Fair Value of Plan Assets	-	-	-	-
<b>Surplus/(Deficit)</b>	<b>(6.65)</b>	<b>(4.11)</b>	<b>(1.46)</b>	<b>(1.19)</b>
On Plan Liabilities: (Gain)/ Loss	0.48	1.06	(0.13)	(0.44)
On Plan Assets: Gain/ (Loss)	-	-	-	-
<b>Estimated Contribution for next year</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>

#### Principal actuarial assumptions at the balance sheet date:

Particulars	As at 31 March 2016	As at 31 March 2015
Discount rate	7.4%	7.8%
Salary escalation	7%	7%
Employee attrition rate	13% to 60%	13% to 60%

### FY 2014-15

#### A) Defined contribution plan (Provident fund):

Amount of Rs. 3.89 millions (Previous year: Rs. 1.48 millions) is recognised as expense and included in "Employee benefit expenses" (*refer note 2.22*) in the statement of profit and loss for the year ended 31 March, 2015.

#### B) Defined benefit plan (Gratuity):

The following tables summarize the components of the net benefit expenses recognised in the statement of profit and loss and the unfunded status and amounts recognised in the balance sheet for the gratuity benefit plan.

#### *Statement of profit and loss*

#### Net employee benefit expenses

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
Current service cost	0.43	0.37
Past service cost	-	-
Interest cost	0.17	0.09
Expected return on plan asset	-	-
Curtailment cost	-	-
Settlement cost	-	-
Actuarial (gain) or loss recognized in the year	1.53	(0.19)
<b>Expense recognized in statement of profit/(loss)</b>	<b>2.13</b>	<b>0.27</b>

# Edelweiss Housing Finance Limited

## Notes forming part of Reformatted Statement of Assets and Liabilities (Continued)

(Currency: Indian Rupees in millions)

Annexure IV

### 2.28 Disclosure pursuant to Accounting Standard 15 (Revised) - Employee Benefits (Continued) Balance Sheet

#### Details of provision for gratuity

Particulars	As at 31 March 2015	As at 31 March 2014
Liability at the end of the year	4.11	1.46
Fair value of plan assets at the end of the year	-	-
Difference	-	-
Unrecognized past service cost	-	-
Unrecognized transition liability	-	-
<b>Amount in Balance Sheet</b>	<b>4.11</b>	<b>1.46</b>

#### Changes in the present value of the defined benefit obligation are as follows:

Particulars	As at 31 March 2015	As at 31 March 2014
Present value of obligation at the beginning of the year	1.46	1.19
Interest cost	0.17	0.09
Past service cost	-	-
Current service cost	0.43	0.37
Curtailement cost	-	-
Settlement cost	0.52	-
Benefits paid	-	-
Actuarial (gain)/loss on obligation	1.53	(0.19)
<b>Liability at the end of the year</b>	<b>4.11</b>	<b>1.46</b>

#### Balance Sheet Reconciliations

Particulars	As at 31 March 2015	As at 31 March 2014
Opening net liability(incl. transfer in/out)	1.98	1.19
Expense as above	2.13	0.27
Employers contribution	-	-
Closing net liability	4.11	1.46
Closing provision at the end of the year	4.11	1.46

#### Experience Adjustment:

Particulars	As at 31 March 2015	As at 31 March 2014	As at 31 March 2013	As at 31 March 2012	As at 31 March 2011
On Plan Liabilities: (Gain)/ Loss	1.06	(0.13)	(0.44)	0.22	0.08
On Plan Assets: Gain/ (Loss)	-	-	-	-	-
<b>Estimated Contribution for next year</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>

# Edelweiss Housing Finance Limited

## Notes forming part of Reformatted Statement of Assets and Liabilities (Continued)

(Currency: Indian Rupees in millions)

Annexure IV

### 2.28 Disclosure pursuant to Accounting Standard 15 (Revised) - Employee Benefits (Continued)

#### Principal actuarial assumptions at the balance sheet date:

Particulars	As at 31 March 2015	As at 31 March 2014
Discount rate	7.8%	8.7%
Salary escalation	7%	6 %
Employee attrition rate	13% to 60%	13% to 60%

### FY 2013-14

#### A) Defined contribution plan (Provident fund):

Amount of Rs. 1.48 millions (Previous year: Rs. 0.89 millions) is recognised as expense and included in "Employee benefit expenses" (refer note 2.22) in the statement of profit and loss for the year ended 31 March, 2014.

#### B) Defined benefit plan (Gratuity):

The following tables summarize the components of the net benefit expenses recognised in the statement of profit and loss and the unfunded status and amounts recognised in the balance sheet for the gratuity benefit plan.

#### *Statement of profit and loss*

##### Net employee benefit expenses

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
Current service cost	0.37	0.38
Past service cost	-	-
Interest cost	0.09	0.10
Expected return on plan asset	-	-
Curtailement cost	-	-
Settlement cost	-	-
Actuarial (gain) or loss recognized in the year	(0.19)	(0.49)
<b>Expense recognized in statement of profit/(loss)</b>	<b>0.27</b>	<b>(0.01)</b>

# Edelweiss Housing Finance Limited

## Notes forming part of Reformatted Statement of Assets and Liabilities (Continued)

(Currency: Indian Rupees in millions)

Annexure IV

### 2.28 Disclosure pursuant to Accounting Standard 15 (Revised) - Employee Benefits (Continued)

#### Balance Sheet

##### Details of provision for gratuity

Particulars	As at 31 March 2014	As at 31 March 2013
Liability at the end of the year	1.46	1.19
Fair value of plan assets at the end of the year	-	-
Difference	-	-
Unrecognized past service cost	-	-
Unrecognized transition liability	-	-
<b>Amount in Balance Sheet</b>	<b>1.46</b>	<b>1.19</b>

##### Changes in the present value of the defined benefit obligation are as follows:

Particulars	As at 31 March 2014	As at 31 March 2013
Present value of obligation at the beginning of the year	1.19	1.20
Interest cost	0.09	0.10
Past service cost	-	-
Current service cost	0.37	0.38
Curtailement cost	-	-
Settlement cost	-	-
Benefits paid	-	-
Actuarial (gain)/loss on obligation	(0.19)	(0.49)
<b>Liability at the end of the year</b>	<b>1.46</b>	<b>1.19</b>

#### Balance Sheet Reconciliations

Particulars	As at 31 March 2014	As at 31 March 2013
Opening net liability(incl. transfer in/out)	1.19	1.20
Expense as above	0.27	(0.01)
Employers contribution	-	-
Closing net liability	1.46	1.19
Closing provision at the end of the year	1.46	1.19

#### Experience Adjustment:

Particulars	As at 31 March 2014	As at 31 March 2013	As at 31 March 2012	As at 31 March 2011
On Plan Liabilities: (Gain)/ Loss	(0.13)	(0.44)	0.22	0.08
On Plan Assets: Gain/ (Loss)	-	-	-	-
<b>Estimated Contribution for next year</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>



# Edelweiss Housing Finance Limited

## Notes forming part of Reformatted Statement of Assets and Liabilities (Continued)

(Currency: Indian Rupees in millions)

Annexure IV

### 2.28 Disclosure pursuant to Accounting Standard 15 (Revised) - Employee Benefits (Continued)

#### Principal actuarial assumptions at the balance sheet date:

Particulars	As at 31 March 2014	As at 31 March 2013
Discount rate	8.7%	7.9%
Salary escalation	6 %	6 %
Employee attrition rate	13% to 60%	13% to 60%

### FY 2012-13

#### A) Defined contribution plan (Provident fund):

Amount of Rs. 0.89 millions (Previous year: Rs. 1.23 millions) is recognised as expense and included in "Employee benefit expenses" (refer note 2.22) in the statement of profit and loss for the year ended 31 March, 2013.

#### B) Defined benefit plan (Gratuity):

The following tables summarize the components of the net benefit expenses recognised in the statement of profit and loss and the unfunded status and amounts recognised in the balance sheet for the gratuity benefit plan.

#### Statement of profit and loss

##### Net employee benefit expenses

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
Current service cost	0.38	0.76
Past service cost	-	-
Interest cost	0.10	0.04
Expected return on plan asset	-	-
Curtailment cost	-	-
Settlement cost	-	-
Actuarial (gain) or loss recognized in the year	(0.49)	(0.05)
<b>Expense recognized in statement of profit/(loss)</b>	<b>(0.01)</b>	<b>0.75</b>

#### Balance Sheet

##### Details of provision for gratuity

Particulars	As at 31 March 2013	As at 31 March 2012
Liability at the end of the year	1.19	1.20
Fair value of plan assets at the end of the year	-	-
Difference	-	-
Unrecognized past service cost	-	-
Unrecognized transition liability	-	-
<b>Amount in Balance Sheet</b>	<b>1.19</b>	<b>1.20</b>

# Edelweiss Housing Finance Limited

## Notes forming part of Reformatted Statement of Assets and Liabilities (Continued)

(Currency: Indian Rupees in millions)

Annexure IV

### 2.28 Disclosure pursuant to Accounting Standard 15 (Revised) - Employee Benefits (Continued)

**Changes in the present value of the defined benefit obligation are as follows:**

Particulars	As at 31 March 2013	As at 31 March 2012
Present value of obligation at the beginning of the year	1.20	0.45
Interest cost	0.10	0.04
Past service cost	-	-
Current service cost	0.38	0.76
Curtailment cost	-	-
Settlement cost	-	-
Benefits paid	-	-
Actuarial (gain)/loss on obligation	(0.49)	(0.05)
<b>Liability at the end of the year</b>	<b>1.19</b>	<b>1.20</b>

### Balance Sheet Reconciliations

Particulars	As at 31 March 2013	As at 31 March 2012
Opening net liability(incl. transfer in/out)	1.20	0.45
Expense as above	(0.01)	0.75
Employers contribution	-	-
Closing net liability	1.19	1.20
Closing provision at the end of the year	1.19	1.20

### Experience Adjustment:

Particulars	As at 31 March 2013	As at 31 March 2012	As at 31 March 2011
On Plan Liabilities: (Gain)/ Loss	(0.44)	0.22	0.08
On Plan Assets: Gain/ (Loss)	-	-	-
<b>Estimated Contribution for next year</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>

### Principal actuarial assumptions at the balance sheet date:

Particulars	As at 31 March 2013	As at 31 March 2012
Discount rate	7.9%	8%
Salary escalation	6 %	6%
Employee attrition rate	13% to 60%	13% to 35%

# Edelweiss Housing Finance Limited

## Notes forming part of Reformatted Statement of Assets and Liabilities (Continued)

(Currency: Indian Rupees in millions)

Annexure IV

### 2.28 Disclosure pursuant to Accounting Standard 15 (Revised) - Employee Benefits (Continued)

#### FY 2011-12

#### A) Defined contribution plan (Provident fund):

Amount of Rs. 1.24 million (Previous year: Rs. 0.07 million) is recognised as expense and included in "Employee benefit expenses" (*refer note 2.22*) in the statement of profit and loss for the year ended 31 March, 2012.

#### B) Defined benefit plan (Gratuity):

The following tables summarize the components of the net benefit expenses recognised in the statement of profit and loss and the unfunded status and amounts recognised in the balance sheet for the gratuity benefit plan.

#### *Statement of profit and loss*

##### Net employee benefit expenses

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
Current service cost	0.76	0.37
Past service cost	-	-
Interest cost	0.04	-
Expected return on plan asset	-	-
Curtailement cost	-	-
Settlement cost	-	-
Actuarial (gain) or loss recognized in the year	(0.05)	0.08
<b>Expense recognized in statement of profit/(loss)</b>	<b>0.75</b>	<b>0.45</b>

#### *Balance Sheet*

##### Details of provision for gratuity

Particulars	As at 31 March 2012	As at 31 March 2011
Liability at the end of the year	1.20	0.45
Fair value of plan assets at the end of the year	-	-
Difference	-	-
Unrecognized past service cost	-	-
Unrecognized transition liability	-	-
<b>Amount in Balance Sheet</b>	<b>1.20</b>	<b>0.45</b>

# Edelweiss Housing Finance Limited

## Notes forming part of Reformatted Statement of Assets and Liabilities (Continued)

(Currency: Indian Rupees in millions)

Annexure IV

### 2.28 Disclosure pursuant to Accounting Standard 15 (Revised) - Employee Benefits (Continued)

Changes in the present value of the defined benefit obligation are as follows:

Particulars	As at 31 March 2012	As at 31 March 2011
Present value of obligation at the beginning of the year	0.45	-
Interest cost	0.04	-
Past service cost	-	-
Current service cost	0.76	0.37
Curtailement cost	-	-
Settlement cost	-	-
Benefits paid	-	-
Actuarial (gain)/loss on obligation	(0.05)	0.08
<b>Liability at the end of the year</b>	<b>1.20</b>	<b>0.45</b>

### Balance Sheet Reconciliations

Particulars	As at 31 March 2012	As at 31 March 2011
Opening net liability(incl. transfer in/out)	0.45	-
Expense as above	0.75	0.45
Employers contribution	-	-
Closing net liability	1.20	0.45
Closing provision at the end of the year	1.20	0.45

### Principal actuarial assumptions at the balance sheet date:

Particulars	As at 31 March 2012	As at 31 March 2011
Discount rate	8%	8%
Salary escalation	6%	10%
Employee attrition rate	13% to 35%	2% to 15%

# Edelweiss Housing Finance Limited

## Notes forming part of Reformatted Statement of Assets and Liabilities (Continued)

(Currency: Indian Rupees in millions)

Annexure IV

### 2.29 Contingent liabilities and commitments

#### A) Contingent liabilities

Year	Particulars
<b>FY 2015-16</b>	Corporate guarantee given by the Company of Rs. 53.32 millions (Previous year Rs. Nil) The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in its financial statements. The amount of provisions / contingent liabilities is based on management's estimate, and no significant liability is expected to arise out of the same.
<b>FY 2014-15</b>	Nil
<b>FY 2013-14</b>	Nil
<b>FY 2012-13</b>	Nil
<b>FY 2011-12</b>	Nil

#### B) Commitments

Year	Particulars
<b>FY 2015-16</b>	Capital Commitment Rs. 1.92 million (Previous year Rs. 0.57 million) Loans sanctioned pending disbursement: Rs. 2,946.15 million; (Previous year Rs. 201.02 million).
<b>FY 2014-15</b>	Capital Commitment Rs. 0.56 million (previous year Rs. Nil) Loans sanctioned pending disbursement: Rs. 201.02 million; (Previous year Rs150.08 million).
<b>FY 2013-14</b>	Software development charges Rs. Nil (previous year Rs. 1.11 million) Loans sanctioned pending disbursement: Rs. 150.08 million; (Previous year Rs. 125.11 million).
<b>FY 2012-13</b>	Software development charges Rs. 1.11 million (previous year Rs.4.25 million) Loans sanctioned pending disbursement: Rs. 125.11 million; (Previous year Rs. 108.70 million)
<b>FY 2011-12</b>	The Company has a Capital commitment of Rs. 4.25 million (previous year Rs. 6.20 million) toward software development charges and Rs.108.70 million (previous year Rs. 17.25 million) toward loans pending disbursement as at the balance sheet date.

# Edelweiss Housing Finance Limited

## Notes forming part of Reformatted Statement of Assets and Liabilities (Continued)

(Currency: Indian Rupees in millions)

Annexure IV

- 2.30** 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.

### **2.31 Cost sharing**

During 31 March 2016 , 31 March 2015, 31 March 2014, 31 March 2013 and 31 March 2012 the Company carried out its operations out of premises leased from Edelweiss Commodities Services Limited (Formerly Comfort Projects Limited), the holding Company and Auris Corporate Centre Limited, the fellow subsidiary. The Company has entered into Memorandum of Understanding with this entity for reimbursement of costs on the basis of number of employees, area occupied, time spent by employees for other companies, actual identifications etc.

Similarly, Edelweiss Financial Services Limited, being the ultimate holding Company incurs Salaries, Bonus (for the year ended 31 March 2016) and advertisement cost which is for the common benefit of itself and certain fellow subsidiary companies. This cost so expended is reimbursed by the Company on the basis of actual identifications.

Accordingly, and as identified by management, the expenditure heads in note 2.24 are net of the reimbursements made.

### **2.32 Operating leases**

The Company has taken various premises on operating lease. Terms of the lease include terms for renewal, increase in rents in future periods and term of cancellation. Rental expenses for last five years which has been included under the head Other expenses – Rent in the statement of profit and loss are as follows :

Particulars	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Rental Expense	33.93	23.77	20.86	14.45

# Edelweiss Housing Finance Limited

## Notes forming part of Reformatted Statement of Assets and Liabilities (Continued)

(Currency: Indian Rupees in millions)

Annexure IV

### 2.32 Operating leases (Continued)

Details of future minimum lease payments for the non-cancellable operating leases are as follows:

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015	For the year ended 31 March 2014	For the year ended 31 March 2013
<b>Minimum lease payments for non cancellable lease</b>				
- not later than one year	4.74	2.53	0.40	3.36
- later than one year and not later than five years	-	1.40	-	-
- later than five years	-	-	-	-
	<b>4.74</b>	<b>3.93</b>	<b>0.40</b>	<b>3.36</b>

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

### 2.33 Securitisation/Direct Assignment (FY 2015-16) :

The Company has securitized/ assigned pool of non housing loans aggregating to Rs.1,186.37 million, at par (previous year 1,657.97 million housing and non housing loans) and manages servicing of such loan accounts. These assets have been derecognized in the books of the Company. The Company is responsible for collection and servicing of these loan portfolios on behalf of buyer/investors. In terms of the said securitization agreement, the Company pays buyer/investor on a monthly basis the pro-rata collection amount as per individual agreement terms.

### 2.33 Securitisation/Direct Assignment (FY 2014-15) :

The Company has securitized/ assigned pool of certain housing loans and loan against property aggregating to Rs. 1,657.97 million, at par (previous year Rs. 67.32 million) and managed servicing of such loan accounts. These assets have been derecognized in the books of the Company. The Company is responsible for collection and servicing of these loan portfolios on behalf of buyer/investors. In terms of the said securitization agreement, the Company pays buyer/investor on a monthly basis the pro-rata collection amount as per individual agreement terms.

### 2.33 Securitisation/Direct Assignment (FY 2013-14) :

The Company has securitized/ assigned pool of certain loan against property aggregating to Rs. 67.32 million, at par (previous year Rs. Nil) and managed servicing of such loan accounts. These assets have been derecognized in the books of the Company. The Company is responsible for collection and servicing of these loan portfolios on behalf of buyer/investors. In terms of the said securitization agreement, the Company pays buyer/investor on a monthly basis the pro-rata collection amount as per individual agreement terms.

# Edelweiss Housing Finance Limited

## Notes forming part of Reformatted Statement of Assets and Liabilities (Continued)

(Currency: Indian Rupees in millions)

Annexure IV

### 2.34 Premium on redemption of non - convertible debentures

In respect of non - convertible debentures (NCDs) issued by the Company, the premium on redemption (net of tax) for the year ended 31 March 2016 Rs. 105.72 million; 31 March 2015 Rs. 110.09 million has been adjusted to the Securities Premium Account as permitted under section 52 of the Companies Act, 2013.

### 2.35 Fraud Reporting

The Company has reported three case of fraud of Rs. 33.69 million for the year ended 31 March 2016 and one case of fraud Rs. 2.40 million for the year ended 31 March 2015.

These frauds have been reported to NHB on regular basis.

### 2.36 Foreign Exchange Transaction

The Company has not undertaken any foreign currency transaction during the year ended 31 March 2016.

### 2.37 Details of dues to micro, small and medium enterprises

Trade Payables includes Rs. Nil as at 31 March 2016, 31 March 2015, 31 March 2014, 31 March 2013 and 31 March 2012 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.

### 2.38 Disclosure pursuant to the circular no. NHB/ND/DRS/Pol-No.35/2010-11 dated October 11, 2010 issued by the National Housing Bank.

#### I. Capital to Risk Assets Ratio (CRAR)

Sr. No.	Items	31 March 2016	31 March 2015	31 March 2014*	31 March 2013	31 March 2012
i.	CRAR (%)	19.40%	29.13%	23.50%	13.60%	13.37%
ii.	CRAR - Tier I capital (%)	16.21%	24.47%	22.83%	13.19%	13.37%
iii.	CRAR - Tier II Capital (%)	3.19%	4.67%	0.67%	0.42%	-

\* Refer Note 2.40 for revised CRAR and NOF filed with NHB.



# Edelweiss Housing Finance Limited

## Notes forming part of Reformatted Statement of Assets and Liabilities (Continued)

(Currency: Indian Rupees in millions)

Annexure IV

2.38 Disclosure pursuant to the circular no. NHB/ND/DRS/Pol-No.35/2010-11 dated October 11, 2010 issued by the National Housing Bank. (Continued)

### II. Exposure to Real Estate Sector

Category		As at 31 March 2016	As at 31 March 2015	As at 31 March 2014	As at 31 March 2013	As at 31 March 2012
a)	<b>Direct exposure</b>					
	(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 2016 Rs. 1,578.80 million; 2015 Rs. 845.59 million; 2014 Rs. 301.05 million; 2013 Rs. 94.56 million; 2012 Rs. 88.25 million)	12,686.31	13,069.78	10,640.23	6,741.65	4,515.55
	(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.). Exposure would also include non-fund based (NFB) limits;	7,291.65	2,017.98	911.94	277.05	260.61
	(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures –					
	a. Residential	Nil	Nil	Nil	Nil	Nil
	b. Commercial Real Estate	Nil	Nil	Nil	Nil	Nil
b)	<b>Indirect Exposure</b>					
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	Nil	Nil	Nil	Nil	Nil

# Edelweiss Housing Finance Limited

## Notes forming part of Reformatted Statement of Assets and Liabilities (Continued)

(Currency: Indian Rupees in millions)

Annexure IV

2.38 *Disclosure pursuant to the circular no. NHB/ND/DRS/Pol-No.35/2010-11 dated October 11, 2010 issued by the National Housing Bank. (Continued)*

### III. Asset Liability Management

#### Maturity pattern of certain items of assets and liabilities as at 31 March 2016

Maturity Bucket	Term Money Borrowing*	Other Borrowing	Advances	Investments
1 to 14 days	-	-	271.73	-
Over 14 days to 1 Month	297.78	-	345.12	-
Over 1 to 2 Months	150.47	-	1,377.21	-
Over 2 to 3 Months	358.59	4,250.00	1,843.38	-
Over 3 to 6 Months	623.97	-	2,723.29	-
Over 6 Months to 1 Year	1,989.61	2,094.00	5,196.90	-
Over 1 Year to 3 Years	6,563.05	-	4,639.39	-
Over 3 to 5 Years	2,522.12	-	1,228.25	-
Over 5 to 7 Years	131.62	-	1,130.48	-
Over 7 to 10 Years	571.93	-	1,959.27	-
Over 10 Years	26.63	-	3,157.65	-
<b>Total</b>	<b>13,235.77</b>	<b>6,344.00</b>	<b>23,872.67</b>	<b>-</b>

\*Term Money Borrowing includes maturity pattern of Secured Non-convertible Debentures and Unsecured Non-convertible Subordinated Debentures.

# Edelweiss Housing Finance Limited

## Notes forming part of Reformatted Statement of Assets and Liabilities (Continued)

(Currency: Indian Rupees in millions)

Annexure IV

2.38 *Disclosure pursuant to the circular no. NHB/ND/DRS/Pol-No.35/2010-11 dated October 11, 2010 issued by the National Housing Bank. (Continued)*

### Asset Liability Management (Continued)

#### Maturity pattern of certain items of assets and liabilities as at 31 March 2015

Maturity Bucket	Term Money Borrowing	Other Borrowing	Advances	Investments
1 to 14 days	-	-	127.64	250.00
Over 14 days to 1 Month	68.58	-	122.11	-
Over 1 to 2 Months	187.93	-	225.50	-
Over 2 to 3 Months	206.08	-	225.98	-
Over 3 to 6 Months	445.98	-	670.82	-
Over 6 Months to 1 Year	1,480.15	1,018.11	3,456.58	-
Over 1 Year to 3 Years	6,423.55	-	1,537.74	-
Over 3 to 5 Years	1,655.74	-	1,143.34	-
Over 5 to 7 Years	155.12	-	1,190.90	-
Over 7 to 10 Years	46.93	-	1,974.30	-
Over 10 Years	567.80	-	4,412.40	-
<b>Total</b>	<b>11,237.86</b>	<b>1,018.11</b>	<b>15,087.31</b>	<b>250.00</b>

#### Maturity pattern of certain items of assets and liabilities as at 31 March 2014

Maturity Bucket	Term Money Borrowing	Other Borrowing	Advances	Investments
1 to 14 days	-	-	19.93	-
Over 14 days to 1 Month	61.63	-	105.97	-
Over 1 to 2 Months	90.80	-	130.35	-
Over 2 to 3 Months	206.28	-	260.79	-
Over 3 to 6 Months	358.71	-	394.22	-
Over 6 Months to 1 Year	948.83	484.01	1901.77	-
Over 1 Year to 3 Years	4042.61	55.88	583.79	-
Over 3 to 5 Years	3131.56	-	725.09	-
Over 5 to 7 Years	176.27	-	864.31	-
Over 7 to 10 Years	-	-	1644.66	-
Over 10 Years	-	-	4920.24	-
<b>Total</b>	<b>9016.69</b>	<b>539.89</b>	<b>11551.12</b>	<b>-</b>

# Edelweiss Housing Finance Limited

## Notes forming part of Reformatted Statement of Assets and Liabilities (Continued)

(Currency: Indian Rupees in millions)

Annexure IV

2.38 Disclosure pursuant to the circular no. NHB/ND/DRS/Pol-No.35/2010-11 dated October 11, 2010 issued by the National Housing Bank. (Continued)

### Asset Liability Management (Continued)

#### Maturity pattern of certain items of assets and liabilities as at 31 March 2013

Maturity Bucket	Term Money Borrowing	Other Borrowing	Advances	Investments
1 to 14 days	-	-	9.58	-
Over 14 days to 1 Month	-	-	6.85	-
Over 1 to 2 Months	-	-	17.97	-
Over 2 to 3 Months	105.06	-	18.26	-
Over 3 to 6 Months	125.86	-	55.91	-
Over 6 Months to 1 Year	447.42	688.48	1936.63	-
Over 1 Year to 3 Years	1716.54	439.51	578.99	-
Over 3 to 5 Years	2327.14	-	503.23	-
Over 5 to 7 Years	262.59	-	588.30	-
Over 7 to 10 Years	-	-	637.66	-
Over 10 Years	-	-	2665.32	-
<b>Total</b>	<b>4984.61</b>	<b>1127.99</b>	<b>7018.70</b>	<b>-</b>

#### Maturity pattern of certain items of assets and liabilities as at 31 March 2012

Maturity Bucket	Term Money Borrowing	Other Borrowing	Advances	Investments
1 to 14 days	-	-	3.86	-
Over 14 days to 1 Month	-	496.65	4.55	-
Over 1 to 2 Months	-	197.14	9.68	-
Over 2 to 3 Months	-	-	9.77	-
Over 3 to 6 Months	-	485.96	29.90	-
Over 6 Months to 1 Year	31.25	636.74	62.51	-
Over 1 Year to 3 Years	1668.75	648.57	464.02	-
Over 3 to 5 Years	-	-	452.27	-
Over 5 to 7 Years	-	-	509.82	-
Over 7 to 10 Years	-	-	814.00	-
Over 10 Years	-	-	2415.77	-
<b>Total</b>	<b>1700.00</b>	<b>2465.06</b>	<b>4776.15</b>	<b>-</b>

# Edelweiss Housing Finance Limited

## Notes forming part of Reformatted Statement of Assets and Liabilities (Continued)

(Currency: Indian Rupees in millions)

Annexure IV

### **2.38** *Disclosure pursuant to the circular no. NHB/ND/DRS/Pol-No.35/2010-11 dated October 11, 2010 issued by the National Housing Bank. (Continued)*

#### **Asset Liability Management (Continued)**

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

### **2.39** *Details of single borrower limit (SBL), group borrower limit (GBL)*

During the year ended 31 March 2016, 31 March 2015, 31 March 2014 and 31 March 2013 the Company has complied with the National Housing Bank guidelines on single borrower and group borrower limits.

### **2.40** *Disclosure of revised Net Owned Fund (NOF) and Capital Adequacy Ratio (CAR) as on 31 March 2014.*

The revised NOF and CAR as on 31 March 2014 after giving due impact in terms of National Housing Bank (NHB) letter no. NHB(ND)/HFC/DRS/Sup./11426/2015 dated 24th November, 2015 is given below :

Revised NOF: Rs. 1,761.35 million (as against Rs. 1,838.02 million reported earlier)

Revised CAR: 20.07% (as against 23.49% reported earlier).

# Edelweiss Housing Finance Limited

## Notes forming part of Reformatted Statement of Assets and Liabilities (Continued)

(Currency: Indian Rupees in millions)

Annexure IV

### 2.41 Corporate Social Responsibility (CSR)

As per the provisions of Section 135 of the Companies Act, 2013,

- a) Gross amount required to be spent by the Company during the year was Rs. 0.30 million
- b) Amount spent during the year on:

Sr. No.	Particulars	In cash	Yet to be paid in cash	Total
(i)	Constructions / acquisition of any assets	Nil	Nil	Nil
(ii)	On purpose other than (i) above	Rs. 0.30 million	Nil	Rs. 0.30 million

As per our report of even date attached

**For B S R & Associates LLP**

*Chartered Accountants*

Firm Registration No. 116231W/W - 100024

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

**Ashwin Suvarna**

*Partner*

Membership No: 109503

**Vineet Mahajan**

*Director*

DIN : 07253615

**Shalinee Mimani**

*Director*

DIN : 07404075

**Anil Kothuri**

*Chief Executive Officer*

**Gaurang Tailor**

*Chief Financial Officer*

**Kulprakash Singh**

*Company Secretary*

Mumbai

17 June 2016

Mumbai

17 June 2016

## **MATERIAL DEVELOPMENTS**

Except as stated below, there have been no material developments since March 31, 2016 and there have arisen no circumstances that materially or adversely affect the operations, or financial condition or profitability of the Company or the value of its assets or its ability to pay its liabilities with the next 12 months.

Our Company has, in the normal course of business, raised funds by way of private placement, which includes a private placement of listed secured redeemable non convertible debentures amounting to ₹ 250 million on April 29, 2016.

## FINANCIAL INDEBTEDNESS

The outstanding borrowings of our Company as at March 31, 2016 are as follows:

Sl. No.	Nature of borrowings	Amount (₹ in million)
1	Secured borrowings	14,174.28
2	Unsecured borrowings	5,324.49

Set forth below, is a brief summary of the borrowings by our Company as at March 31, 2016, together with a brief description of certain significant terms of such financing arrangements.

### Details of secured loan facilities:

#### A. Term loans

##### 1. Andhra Bank

Amount sanctioned (₹ in million)	Principal Amount outstanding (₹ in million)	Terms and conditions
750.00	469.70	<ul style="list-style-type: none"> <li>• <b>Purpose of the Loan:</b> To meet working capital requirement of our Company, i.e. for onward lending (non capital market)</li> <li>• <b>Tenure:</b> 42 months (Term Loan I – ₹ 250 million) and 57 months (Term Loan II – ₹ 500 million)</li> <li>• <b>Rate of Interest:</b> BR + 0.55% per annum (Term Loan I and II)</li> <li>• <b>Repayment:</b> <ul style="list-style-type: none"> <li>○ Term Loan – 1: Repayable in 36 equal monthly instalments after moratorium of 6 months from date of disbursement</li> <li>○ Term Loan – 2: Repayable in 16 equal quarterly instalments after moratorium of 9 months from date of disbursement</li> </ul> </li> <li>• <b>Rescheduling:</b> NIL</li> <li>• <b>Security for Term Loan I and II:</b> <ul style="list-style-type: none"> <li>○ 1<sup>st</sup> Pari-Passu charge on the present and future receivables of the Company to the minimum extent of 1.11 times of the facility amount</li> <li>○ Corporate Guarantee of Edelweiss Financial Services Limited</li> </ul> </li> <li>• <b>Penalty:</b> <ul style="list-style-type: none"> <li>○ 2% of the outstanding amount to be levied in case of breach of financial covenant till the position is rectified</li> <li>○ 2% above normal interest to be charged in case of non-payment of interest/ instalment on time</li> <li>○ 2% for all excess drawings / delay in payment of instalments / interest</li> <li>○ Overdue interest @ 2% shall be charged for delayed submission of renewal proposal by the Company from the due date to the date of submission of proposal by the Company with full details</li> </ul> </li> <li>• <b>Events of Default:</b> Some of the material events of default are: <ul style="list-style-type: none"> <li>○ Default in repayment of loans/advances or interest</li> <li>○ Performance or observance of terms and conditions under the term loan agreements; and</li> <li>○ Our Company being declared insolvent or in case of winding up of our Company, including the appointment of a Receiver.</li> </ul> </li> <li>• <b>Financial Covenants for Term Loan I and II:</b> <ul style="list-style-type: none"> <li>○ Capital adequacy ratio should be maintained a minimum of 12% or higher levels as prescribed by NHB from time to time;</li> <li>○ Net NPA not to be more than 2% of total advances;</li> <li>○ Total outside liabilities / Net owned fund not more than 16 times.</li> </ul> </li> </ul>



## 2. Corporation Bank

Amount sanctioned (₹ in million)	Principal Amount outstanding (₹ in million)	Terms and conditions
500.0	426.30	<ul style="list-style-type: none"> <li>• <b>Purpose of the Loan:</b> For onward lending of housing loans and loans against properties</li> <li>• <b>Tenure:</b> 84 months (Term Loan I – ₹ 250 million and Term Loan II – ₹ 250 million)</li> <li>• <b>Rate of Interest:</b> <ul style="list-style-type: none"> <li>○ Term Loan I – BR + 0.75% p.a.</li> <li>○ Term Loan II – BR + 0.50% p.a.</li> </ul> </li> <li>• <b>Repayment</b> <ul style="list-style-type: none"> <li>○ Repayable in 23 equal quarterly instalments of ₹10.50 million each with last instalment being ₹8.50 million, after moratorium of 12 months from date of disbursement</li> </ul> </li> <li>• <b>Rescheduling:</b> NIL</li> <li>• <b>Security:</b> <ul style="list-style-type: none"> <li>○ First <i>pari-passu</i> charge on the receivables (present and future) including standard and performing assets/book debts of our Company with an asset cover of 1.10 times of the facility amount</li> <li>○ Corporate Guarantee of Edelweiss Financial Services Limited</li> </ul> </li> <li>• <b>Prepayment:</b> <ul style="list-style-type: none"> <li>○ Term Loan I – 2% prepayment charge of the amount prepaid for the balance tenure of the loan</li> <li>○ Term Loan II – Waiver of penalty of 2% prepayment charge, subject to issue of 15 days prior notice</li> </ul> </li> <li>• <b>Penalty:</b> <ul style="list-style-type: none"> <li>○ Additional interest @ 2% p.a. in the case of default in payment of interest and/or the principal;</li> <li>○ Additional Interest @ 1% p.a. to be charged on the disbursed amount from the date of disbursement till the date of creation and perfection of security, if the company fails to obtain NoC and letter ceding <i>pari-passu</i> charge from the other lenders within 3 months (Term Loan I) and 6 months (Term Loan II) from the date of first disbursement; and</li> </ul> </li> <li>• <b>Events of Default:</b> <ul style="list-style-type: none"> <li>○ Default or delay by our Company, in repayment of loans/advances or interest;</li> <li>○ Default in performance of any covenant, condition or agreement pursuant to the security documents;</li> <li>○ Upon our Company's entering into any arrangement or composition with its creditors or committing an act of insolvency;</li> <li>○ Upon execution or distress being enforced or levied against the whole or any part of our Company's property;</li> <li>○ Upon the appointment of a Receiver, in respect of the whole or any part of the property of our Company;</li> <li>○ Upon the occurrence of any circumstance which is prejudicial to or impairs, imperils or depreciates or is likely to prejudice, impair, imperil or depreciate the security provided to the lender;</li> <li>○ Upon our Company ceasing, or threatening to cease to carry on its business; and</li> <li>○ Upon the occurrence of any event or circumstance which would or is likely to prejudicially or adversely affect in any manner the capacity of our Company to repay the loan.</li> </ul> </li> </ul>

### 3. DCB Bank Limited

Amount sanctioned (₹ in million)	Principal Amount outstanding (₹ in million)	Terms and conditions
300.00	112.50	<ul style="list-style-type: none"> <li>• <b>Purpose of the Loan:</b> For onward lending purposes as approved by NHB.</li> <li>• <b>Tenure:</b> 36 months (Term Loan – ₹300 million).</li> <li>• <b>Rate of Interest:</b> BR + 0.30% p.a.</li> <li>• <b>Repayment:</b> Repayable in 8 equal quarterly instalments of ₹37.50 million, after initial moratorium of 12 months, beginning from the end of 15<sup>th</sup> month from the date of first disbursement.</li> <li>• <b>Rescheduling:</b> NIL</li> <li>• <b>Security:</b> <ul style="list-style-type: none"> <li>○ 1<sup>st</sup> Pari-Passu charge by way of hypothecation on our Company's entire current assets/receivables and such other movables, both present &amp; future (loan book), with minimum security coverage of 1.10 times; and</li> <li>○ Corporate Guarantee of Edelweiss Financial Services Limited.</li> </ul> </li> <li>• <b>Prepayment/pre-closure penalty:</b> <ul style="list-style-type: none"> <li>○ Term Loan: 2% on the outstanding for full repayment or 2% on the prepaid amount/instalment in case of part pre-payment, subject to a minimum of ₹10,000 in either case.</li> </ul> </li> <li>• <b>Penalty:</b> <ul style="list-style-type: none"> <li>○ 0.1% p.m. of the sanctioned limit: Delay in renewal of limits due to non-submission of required information</li> <li>○ 0.2% per quarter of the sanctioned limit (minimum ₹ 20,000/-): Delays in submission of QIS data</li> <li>○ 2% p.a. of the sanctioned limit till date of compliance: Non-compliance of sanction terms within the stipulated time-frame.</li> <li>○ 2% p.a. of the irregular/ overdue amount for delay in payment of interest/ repayment of principal.</li> </ul> </li> <li>• <b>Events of Default:</b> <ul style="list-style-type: none"> <li>○ Default or delay by our Company, in repayment of loans, instalments, advances, interest and/or any other due to the lender or to any other financial institution;</li> <li>○ Default in performance of any covenant, condition or agreement pursuant to the term loan agreement;</li> <li>○ In case the information provided to the lender is found to be misleading, false or incorrect in any material respect;</li> <li>○ In case of depreciation in the value of the property, used to secure the borrowings such that further security is warranted and such additional security is not provided;</li> <li>○ In case the security provided for the Term Loan becomes infructuous or is challenged by our Company;</li> <li>○ Upon change in constitution, management or existing ownership or control of the share capital of our Company, subject to EFSL maintaining 51% shareholding in our Company, directly or indirectly;</li> <li>○ Upon our Company being declared insolvent or in case of winding up of our Company, including the appointment of a Receiver.</li> </ul> </li> </ul>

#### 4. Federal Bank

Amount sanctioned (₹ in million)	Principal Amount outstanding (₹ in million)	Terms and conditions
500.00	475.00	<ul style="list-style-type: none"> <li>• <b>Purpose of the Loan:</b> For onward lending purposes approved by NHB</li> <li>• <b>Tenure:</b> <ul style="list-style-type: none"> <li>○ Term Loan I – ₹ 250 million – 6 years</li> <li>○ Term Loan II – ₹ 250 million – 3 years</li> </ul> </li> <li>• <b>Rate of Interest:</b> <ul style="list-style-type: none"> <li>○ Term Loan I – BR + 0.50 % p.a</li> <li>○ Term Loan II – BR + 0.27% p.a.</li> </ul> </li> <li>• <b>Rescheduling:</b> NIL</li> <li>• <b>Repayment:</b> <ul style="list-style-type: none"> <li>○ Term Loan – I: Repayable in 20 equal quarterly instalments after an initial moratorium of 1 year</li> <li>○ Term Loan – II: Repayable in 12 quarterly instalments from the date of disbursement</li> </ul> </li> <li>• <b>Security:</b> <ul style="list-style-type: none"> <li>○ First <i>pari-passu</i> charge by way of hypothecation of current and future book debts and housing loan instalments receivables of the company with minimum asset cover of 1.10 times for Term Loan I and Term Loan II; and</li> <li>○ Corporate Guarantee (Term Loan I) and Letter of Comfort (Term Loan II) of Edelweiss Financial Services Limited.</li> </ul> </li> <li>• <b>Prepayment penalty:</b> <ul style="list-style-type: none"> <li>○ Term Loan I – NIL, subject to the Company providing 30 days prior notice before prepaying the loan, failing which penalty of 2% p.a. of the prepaid amount shall be levied.</li> <li>○ Term Loan II – 2% of amount prepaid other than in case of interest reset.</li> </ul> </li> <li>• <b>Penalty:</b> <ul style="list-style-type: none"> <li>○ 2% p.a. in case of delay in servicing of interest/principal</li> <li>○ Additional Interest @ 1% p.a. (maximum) for: <ul style="list-style-type: none"> <li>i. delayed submission of audited annual accounts beyond 7 months from the close of the financial year</li> <li>ii. Non-compliance of terms and conditions of sanction order.</li> </ul> </li> </ul> </li> <li>• <b>Events of Default:</b> <ul style="list-style-type: none"> <li>○ Default or delay by our Company, in repayment of loans, instalments, and/or interest.</li> <li>○ Default in or breach of performance of any covenant, condition or agreement pursuant to the term loan agreement by our Company.</li> </ul> </li> </ul>

#### 5. HDFC Bank

Amount sanctioned (₹ in million)	Principal Amount outstanding (₹ in million)	Terms and conditions
900.00	708.33	<ul style="list-style-type: none"> <li>• <b>Purpose of the Loan:</b> <ul style="list-style-type: none"> <li>○ <b>Term Loan I</b> – For onward lending for Housing Finance Business,</li> <li>○ <b>Term Loan II</b> – For onward Lending for Housing Loans of maximum ticket size of ₹ 10 Lakhs for PSL (in accordance with RBI circular)</li> </ul> </li> <li>• <b>Tenure:</b> <ul style="list-style-type: none"> <li>○ Term Loan I – ₹ 500 million – 36 months</li> <li>○ Term Loan II – ₹ 250 million – 96 months</li> </ul> </li> <li>• <b>Rate of Interest:</b> <ul style="list-style-type: none"> <li>○ Term Loan I – BR + 0.40% p.a.</li> <li>○ Term Loan II – BR</li> </ul> </li> </ul>

Amount sanctioned (₹ in million)	Principal Amount outstanding (₹ in million)	Terms and conditions
		<ul style="list-style-type: none"> <li>• <b>Repayment:</b> <ul style="list-style-type: none"> <li>○ Term Loan – I: 12 equal quarterly instalments from date of disbursement</li> <li>○ Term Loan – II: 32 equal quarterly instalments from date of disbursement</li> </ul> </li> <li>• <b>Rescheduling:</b> NIL</li> <li>• <b>Security:</b> <ul style="list-style-type: none"> <li>○ First <i>parri-passu</i> charge on our Company's entire current assets/ and such other movables, both present and future, to the minimum extent of 1.11 times of the loan amount.</li> <li>○ Letter of Comfort from Edelweiss Financial Services Limited (Term Loan I)</li> </ul> </li> <li>• <b>Prepayment:</b> 2% of the amount prepaid, no prepayment penalty on payment at time of annual reset</li> <li>• <b>Penalty:</b> 2% p.a. in addition to the applicable rate of interest for all overdue/ delays of any monies payable</li> <li>• <b>Events of Default:</b> <ul style="list-style-type: none"> <li>○ In case the information provided to the lender is found to be misleading, false or incorrect in any material respect;</li> <li>○ Upon breach of covenant/undertaking/other obligation;</li> <li>○ Upon failure to pay any sum under the Facility Agreement when due;</li> <li>○ In case of deterioration or impairment of securities, or decline in the market value or price thereof;</li> <li>○ Upon execution or distress being enforced or levied against the whole or any part of our Company's property;</li> <li>○ Upon death, insolvency and related events;</li> <li>○ In case of liquidation for the purpose of amalgamation or reconstruction;</li> <li>○ Upon appointment of a Receiver, in respect of the whole or any part of the property of our Company;</li> <li>○ Upon our Company ceasing, or threatening to cease to carry on its business;</li> <li>○ Upon liabilities exceeding assets, as certified by an accountant;</li> <li>○ Upon our Company creating any further charge, mortgage, pledge, hypothecation, lien or encumbrance over its assets and properties which is the security for the repayment of the said dues;</li> <li>○ Upon the occurrence of any circumstance which is prejudicial to or impairs, imperils or depreciates or is likely to prejudice, impair, imperil or depreciate the security provided to the lender;</li> <li>○ Upon the occurrence of any event or circumstance which would or is likely to prejudicially or adversely affect in any manner the capacity of our Company to repay the loan;</li> <li>○ Utilization of the loan for a purpose other than the purpose for which it is applied; and</li> <li>○ Upon change in constitution or management of our Company, subject to Edelweiss group maintaining at least 76% shareholding in our Company.</li> </ul> </li> <li>• <b>Financial Covenants:</b> <ul style="list-style-type: none"> <li>○ Minimum capital adequacy to be maintained at 13% or higher at all times</li> <li>○ Leverage, excluding group borrowings, not to exceed 8 times during the tenure of the loan. Group borrowings to be subordinated to bank borrowing.</li> </ul> </li> </ul>

## 6. Karnataka Bank

Amount sanctioned (₹ in million)	Principal Amount outstanding (₹ in million)	Terms and conditions
500.00	312.50	<ul style="list-style-type: none"> <li>• <b>Purpose of the Loan:</b> For onward lending to home loan segment</li> <li>• <b>Tenure:</b> 60 months (Term Loan – ₹500 million)</li> <li>• <b>Rate of Interest:</b> BR + 0.25% p.a.</li> <li>• <b>Repayment:</b> Repayable in 16 equal quarterly instalments, after initial holiday period of 12 months.</li> <li>• <b>Rescheduling:</b> NIL</li> <li>• <b>Security:</b> <ul style="list-style-type: none"> <li>○ First <i>pari-passu</i> charge on our Company's long term and short term loans and current assets (including cash and cash equivalents) with security coverage of 1.10 times of outstanding loan amount at any point of time</li> <li>○ Corporate Guarantee by Edelweiss Financial Services Limited</li> </ul> </li> <li>• <b>Penalty:</b> <ul style="list-style-type: none"> <li>○ 3% penal interest for delayed servicing of instalments/interest by our Company; and</li> <li>○ In case of failure by our Company to submit QOS returns in time to the lender.</li> </ul> </li> <li>• <b>Events of Default:</b> <ul style="list-style-type: none"> <li>○ Default or delay by our Company, in repayment of loans, instalments, and/or interest.</li> </ul> </li> </ul>

## 7. Kotak Mahindra Bank Limited

Amount sanctioned (₹ in million)	Principal Amount outstanding (₹ in million)	Terms and conditions
891.70	360.42	<ul style="list-style-type: none"> <li>• <b>Purpose of the Loan:</b> <ul style="list-style-type: none"> <li>○ Term Loan I and II: For onward lending for purposes approved by NHB and for meeting liquidity mismatches.</li> <li>○ Term Loan III: Additionally used for purposes qualifying for priority sector lending ("PSL") (in accordance with RBI criteria) with aggregate loan limit of ₹ 10 lakhs per borrower.</li> </ul> </li> <li>• <b>Tenure:</b> <ul style="list-style-type: none"> <li>○ Term Loan (Non-PSL) I – 291.70 million - 3 years</li> <li>○ Term Loan (Non-PSL) II – 350.00 million - 3 years</li> <li>○ Term Loan (PSL) III – 50.00 million - 8 years</li> </ul> </li> <li>• <b>Rate of Interest:</b> <ul style="list-style-type: none"> <li>○ Term Loan I – <ul style="list-style-type: none"> <li>a. Tranche 1-BR+1.50% p.a</li> <li>b. Tranche 2- BR +0.60%</li> </ul> </li> <li>○ Term Loan II – BR +0.35% p.a.</li> <li>○ Term Loan III – BR % p.a</li> </ul> </li> <li>• <b>Repayment:</b> <ul style="list-style-type: none"> <li>○ Term Loan I and II – Repayable in 12 equal quarterly instalments from the date of disbursement</li> <li>○ Term Loan (PSL) III – Repayable in 32 equal quarterly instalments</li> </ul> </li> <li>• <b>Rescheduling:</b> NIL</li> <li>• <b>Security:</b> <ul style="list-style-type: none"> <li>○ first <i>pari-passu</i> charge by way of hypothecation on our Company's book debts and loan instalments receivables with minimum asset cover</li> </ul> </li> </ul>

Amount sanctioned (₹ in million)	Principal Amount outstanding (₹ in million)	Terms and conditions
		<p>of 1.11 times. The receivables should constitute only principal outstanding of the underlying loan contracts.</p> <ul style="list-style-type: none"> <li>○ Corporate Guarantee of Edelweiss Financial Services Limited</li> <li>● <b>Prepayment/pre-closure penalty:</b> 1% of the amount prepaid, provided that no prepayment penalty will be payable to the lenders, if the prepayment is effected at the instance of lenders.</li> <li>● <b>Penalty:</b> <ul style="list-style-type: none"> <li>○ If our Company fails to submit <i>Provisional Annual Financials</i> (15 days from when the lender requests for it any time after April) and <i>Audited Annual Financials</i> by 31<sup>st</sup> October of the subsequent year and <i>Quarterly provisional Financial Statements</i> by 30 days from the end of the quarter, a penalty of ₹2,000/- in the subsequent month and ₹5,000 per month from the next month till the statements are submitted.</li> <li>○ 2% per annum additional interest rate to be charged for any overdue charges/ default/ penal rate</li> <li>○ 1% p.m. on total exposure for the first month of delay and 2% thereafter (calculated as sum of limits of revolving lines and outstanding of non-revolving limits to which the security extends), for non-creation of security</li> </ul> </li> <li>● <b>Events of Default:</b> <ul style="list-style-type: none"> <li>○ Failure by our Company to pay any sum under the agreement as and when due;</li> <li>○ Our Company being unable or having admitted in writing of its inability to pay any of its indebtedness as they mature or when due;</li> <li>○ Breach of covenant/undertaking/other obligation by our Company;</li> <li>○ Representation/warranty made by our Company which are found to be untrue/misleading when made;</li> <li>○ Compulsory acquisition, nationalization or expropriation of assets of our Company</li> <li>○ Any material adverse change affecting our Company;</li> <li>○ Any order passed for winding up/dissolution and/or filing of bankruptcy against our Company;</li> <li>○ Insolvency and related events of our Company;</li> <li>○ Cessation of business, unlawfulness, repudiation by our Company;</li> <li>○ Our Company's Net NPA level exceeding 1.00% and Gross NPA exceeding 2%;</li> <li>○ Downgrading of the rating of our Company's bank facilities to 'A' by external rating agencies;</li> <li>○ Capital Adequacy Ratio of our Company falling below 13%;</li> <li>○ Gearing Ratio of our Company exceeding 10 times; and</li> <li>○ Delay or default in repayment of any of the facilities availed by our Company from the lender or any other bank or financial institution.</li> </ul> </li> </ul>

## 8. National Housing Bank

Amount sanctioned (₹ in million)	Principal Amount outstanding (₹ in million)	Terms and conditions
200.00	158.84	<ul style="list-style-type: none"> <li>● <b>Purpose of the Loan:</b> To extend refinance assistance in respect of all eligible individual housing loans</li> <li>● <b>Tenure:</b> 180 months/ 15 years</li> <li>● <b>Rate of Interest:</b> PLR - 0.40% p.a.</li> <li>● <b>Repayment:</b></li> </ul>

Amount sanctioned (₹ in million)	Principal Amount outstanding (₹ in million)	Terms and conditions
		<ul style="list-style-type: none"> <li>○ Each disbursement Repayable in 60 equal quarterly instalments, starting with the quarter succeeding the one in which the refinance was drawn/ as advised to our Company by NHB</li> <li>● <b>Rescheduling:</b> NIL</li> <li>● <b>Security:</b> <ul style="list-style-type: none"> <li>○ First pari-passu charge on all book debts, both present and future receivables of our Company, together with securities, to the minimum extent of 1.25 times of the loan amount</li> <li>○ Corporate Guarantee of Edelweiss Financial Services Limited and Edelweiss Commodities Services Limited</li> </ul> </li> <li>● <b>Prepayment:</b> The company, after availing refinance assistance from NHB, may repay the whole or any part of the amount earlier than due date by giving 2 months' notice in writing to NHB of its intention to effect such repayment before due date.</li> <li>● <b>Events of Default:</b> <ul style="list-style-type: none"> <li>○ Default or delay by our Company, in making any payment or repayment;</li> <li>○ Default in performance of any covenant, condition or agreement pursuant to the memorandum of agreement with NHB; and</li> <li>○ In case the information provided to NHB in the application or any enclosure is found to be misleading, false or incorrect.</li> </ul> </li> </ul>

## 9. Punjab and Sind Bank

Amount sanctioned (₹ in million)	Principal Amount outstanding (₹ in million)	Terms and conditions
1,250.00	1,250.00	<ul style="list-style-type: none"> <li>● <b>Purpose of the Loan:</b> For onward lending purposes approved by NHB</li> <li>● <b>Tenure:</b> 54 months from the date of first disbursement</li> <li>● <b>Rate of Interest:</b> BR + 0.25% p.a.</li> <li>● <b>Repayment:</b> Repayable in 15 equal quarterly instalments, after an initial moratorium of 9 months from date of first disbursement</li> <li>● <b>Rescheduling:</b> NIL</li> <li>● <b>Security:</b> <ul style="list-style-type: none"> <li>○ First pari-passu charge on standard loan receivables along with other lenders of the company with minimum security coverage of 1.10 times of the loan amount</li> <li>○ Letter of Comfort of Edelweiss Financial Services Limited</li> </ul> </li> <li>● <b>Prepayment penalty:</b> As per norms, company can prepay the facility at nil prepayment charges with 15 days' notice period.</li> <li>● <b>Penalty:</b> <ul style="list-style-type: none"> <li>○ Non-Submission of required financial papers for review/ renewal of limit will result in interest rate being raised to + 0.50% p.a. or by increase of spread which comes on account of downgrading of credit rating, whichever is higher</li> </ul> </li> <li>● <b>Events of Default:</b> <ul style="list-style-type: none"> <li>○ Any instalment/interest remaining unpaid on the due date, by our Company</li> <li>○ Our Company committing any breach of the terms of the agreement</li> </ul> </li> </ul>

## 10. State Bank of Bikaner and Jaipur

Amount sanctioned (₹ in million)	Principal Amount outstanding (₹ in million)	Terms and conditions
2,750.00	2,390.63	<ul style="list-style-type: none"> <li>• <b>Purpose of the Loan:</b> For onward lending for housing loans/other loans</li> <li>• <b>Tenure:</b> <ul style="list-style-type: none"> <li>○ Term Loan I, II and III – 60 months from the date of first disbursement</li> </ul> </li> <li>• <b>Rate of Interest:</b> <ul style="list-style-type: none"> <li>○ Term Loan I (₹750 million) – BR + 0.55% p.a.</li> <li>○ Term Loan II (₹ 1,000 million) – BR + 0.55% p.a.</li> <li>○ Term Loan III (₹ 1,000 million) – BR + 0.30% p.a.</li> </ul> </li> <li>• <b>Repayment:</b> Repayable in 16 equal quarterly instalments, after an initial moratorium of 12 months</li> <li>• <b>Rescheduling:</b> NIL</li> <li>• <b>Security:</b> <ul style="list-style-type: none"> <li>○ First <i>pari-passu</i> charge by way of hypothecation on total book-debts on standard assets portfolio of receivables, both present and future, equivalent to 110% of the outstanding loan amount (including interest)</li> <li>○ Corporate Guarantee of Edelweiss Financial Services Limited</li> </ul> </li> <li>• <b>Prepayment:</b> <ul style="list-style-type: none"> <li>○ Term Loan I and II - Waived with a notice period of 7 days and if paid from own sources, otherwise 2% prepayment charges will be levied</li> <li>○ Term Loan III – Loans prepaid from own sources will not attract prepayment/pre-closure charges. In all other cases, 2% of the prepaid amount as prepayment charge.</li> </ul> </li> <li>• <b>Penalty:</b> <ul style="list-style-type: none"> <li>○ 1% for the due amount up to 2 months and thereafter on entire outstanding amount from the date of irregularity</li> <li>○ Penal interest of 1% over and above the normal interest applicable, subject to maximum penal interest not exceeding 2% (given that the Company will maintain a minimum of NWC of ₹1,536.3 million as on 31.03.2016), will be charged in the following cases: <ul style="list-style-type: none"> <li>i. Non-submission of stock statements (delay beyond 10 days of the succeeding month)</li> <li>ii. Non-submission of renewal data beyond three months from the due date of renewal</li> <li>iii. Non-compliance with covenants</li> </ul> </li> </ul> </li> <li>• <b>Events of Default:</b> <ul style="list-style-type: none"> <li>○ Default in repayment of loans/advances or interests</li> </ul> </li> <li>• <b>Financial Covenant:</b> <ul style="list-style-type: none"> <li>○ To maintain a minimum net working capital of ₹1,536.3 million as on March 31, 2016; and</li> <li>○ To maintain a minimum net owned fund of ₹3,335.2 million as on March 31, 2016</li> </ul> </li> </ul>

## 11. State Bank of India

Amount sanctioned (₹ in million)	Principal Amount outstanding (₹ in million)	Terms and conditions
2,500.00	2,020.00	<ul style="list-style-type: none"> <li>• <b>Purpose of the Loan:</b> <ul style="list-style-type: none"> <li>○ Term Loan I – For onward lending in the form of Housing loans</li> <li>○ Term Loan II – For onward lending in the form of Housing Loans and Loans against property</li> </ul> </li> </ul>



Amount sanctioned (₹ in million)	Principal Amount outstanding (₹ in million)	Terms and conditions
		<ul style="list-style-type: none"> <li>• <b>Tenure:</b> <ul style="list-style-type: none"> <li>○ 60 months (Term Loan I – ₹1,000 million and Term Loan II – ₹ 1,500 million)</li> </ul> </li> <li>• <b>Rate of Interest:</b> <ul style="list-style-type: none"> <li>○ Term Loan I – BR + 0.90 % p.a.</li> <li>○ Term Loan II – BR + 0.90 % p.a.</li> </ul> </li> <li>• <b>Repayment:</b> <ul style="list-style-type: none"> <li>○ Term Loan – I: Repayable in 44 equal monthly instalments of ₹ 20 million each and 4 monthly instalments of ₹ 30 million each, after moratorium of 12 months</li> <li>○ Term Loan – II: Repayable in 16 equal quarterly instalments after moratorium of 12 months from date of disbursement</li> </ul> </li> <li>• <b>Rescheduling:</b> NIL</li> <li>• <b>Security:</b> <ul style="list-style-type: none"> <li>○ First <i>pari-passu</i> charge on the current and future housing loans and other receivables of the Company to the minimum extent of 1.10 times of the facility amount;</li> <li>○ Corporate Guarantee of Edelweiss Financial Services Limited and Edelweiss Commodities Services Limited; and</li> </ul> </li> <li>• <b>Prepayment:</b> 2% of the amount prepaid (Loans prepaid from own sources will not attract prepayment/ pre-closure charges)</li> <li>• <b>Penalty:</b> <ul style="list-style-type: none"> <li>○ If the audited Balance Sheet is not submitted (i.e., filed with the stock exchange as per SEBI requirements for listed companies) within 6 months of the closure of FY of the Company and delay is more than 1 month, pricing will go up by 25 basis points (0.25%), till the same is submitted.</li> <li>○ Non-submission of renewal data 30 days before the due date for renewal limits: ₹ 50,000/- up to the due date of renewal and ₹ 1,00,000/- per month thereafter, till the date of submission.</li> <li>○ Parameters such as DSCR, ISCR and FACR would be tested annually on the basis of Audited Balance Sheet (ABS). Penal interest will be charged in case of breach (adverse deviation) of any 2 of the 3 parameters vis-à-vis values as approved by the sanctioning authority in the sanction note at the following rates. The penal interest will apply from the day after the date of ABS, and shall continue till the breach is cured. <ul style="list-style-type: none"> <li>i. Up to 5% – NIL</li> <li>ii. &gt;5% and up to 10% – 25 bps p.a.</li> <li>iii. &gt;10% – 50 bps p.a.</li> </ul> </li> <li>○ Each of the following events will attract penal interest/charges as applicable, at rates circulated from time to time, over and above the normal interest applicable in the account: <ul style="list-style-type: none"> <li>i. For the period of overdue interest/instalment in respect of Term Loans</li> <li>ii. Non-submission of stock statements within 20 days of the succeeding month</li> <li>iii. Non-submission of Audited Balance Sheet within 6 months of closure of financial year</li> <li>iv. Non-submission/delayed submission of FFRs, wherever stipulated, within due date</li> <li>v. Non-submission of review/renewal data at least one month prior to due date.</li> <li>vi. Default in payment of interest or instalment to the lender for the period of such default at 1% p.a.</li> </ul> </li> </ul> </li> </ul>

Amount sanctioned (₹ in million)	Principal Amount outstanding (₹ in million)	Terms and conditions
		<p>vii. Default in payment of interest or instalment on due date to any other lender for the period of such default at 1% p.a.</p> <p>• <b>Events of Default:</b></p> <ul style="list-style-type: none"> <li>○ Default by our Company in repayment of loans/advances or interests or occurrence of cross default</li> </ul>

## 12. State Bank of Patiala

Amount sanctioned (₹ in million)	Principal Amount outstanding (₹ in million)	Terms and conditions
1,500.00	1,500.00	<p>• <b>Purpose of the Loan:</b> For onward lending under Housing Finance</p> <p>• <b>Tenure:</b></p> <ul style="list-style-type: none"> <li>○ Term Loan I (₹500 million) – 5 years</li> <li>○ Term Loan II (₹1,000 million) – 4 years 6 months</li> </ul> <p>• <b>Rate of Interest:</b></p> <ul style="list-style-type: none"> <li>○ Term Loan I – BR + 0.40% p.a.</li> <li>○ Term Loan II – BR + 0.30% p.a.</li> </ul> <p>• <b>Repayment:</b></p> <ul style="list-style-type: none"> <li>○ <b>Term Loan I:</b> Repayable in 16 equal quarterly instalments after moratorium of 12 months from date of disbursement</li> <li>○ <b>Term Loan II:</b> Repayable in 15 equal quarterly instalments after moratorium of 9 months from date of disbursement</li> </ul> <p>• <b>Rescheduling:</b> NIL</p> <p>• <b>Security:</b></p> <ul style="list-style-type: none"> <li>○ First <i>pari-passu</i> charge by way of hypothecation on the current and future housing loan receivables of the Company to the minimum extent of 1.10 times of the facility amount; and</li> <li>○ Corporate Guarantee of Edelweiss Financial Services Limited</li> </ul> <p>• <b>Prepayment:</b></p> <ul style="list-style-type: none"> <li>○ Term Loan I - 2% of the amount prepaid except on Interest reset date</li> <li>○ Term Loan II – 2% of the amount prepaid, No prepayment charges at time of Interest spread reset with 30 days' notice</li> </ul> <p>• <b>Penalty:</b></p> <ul style="list-style-type: none"> <li>○ 2% p.a. above ROI charged on overdue amount in case of non-payment of Interest/ instalment on due date</li> <li>○ 1% p.a. charged on Outstanding amount for delayed period, in case of failure of submission of quarterly/ half-yearly data, Loan position, CA Cert security position on time</li> <li>○ Penal Interest of 1% p.a. Delay on Non-submission of stock statements beyond 10 days of the succeeding month (For Term Loan I)</li> <li>○ 1% p.a. penal interest on non-submission of renewal data beyond three months from due date of renewal (For Term Loan I)</li> <li>○ 1% p.a. on Non-Compliance with various covenants</li> <li>○ However, the total penal interest on non-compliances shall not exceed 3% p.a. (For Term Loan I)</li> <li>○ 2% p.a. in case of default in payment to any other lender for the period of such default.</li> </ul> <p>• <b>Events of Default:</b></p> <ul style="list-style-type: none"> <li>○ Default in repayment of loans/ advances/ interest</li> </ul>

### 13. Vijaya Bank:

Amount sanctioned (₹ in million)	Principal Amount outstanding (₹ in million)	Terms and conditions
650.00	531.40	<ul style="list-style-type: none"> <li>• <b>Purpose of the Loan:</b> For onward lending to housing finance borrowers, against the mortgage of respective house properties</li> <li>• <b>Tenure:</b> <ul style="list-style-type: none"> <li>○ Term Loan I (₹ 150 million) – 7 years</li> <li>○ Term Loan II (₹ 500 million) – 5 years</li> </ul> </li> <li>• <b>Rate of Interest:</b> <ul style="list-style-type: none"> <li>○ Term Loan I – BR+ 1.00% p.a.</li> <li>○ Term Loan II – BR+ 0.55% p.a.</li> </ul> </li> <li>• <b>Repayment:</b> <ul style="list-style-type: none"> <li>○ Term Loan – I: Repayable in 24 equal quarterly instalments after moratorium of 12 months from date of disbursement, with door to door of 7 years.</li> <li>○ Term Loan– II: Repayable in 16 equal quarterly instalments after moratorium of 12 months from date of disbursement</li> </ul> </li> <li>• <b>Rescheduling:</b> NIL</li> <li>• <b>Security:</b> <ul style="list-style-type: none"> <li>○ First parri-passu charge over receivables created out of standard home loan assets of the Company to the minimum extent of 1.10 times of the facility amount;</li> <li>○ Power of Attorney to create mortgage in favour of the lender to recover book debts directly from home loan borrowers of our Company, in the event of default by our Company; and</li> <li>○ Corporate Guarantee of Edelweiss Financial Services Limited and Edelweiss Commodities Services Limited.</li> </ul> </li> <li>• <b>Prepayment and Pre-closure charges:</b> <ul style="list-style-type: none"> <li>○ 2.25% on the outstanding as on date of closure or 0.62% on the outstanding per year for the remaining tenure of the loan whichever is lower.</li> </ul> </li> <li>• <b>Penalty:</b> <ul style="list-style-type: none"> <li>○ 2% p.a. for any delayed/unpaid instalments.</li> <li>○ 2% penal interest will be charged for delayed submission of the papers (Renewal papers, annual renewal data, periodical statements/stocks/book debts statements, FFR, MS/OD and QIS statements etc.).</li> <li>○ 2% (for Term Loan I) and 1% (Term Loan II) additional interest to be charged on the outstanding balance if the company fails to submit NOC/Pari-Passu letters within 3 months from the date of first disbursement.</li> </ul> </li> <li>• <b>Events of Default:</b> <ul style="list-style-type: none"> <li>○ Default by our Company in repayment of loans/ advances/ interest.</li> </ul> </li> </ul>

## B. Working capital facilities:

Sl. No	Name of Lender	Type of Facility	Amount sanctioned (₹ in million)	Principal Amount outstanding (₹ in million)	Purpose	Repayment Schedule	Security
1.	Andhra Bank	Cash Credit/ Overdraft limits	250.00	250.00	To meet working capital requirement of our Company, i.e., for onward lending (non-capital market)	Repayable on demand/ one year	First <i>pari-passu</i> charge on present and future standard assets consisting of receivables/ loans and advances/ current assets and such other movables of the Company
2.	DCB Bank		100.00	100.00	For on lending to residential real estate		
3.	HDFC Bank Limited		100.00	10.00	For on lending for housing finance business		
4.	Kotak Mahindra Bank Limited		120.00*	120.00	For onward lending for purposes		
5.	State Bank of Bikaner and Jaipur		250.00	249.86	Mainly for providing housing loans		
6.	State Bank of India		500.00	495.45	For onward lending		
7.	State Bank of Patiala		250.00	213.21	For onward lending purposes		

\* Sub-limit of the Term Loan

*Note: EFSL has provided Letter of Comfort for HDFC Bank Limited and Corporate Guarantee for the other lenders; whereas ECSL has also provided Corporate Guarantee for State Bank of India.*

## Details of NCDs issued on Private Placement basis:

### • Secured Redeemable Non-Convertible Debentures

Our Company has issued on private placement basis, secured redeemable non-convertible debentures under various series of which ₹ 2,020 million is cumulatively outstanding as on March 31, 2016, the details of which are set forth below.

Sl. No	Debenture Series	Tenure/ Period of maturity	Coupon	Amt. outstanding (₹ in million)	Date of Allotment	Redemption Date/Schedule	Credit Rating	Security
1.	NA	1,064 days	Zero Coupon	400.00	December 19, 2013	November 17, 2016	CARE AA	• First <i>pari-passu</i> charge on the standard loan assets of our Company and <i>pari passu</i> charge over immoveable property of the Company as identified in the
2.	NA	1,159 days	Zero Coupon	250.00	February 20, 2014	April 24, 2017	(SO)	
3.	NA	1,091 days	Zero Coupon	250.00	March 28, 2014	March 23, 2017		
4.	NA	701 days	10.94% p.a.	250.00	May 28, 2014	April 28, 2016		
5.	NA	1,062 days	10.94% p.a.	60.00	May 28, 2014	April 24, 2017		
6.	NA	650 days	10.71% p.a.	30.00	September 12, 2014	June 23, 2016		

Sl. No	Debenture Series	Tenure/ Period of maturity	Coupon	Amt. outstanding (₹ in million)	Date of Allotment	Redemption Date/Schedule	Credit Rating	Security
7.	NA	1,070 days	10.75% p.a.	50.00	September 12, 2014	August 17, 2017		Debenture Trust Deed.
8.	NA	1,096 days	10.76% p.a.	100.00	September 12, 2014	September 12, 2017		• Corporate guarantee of EFSL
9.	NA	1,093 days	10.76% p.a.	60.00	October 27, 2014	October 24, 2017		
10.	NA	1,180 days	10.73% p.a.	70.00	October 27, 2014	January 19, 2018		
11.	NA	1,089 days	10.01% p.a.	100.00	December 12, 2014	December 5, 2017		
12.	NA	1,101 days	10.01% p.a.	80.00	March 5, 2015	March 10, 2018	[ICRA]	First pari-passu charge on the standard loan assets of our Company and pari passu charge over immoveable property of the Company as identified in the Debenture Trust Deed.
13.	NA	1,144 days	10.09% p.a.	320.00	March 9, 2015	April 26, 2018	AA	

• **Unsecured Redeemable Non-Convertible Subordinate Debentures**

Sl. No	Debenture Series	Tenure/ Period of maturity	Coupon	Amt. outstanding (₹ in million)	Date of Allotment	Redemption Date/Schedule	Credit Rating
1	-	10 years 3 months	11.25% per annum	500.00	February 4, 2015	May 03, 2025	[ICRA] AA and CARE AA

**Non-Convertible Debentures issued on private placement basis during the last five years**

Year ending	Amount issued (₹ in million)
March 31, 2016	Nil
March 31, 2015	1,620.00
March 31, 2014	1,400.00
March 31, 2013	1,500.00
March 31, 2012	Nil

**List of top 10 Debenture Holders as on March 31, 2016**

*Top 10 Debenture Holders – Secured NCDs on cumulative basis*

Sl. No	Name of Debenture Holders	Amt. outstanding (₹ in million)
1	Kotak Mahindra Trustee Co Limited A/c Kotak Fixed Maturity Plan Series 131	400.00
2	HDFC Trustee Co Limited A/c HDFC FMP 1184D January 2015(1)	300.00
3	HDFC Trustee Co Limited A/c HDFC FMP 1175D January 2014 (1)	250.00
4	HDFC Trustee Co Limited A/c HDFC FMP 793D February 2014 (1)	250.00
5	HDFC Trustee Co Limited A/c HDFC FMP 1127D March 2014 (1)	170.00
6	HDFC Trustee Co Limited A/c HDFC FMP 1095D March 2014 (1)	140.00
7	DHFL Pramerica Trustees Private Limited A/c DHFL Pramerica Hybrid Fixed Term fund - series 35	80.00

Sl. No	Name of Debenture Holders	Amt. outstanding (₹ in million)
8	DHFL Pramerica Trustees Private Limited A/c DHFL Pramerica Hybrid Fixed Term Fund - Series 26	75.00
9	DHFL Pramerica Trustees Private Limited A/c DHFL Pramerica Hybrid Fixed Term Fund - Series 32	60.00
10	DHFL Pramerica Trustees Private Limited A/c DHFL Pramerica Fixed Maturity Plan- Series 75	50.00

*Top 10 Debenture Holders – Unsecured NCDs on cumulative basis*

Sl. No	Name of Debenture Holders	Amount outstanding (₹ in million)
1	Axis Bank Limited	240.00
2	A P S R T C Employees Provident Fund Trust	100.00
3	Bohasanwasi Shri Aksharpurushottam Swaminarayan Sanstha	100.00
4	Chhattisgarh State Electricity Board (CSEB) Provident Fund Trust	40.00
5	Engineers India Limited Employees Provident Fund	20.00

#### Details of Corporate Guarantee issued by the issuer

As on March 31, 2016, except as disclosed below, our Company has not provided any corporate guarantee to any financial institution or lender.

S.no	Date of corporate guarantee	Party	Amount (in million)	Purpose
1.	March 18, 2016	Catalyst Trusteeship Limited (formerly GDA Trusteeship Limited)	53.32	Credit enhancement to meet any default/ delay in relation to the payments to be made by our Company to Catalyst trusteeship Limited

For further details, please refer to “*History Main objects and Key Agreements*” on page 80 of this Draft Prospectus.

#### Commercial Paper borrowings

As on March 31, 2016, the following are the details of commercial paper borrowings by our Company:

Sl. No	Date of issuance	Maturity date	Amount outstanding (₹ in million)
1.	March 16, 2016	May 26, 2016	250.00
2.	March 2, 2016	May 27, 2016	500.00
3.	March 16, 2016	May 27, 2016	250.00
4.	March 2, 2016	May 31, 2016	500.00
5.	March 2, 2016	June 1, 2016	500.00
6.	March 17, 2016	June 14, 2016	500.00
7.	February 1, 2016	June 29, 2016	1,000.00
8.	March 31, 2016	June 29, 2016	750.00

#### Loan from Directors and Relatives of Directors

As on March 31, 2016, our Company has not taken any loan from our Directors or relative of our Directors.

## **Loans from our Promoters**

As on March 31, 2016, our Company has borrowed an amount of ₹ 655.48 million in the nature of short term borrowings from the Promoters of our Company. The details of the loans are as follows.

- Loan from our Promoter i.e. EFSL

Our Company entered into a Memorandum of Understanding dated April 15, 2015 which was renewed on April 14, 2016 with EFSL wherein EFSL has agreed to provide an unsecured loan to our Company, depending on the funding requirements of our Company. The amount outstanding as on March 31, 2016 was ₹ 647.49 million.

- Loan from our Promoter i.e. ECSL

Our Company entered into a Memorandum of Understanding dated April 15, 2015 which was renewed on April 14, 2016 with ECSL wherein ECSL has agreed to provide an unsecured loan to our Company, depending on the funding requirements of our Company. The amount outstanding as on March 31, 2016 was ₹ 7.99 million.

## **Inter Corporate Deposit**

As on March 31, 2016, our Company did not have any outstanding inter corporate deposit.

## **Restrictive Covenants**

1. Many of our financing agreement includes various restrictive conditions and covenants restricting certain corporate actions and our Company is required to take prior approval of the respective lenders before carrying out such activities. For instance, our Company is required, inter alia, to obtain the prior written consent of the lenders in the following instances:
  - Effect any change in our Company's capital structure;
  - Formulate any scheme for merger, amalgamation or re-organization;
  - Implement any scheme of expansion or acquire any fixed assets;
  - Make investments/advances or deposit amounts with any other concern;
  - Entering into borrowing arrangements with any bank/ financial institution/company;
  - Undertake guarantee obligations on behalf of any other company, firm or persons;
  - Undertake any further charge, lien or encumbrance over the assets and properties of our Company in favour of any other bank, financial institution, company, firm or persons;
  - Make any decision adversely affecting the financial position of our Company's subsidiaries/group companies or companies in which our Company has invested, including any action taken by any creditor against the said companies legally or otherwise;
  - Implement any scheme of expansion or diversification or capital expenditure except normal replacement
  - Sale, assignment, mortgage or otherwise dispose of any of the fixed/ material assets charged to the lenders or escrow future cash flows with any other lender/ person; and
  - Amendment or modification in any of our Company's constitutional documents, which have a material adverse effect.
2. Time-to-time compliance with all regulations stipulated by RBI, NHB or any other regulators, as may be applicable.
3. The Company should not induct into its Board, a person whose name appears in the wilful defaulters list of RBI/CIBIL (other than as Nominee/Professional/Honorary director).
4. The Company to agree, confirm and undertake that the proceeds of the facilities shall not be utilized for:
  - Investments in or purchase of shares/debentures
  - Extending unsecured loans or making any inter-corporate deposits to or in associate companies
  - Further lending to individuals for subscribing to IPOs
  - Bills discounting
  - Speculative activities

Our Company has from time to time, obtained the consent of its lenders to undertake certain corporate actions and enter into various transactions. Our Company has obtained the requisite consents from its lenders in order to

undertake the present issue. For further information on restrictive covenants, please see section titled “***Risk factors***” on page no. 9 of this Draft Prospectus.

**Servicing behaviour on existing debt securities, payment of due interest on due dates on financing facilities, term loans and debt securities**

As on date of this Draft Prospectus, there have been no defaults in payment of principal or interest on any financing facilities, term loans availed by our Company or in relation to the debt securities issued by our Company.



## SECTION VI - OUTSTANDING LITIGATIONS AND DEFAULTS

### OUTSTANDING LITIGATIONS

*Except as described below, there are no outstanding litigations including, suits, criminal or civil prosecutions and taxation related proceedings against our Company and its Board of Directors that may have an adverse effect on our business. Further, there are no defaults, non-payment of statutory dues including, institutional / bank dues and dues payable to holders of any debentures, bonds and fixed deposits that would have a material adverse effect on our business other than unclaimed liabilities against our Company as of the date of this Prospectus.*

*Save as disclosed herein below, there are no:-*

- *litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against the Promoter of our Company during the last five years immediately preceding the year of the issue of the prospectus and any direction issued by such Ministry or Department or statutory authority;*
- *pending litigation involving our Company, our Promoter, our Directors, Subsidiaries, Group Companies or any other person, whose outcome could have material adverse effect on the position of the issuer;*
- *material fraud committed against our Company in the last five years;*
- *inquiry, inspections or investigations initiated or conducted under the Companies Act or any previous companies law in the last five years immediately preceding the year of issue of the prospectus in the case of our Company and all of our subsidiaries;*
- *pending proceedings initiated against our Company for economic offences;*
- *default and non-payment of statutory dues etc.*

*Further from time to time, we have been and continue to be involved in legal proceedings filed by and/or against us, arising in the ordinary course of our business. These legal proceedings are mostly civil in nature. We believe that the number of proceedings in which we are / were involved is not unusual for a company of our size doing business in India.*

#### ***Litigations by our Company***

1. Our Company (“**Complainant**”) filed a criminal complaint under Section 156 (3) of the Code of Criminal Procedure (“**Cr. P. C.**”) against Puja Quench Distributors India Private Limited and others (“**Accused**”) before the Chief Judicial Magistrate at Ghaziabad, Uttar Pradesh (“**Authority**”). The Authority, by an order dated October 6, 2015, directed registering the FIR. Consequently, a FIR bearing no. 1343/2015 dated October 20, 2015 was registered with the Kavi Nagar Police Station at Ghaziabad for violation of Sections 420, 467, 468, 471, 406 read with 120-B of Indian Penal Code, 1860. The matter is currently pending.
2. Our Company (the “**Plaintiff**”) filed a summary suit dated April 15, 2015 (the “**Suit**”) against Puja Quench Distributors India Private Limited and others (the “**Defendant**”) before the Delhi High Court (“**High Court**”) under Order XXXVII of the Code of Civil Procedure for recovery of ₹ 34.77 million, with pendent lite and a future interest @18% p.a. Pursuant to the suit, a summon dated July 9, 2015 was issued to the Defendant for appearance before then High Court. The matter is currently pending.

#### ***Litigations against our Promoter, Edelweiss Financial Services Limited (“EFSL”):***

1. Edelweiss Financial Services Limited and another (“**Petitioners**”) filed a criminal writ petition bearing number 1899 of 2012 (“**Writ Petition**”) before the High Court of Judicature at Bombay (“**Court**”) against The State of Maharashtra and others (“**Respondents**”), praying *inter-alia*, that Respondents or the Central Bureau of Investigation or any other agency be directed to register and investigate the complaint dated December 30, 2011 made by the Petitioner. The Petitioner vide letter dated December 30, 2011 filed a complaint under Sections 417, 419, 420, 465, 468, 469 and 471 read with Section 120-B of the Indian Penal Code and under certain Sections of the Information Technology Act, 2000, Trademark Act, 1999 and the Copyright Act, 1957 against Mr. Vaibhav Singh, Percept Profile, Mr. Harindra Singh, Mr. Shailendra Singh, Mr. Rajeev Mehrotra and unknown persons before the Senior Inspector Police, N.M. Joshi Marg Police Station Mumbai (“**Complaint**”). The Complaint was filed in relation to press release titled “Edelweiss Asset Management Head Quits, to Start Own”, which was allegedly released by the aforesaid employees of Percept Profile on behalf of the Petitioners. The Court vide order dated July 23, 2012 directed the police to register an F.I.R. Subsequently Harindra Singh and Shailendra Singh filed a Criminal Application bearing number 956 of 2012 praying *inter-alia* for quashing the F.I.R. Further Mr. Rajeev Mehrotra filed a writ petition bearing number 3093 of 2012 *inter-alia* praying for staying further proceedings in the F.I.R. The Court, vide

order dated December 3, 2012, in the writ petition bearing number 3093 of 2012 and the Criminal Application bearing number 956 of 2012 directed that in case the investing officer desires to arrest the applicants, the investigating officer shall give 72 hours advance notice (excluding Sundays and court holidays), so that the applicants can adopt appropriate remedy. The matter is currently pending.

2. The Commissioner of Income Tax (Appeals)-7, Mumbai (“**Appellate Authority**”), passed an order under Section 250 of the IT Act (“**Appellate Order**”) dated July 7, 2011 in relation to Edelweiss Capital Limited’s (presently known as Edelweiss Financial Services Limited) (“**EFSL**”) return of income for the assessment year 2008-2009, deleting the disallowance of expenses incurred for earning exempt income under section 14A of the IT Act read with Rule 8D of the IT Rules and deleting the disallowance in respect of the difference in rate of interest paid on borrowing and interest charged on short term lending to wholly owned subsidiary companies. Thereafter, the Additional Commissioner of Income Tax, Circle-3(1) Mumbai (“**Authority**”) approached the Income Tax Appellate Tribunal (“**ITAT**”) against the Appellate Order praying before the ITAT to set aside the Appellate Order and to restore the original order passed by Authority. The matter is currently pending.
3. The Commissioner of Income Tax (Appeals)-6, Mumbai (“**Appellate Authority**”), passed an order under Section 250 of the IT Act (“**Appellate Order**”) dated December 27, 2012 in relation to Edelweiss Capital Limited’s (presently known as Edelweiss Financial Services Limited) (“**EFSL**”) return of income for the assessment year 2009-2010, deleting the disallowance of expenses incurred for earning exempt income under section 14A of the IT Act read with Rule 8D of the IT Rules and deleting the disallowance in respect of the difference in rate of interest paid on borrowing and interest charged on short term lending to wholly owned subsidiary companies. Thereafter, the Additional Commissioner of Income Tax, Circle-3(1) Mumbai (“**Authority**”) approached the Income Tax Appellate Tribunal (“**ITAT**”) against the Appellate Order praying before the ITAT to set aside the Appellate Order and to restore the original order passed by Authority. The matter is currently pending.
4. The Deputy Commissioner of Income Tax, Circle-3(1)(2), Mumbai (“**Authority**”) passed an order dated March 20, 2015 under Section 143(3) read with Section 144C(3) of the IT Act (“**Order**”) in relation to Edelweiss Financial Services Limited’s (“**EFSL**”) return of income for the assessment year 2011-2012. In the Order, the Authority recomputed and determined EFSL’s tax liability on account of disallowance of difference in rate of interest between the borrowings made and interest charged on lending to the subsidiaries, disallowance of expenditure against earnings of exempt income, addition of transfer pricing income on account of transactions with associate enterprises being considered to not be at arm’s length, addition of entries which were not reconciled and disallowance of TDS claimed. Being aggrieved by the Order, EFSL preferred an appeal, under Section 246(1) (a) of the IT Act before the Commissioner of Income Tax (Appeals)-8, Mumbai dated April 17, 2015, seeking for the original Order to be set aside. The matter is currently pending.
5. The Assistant Commissioner of Income Tax, Circle-3(1)(2), Mumbai (“**Authority**”) passed an order dated March 31, 2016 under Section 143(3) read with Section 144C(3) of the IT Act (“**Order**”) in relation to Edelweiss Financial Services Limited’s (“**EFSL**”) return of income for the assessment year 2012-2013. In the Order, the Authority recomputed and determined EFSL’s tax liability, *inter alia*, on account of disallowance of proportionate interest on loan given to the employee welfare trust, the disallowance made under section 14A of the IT Act read with Rule 8D of the IT Rules under normal provisions as well as under provisions of section 115JB and disallowance of provision for expenses. Being aggrieved by the Order, EFSL preferred an appeal, under Section 246(1)(a) of the IT Act before the Commissioner of Income Tax (Appeals)-8, Mumbai dated April 28, 2016, seeking for the original Order to be set aside. The matter is currently pending.

#### ***Litigations by our Promoter, Edelweiss Financial Services Limited (“EFSL”)***

1. A petition was filed by Edelweiss Financial Services Limited (“**Petitioner**”) against Percept Finserve Private Limited and others (“**Respondents**”) before the High Court of Judicature at Bombay (“**High Court**”). The Petitioner had entered into a Share Purchase Agreement dated December 8, 2007 (“**Share Purchase Agreement**”) with Percept Finserve Private Limited (“**Percept**”) wherein the Petitioner had acquired 9.23% of Percept for an amount of ₹200 million. The Petitioner alleged that Percept defaulted in the Share Purchase Agreement and called upon Percept to pay an amount of ₹220 million as consideration against the transfer of the Petitioner’s shareholding in the Respondent. The High Court by its order dated August 13, 2009 appointed Justice Mr. B.N. Srikrishna, retired Supreme Court judge, as the sole arbitrator (“**Arbitrator**”). The Arbitrator

vide his award dated June 6, 2013 held that the Petitioner is not entitled to any reliefs sought on the point of law under Securities Contract Regulations Act, 1956 and rules framed there under. Aggrieved by the decision of the Arbitrator, The present petition has been filed against the award of the Arbitrator. The petition was admitted by the order dated January 20, 2015. The matter is currently pending.

2. Edelweiss Financial Services Limited and Edelweiss Commodities Services Limited (together referred to as the “**Complainants**”) filed a complaint bearing number 47/2014 (“**Complaint**”) before the National Consumer Disputes Redressal Commission, New Delhi against TATA AIG General Insurance (“**Respondent**”), praying *inter-alia*, that the repudiation of the Complainants claim, by the Respondent, under the insurance policy (“**Insurance Policy**”) be declared as unlawful and wrongful and that the Respondent be directed to pay to Edelweiss Commodities Services Limited an amount of ₹ 152.50 million along with interest at the rate of 18% until realization.

The Respondent had issued an Insurance Policy named corporate guard- crime manage complete policy for covering of risk during the period of July 18, 2011 to July 17, 2012 covering the Complainants and other entities. Edelweiss Commodities Services Limited raised a claim dated July 1, 2012 with the Respondent, which was rejected on April 16, 2013 by the Respondent. Edelweiss Commodities Services Limited subsequently filed a detailed representation dated July 15, 2013 vide email dated July 16, 2013, which was once again rejected by the Respondent on August 6, 2013. Post various correspondences with the Respondents the Complainants filed the present Complaint. The matter is currently pending.

#### **SEBI/SEC/RBI Regulatory cases**

1. Edelweiss Financial Services Limited & other merchant bankers in the matter of Initial Public Offer of Credit Analysis and Research Limited (together referred to as the “Appellants”) has filed an appeal before the Securities Appellate Tribunal, Mumbai (“SAT”) against the impugned order dated November 28, 2014 (“Order”). SEBI vide Order had imposed the maximum penalty prescribed under section 15 HB of the SEBI Act amounting to ₹ 10 million jointly and severally on the Appellants for the violation of clause 1 of Form C of Schedule VI of Regulation 8 (2) (b), Regulation 57 (1), Regulation 57 (2)(a) (ii) and Regulation 64(1) of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 and Regulation 13 read with clauses 1, 4,6,7 and 20 of code of conduct for Merchant Bankers as specified in Schedule III of the SEBI (Merchant Bankers) Regulations, 1992. Aggrieved, the Appellants have filed the Appeal inter-alia to set aside the Order and to stay the Order. The matter is currently pending.
2. Edelweiss Financial Services Limited & other merchant bankers in the matter of Initial Public Offer of Electrosteel Steels Limited (together referred to as the “Appellants”) has filed an appeal before the Securities Appellate Tribunal, Mumbai (“SAT”) against the impugned order dated March 31, 2016 (“Order”). SEBI vide Order had imposed the maximum penalty prescribed under section 15 HB of the SEBI Act amounting to ₹ 10 million jointly and severally on the Appellants for the violation of Regulation 57(1), Regulation 57(2)(a)(ii) and Regulation 64(1) of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 and Regulation 13 of the SEBI (Merchant Bankers) Regulations, 1992. Aggrieved, the Appellants have filed the Appeal inter-alia to set aside the Order and to stay the Order. The matter is currently pending.
3. The Securities Exchange Commission (“SEC”), on November 27, 2012 passed an order against our Promoter, Edelweiss Financial Services Limited (“EFSL”) instituting administrative proceedings pursuant to Section 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”), and imposing remedial sanctions and censure (“Order”). The SEC in the Order, held that EFSL and some of its subsidiaries indulged in soliciting and providing brokerage services to U.S. institutional investors without registering as a broker-dealer and also failed to enter into a chaperoning agreement with a U.S. registered broker-dealer, which provided a means to qualify for the Rule 15a-6 exemption under the Exchange Act, while continuing to act as a book running lead manager and/or a co-lead manager in relation to the private placement/initial public offering/further public offering of securities of Indian issuers. In this regard, EFSL submitted an offer for settlement (“Offer”) which was accepted by the SEC, wherein without admitting or denying the SEC’s findings, EFSL consented to the entry of the Order. Pursuant to the SEC’s directions in the Order, EFSL paid disgorgement amount of \$540,000 and prejudgment interest of \$28,347 to the United States Treasury and the matter was dispensed with.
4. Edelweiss Financial Services Limited had filed a compounding application dated January 9, 2012 for contravention of provisions of the FEMA and regulations. The contraventions sought to be compounded is in respect of the credit of inward foreign remittance for equity subscription to EEFC account. Subsequently,

RBI vide compounding order dated June 11, 2012 levied a penalty of Rs. 10,000. The said penalty has been discharged by Edelweiss Financial Services Limited.

***Litigations against our Promoter, Edelweiss Commodities Services Limited (“ECSL”)***

1. Euro Vistaa (India) Limited and Euro Vistaa (Tanzania) Limited (together referred to as “**Plaintiffs**”) filed a suit bearing no. 1029 of 2013 dated November 20, 2013 against Aster Commodities DMCC (“**Aster**”), Edelweiss Commodities Trading Limited and Bank of Maharashtra (“**Defendants**”) before the Bombay High Court (the “**High Court**”). The suit was filed for *inter alia*, invocation of its jurisdiction for non-encashment of two bank guarantees amounting to **USD 600,000** issued by Bank of Maharashtra, Overseas Branch, Nariman Point. Aster tendered a fresh encashment of two Bank Guarantees dated December 9, 2013 to Bank of Maharashtra with copy to Euro Vistaa.

Euro Vistaa moved before the High Court with a fresh Notice of Motion for restrain on encashment of Bank Guarantees and thereafter sent two reminder letters to the Bank of Maharashtra on December 27, 2013 and January 2, 2014, which was replied by Bank of Maharashtra vide their letters dated January 1, 2014 and January 3, 2014 denying encashment under pretext of pending court hearing. By an order dated March 12, 2014, the Division Bench of the High Court allowed Euro Vista to withdraw the applications based on interim arrangement that the Bank will issue demand draft and Aster will not encash the same for a period of 8 weeks. Liberty was given to Euro Vistaa to take proceedings before appropriate Court.

The Plaintiffs filed Special Leave Petition bearing number 10694–95 of 2014 challenging the order of the High Court with the question before the Supreme Court that whether an application under Section 8 of the Arbitration and Conciliation Act, 1996 applies to domestic arbitrations only. Supreme Court *vide* its order dated May 5, 2014 directed that the encashed amount of bank guarantees be kept by Aster in interest bearing deposit account, wherein the Defendants shall not withdraw the amounts along with the interest accrued thereon till further orders of Supreme Court. On September 1, 2014, the Supreme Court directed Respondents to file Affidavit-in-Reply, which ECSL filed on September 26, 2014. Matter came up on November 20, 2014 where Registrar directed Bank of Maharashtra to file reply by February 2, 2015, which they failed. Special Leave Petition is currently pending for hearing.

Aster filed a separate application before the High Court under Section 45 of the Arbitration and Conciliation Act, 1996 for international arbitration, which was last listed for hearing on March 08, 2016. The matter is currently pending.

2. Nathella Sampath Jewellery Private Limited (“**Applicant**”) filed an arbitration application for appointment of an arbitrator before the Bombay High Court dated November 29, 2014 for adjudication of disputes for recovery of ₹47 million under unfixed price regime as per the terms of the Master Loan Agreement executed between ECSL and the Applicant. ECSL prepared & affirmed its Affidavit in reply on merit on January 28, 2015. The matter was heard on November 30, 2015, wherein ECSL opposed the application. On February 10, 2016 the Arbitrator *inter alia*, passed directions that a statement of claim will be required to be filed by March 10, 2016. On March 10, 2016 ECSL filed statement of claim of ₹244.6 million along with additional interest @ 18% from March 16, 2016. ECSL also gave an alternative of ₹47 million along with additional interest @ 18% from September 01, 2013 and a claim of ₹59.10 million along with additional interest @ 18% from September 5, 2013. The Applicant filed its statement of claim on March 17, 2016 and statement of defense on April 9, 2016. On April 19, 2016, ECSL filed its statement of defense and also moved an application under Section 16 for determination of Tribunal’s jurisdiction to Applicant’s claim for illegality of transaction based on which the Applicant filed a claim of ₹ 244.6 million. Arbitration to commence from June 2016. The matter is currently pending.
3. The Deputy Controller of Rationing, Civil Supply Department of Maharashtra (“**Authority**”) issued show cause notices to Edelweiss Commodities Services Limited (“**ECSL**”) for violation of applicable stock limits on imported pulses under the Essential Commodities Act, 1955 (“**Act**”) resulting in seizure of the stock by the Authority. ECSL, in its reply argued that the stock limits were not applicable to ECSL as the stock were imported. The matter is currently pending.
4. A criminal complaint was filed by Pravin Virchand Shah of Shri Ashirvad Traders (“**Complainant**”) before the Judicial Magistrate of First Class at Unjha (the “**JMFC**”) against Edelweiss Trading & Holdings Limited (“**ETHL**”), Edelweiss Commodities Services Limited (“**ECSL**”) for violation of Sections 406, 420 read with Section 120–B of the Indian Penal Code, 1860 for alleged mishandling of account and alleged siphoning-off

an amount of about ₹ 38.7 million and also for allegedly unauthorized selling of 568 metric tons of commodity lying with R. K. Exports. Pursuant to the complaint, three notices each dated November 13, 2014 bearing O.W. No. 4108/2014, 4109/2014 and 4110/2014 were sent by the Police Sub-Inspector, Unjha Police Station (collectively referred to as “**Notices**”) for appearing before the police and record statement. ECSL filed its reply to the said notices on December 5, 2014. The matter is currently pending.

5. Dr. M V Ramana Rao, (“**Complainant**”) filed a criminal complaint before Hyderabad Metropolitan Court against ETHL, ECSL and others. FIR bearing no. 148 of 2015 was lodged in Tukaramgate Police Station, Hyderabad under Sections 420, 422, 423 read with 34 and Section 5 of the Andhra Pradesh Protection of Depositors Finance Act alleging that the Complainant invested short term deposit amount of ₹10 million on March 30, 2010 @ 8% for 6 months and 9% p.a. for a year with ECSL. Thereafter on March 19, 2011 Complainant requested money back of which allegedly ₹5 million was returned to him and balance was re-deposited with interest @ 9% for 6 months and 10% for a year. Complainant alleged that company changed its name to Edelweiss Commodities Services Limited and refused refunding balance amount. On November 20, 2015, ECSL filed its statement. The matter is currently pending.
6. The Commissioner of Income Tax (Appeals)-7, Mumbai (“**Appellate Authority**”), passed an order under Section 250 of the IT Act (“**Appellate Order**”) dated July 7, 2011 in relation to Edelweiss Trading and Holding Limited’s (“**ETHL**”) (subsequently merged with Edelweiss Commodities Services Limited) return of income for the assessment year 2008-2009, deleting the disallowance of expenses incurred for earning exempt income under section 14A of the IT Act read with Rule 8D of the IT Rules and disallowance of mark-to-market losses on derivative instruments. Thereafter, the Deputy Commissioner of Income Tax, Circle-3(1) Mumbai (“**Authority**”) approached the Income Tax Appellate Tribunal (“**ITAT**”) against the Appellate Order praying before the ITAT to set aside the Appellate Order and to restore the original order passed by Additional Commissioner of Income Tax. The matter is currently pending.
7. The Commissioner of Income Tax (Appeals)-6, Mumbai (“**Appellate Authority**”), passed an order under Section 250 of the IT Act (“**Appellate Order**”) dated December 20, 2012 in relation to Edelweiss Trading and Holding Limited’s (“**ETHL**”) (subsequently merged with Edelweiss Commodities Services Limited) return of income for the assessment year 2009-2010, deleting the disallowance of expenses incurred for earning exempt income under section 14A of the IT Act read with Rule 8D of the IT Rules and disallowance of mark-to-market losses on derivative instruments. Thereafter, the Deputy Commissioner of Income Tax, Circle-3(1) Mumbai (“**Authority**”) approached the Income Tax Appellate Tribunal (“**ITAT**”) against the Appellate Order praying before the ITAT to set aside the Appellate Order and to restore the original order passed by Additional Commissioner of Income Tax. The matter is currently pending.

#### ***Litigations by Edelweiss Commodities Services Limited (“ECSL”)***

1. Edelweiss Financial Services Limited and ECSL (together referred to as the “**Complainants**”) filed a complaint bearing number 47/2014 (“**Complaint**”) before the National Consumer Disputes Redressal Commission, New Delhi against TATA AIG General Insurance (“**Respondent**”), praying *inter-alia*, that the repudiation of the Complainants claim, by the Respondent, under the insurance policy (“**Insurance Policy**”) be declared as unlawful and wrongful and that the Respondent be directed to pay to Edelweiss Commodities Services Limited an amount of ₹ 152.50 million along with interest at the rate of 18% until realization.

The Respondent had issued an Insurance Policy named corporate guard- crime manage complete policy for covering of risk during the period of July 18, 2011 to July 17, 2012 covering the Complainants and other entities. Edelweiss Commodities Services Limited raised a claim dated July 1, 2012 with the Respondent, which was rejected on April 16, 2013 by the Respondent. Edelweiss Commodities Services Limited subsequently filed a detailed representation dated July 15, 2013 vide email dated July 16, 2013, which was once again rejected by the Respondent on August 6, 2013. Post various correspondences with the Respondents the Complainants filed the present Complaint. The matter is currently pending.

2. ECSL filed a winding-up petition bearing no. 6 of 2012 (“**Petition**”) before Madhya Pradesh High Court, Gwalior Bench (“**High Court**”) against Ganpati Oil & Foods Limited, Gwalior (the “**Company**”) for recovery of its dues amounting to ₹ 152.5 million for purported sale and warehousing of Mustard Seeds and Sesame Seeds. On August 27, 2013 the Company filed its defense in the High Court refuting the claims of ECSL thereby arguing that they cannot be wound down by the High Court. ECSL filed a rejoinder on April 16, 2014 and also filed an application dated April 21, 2014 under Section 340 read with Section 195 (1) (b) of the Code of Criminal Procedure, 1973 (“**Cr. P. C**”) read with Section 193 and 196 of the Indian Penal

Code, 1860 for perjury for filing false affidavit before the High Court by the Company and its Director Manish Agarwal, who had signed the affidavit on behalf of the Company. The matter is currently pending.

ECSL also filed complaint before Economic Offences Wing, Mumbai (“**EOW**”) on June 1, 2012 against Ganpati Oil & Foods Limited (the “**Company**”) for criminal breach of trust, cheating and forgery amounting to ₹152.5 million for purported sale and warehousing of Mustard Seeds and Sesame Seeds. BKC Police Station registered an FIR No. 138 of 2012 on September 13, 2012 against the accused Company. The matter is currently pending.

3. ECSL (“**Applicant**”) filed a winding up petition on December 12, 2014 before the Madras High Court (the “**High Court**”) against Nathella Sampath Jewelers Private Limited (the “**Respondent**”) and its directors claiming an amount of ₹ 590. 23 million being the principal amount and interest thereon at the rate of 18% p.a. from September 4, 2013 till payment and/or realization in respect of trade into the gold and silver (“**Bullion**”) through ECSL. The matter is currently pending.
4. ECSL filed five complaints bearing no. 3894, 3895, 3896, 3897 and 3898 of 10 million each (aggregating to ₹50 million) under Section 138 against Nathella Sampath Jewelers Private Limited (the “**Respondent**”) on November 27, 2013 before the Court of Additional Chief Metropolitan Magistrate, 33rd Court at Ballard Pier at Mumbai for recovery of outstanding liability of ₹590. 23 million in respect of 346 Kgs of gold and 850.95 Kgs of Silver delivered to the Respondent. ECSL filed its affidavit of examination in chief in lieu of oral evidence of the authorized officer in case no 3894 of 2013. The matter is currently pending.
5. The Deputy Commissioner of Income Tax, 9(2)(2), Mumbai (“**Authority**”) passed an order dated March 28, 2016 under Section 143(3) read with Section 144C(1) of the IT Act (“**Order**”) in relation to Edelweiss Commodities Services Limited’s (“**ECSL**”) return of income for the assessment year 2012-2013. In the Order, the Authority recomputed and determined ECSL’s tax liability on account of disallowance of expenses incurred for earning exempt income under section 14A of the IT Act read with Rule 8D of the IT Rules and disallowance of mark-to-market losses on derivative instruments. Being aggrieved by the Order, ECSL preferred an appeal before the Commissioner of Income Tax (Appeals)-16, Mumbai, praying for directions to the Authority to allow the aforesaid additions/ disallowance. The matter is currently pending.

#### ***Litigations against Edelweiss Securities Limited (“ESL”)***

1. S & D Financials Private Limited (“**Complainant**”) filed a complaint and lodged an FIR bearing number 142 dated March 22, 2008 (“**FIR**”) under Sections 406, 420, 120-B with the Hare Street Police Station, Kolkata against Edelweiss Securities Limited (the “**Accused**”). The Complainant alleged that the Accused committed criminal breach of trust and cheated the Complainant in share transactions to an amount of ₹8.40 million. The matter is currently pending.
2. Mr. Shashi Kumar Mohata, a client (the “**Complainant**”), had filed a criminal enquiry no. 68/2009 dated May 25, 2009 against ESL and its officials before the Metropolitan Magistrate, Ahmedabad (“**Metropolitan Magistrate**”) under Sections 406, 409, 420, 467, 468, 120B and 477A read with Section 34 of the Code of Criminal Procedure (“**Cr. P. C.**”) for unauthorized squaring off of his shares during April 9, 2009 to May 22, 2009 causing him a loss of ₹0.45 million. By an order dated February 11, 2014, the Metropolitan Magistrate dismissed the said criminal enquiry on the ground that the dispute is in the nature of consumer dispute. Being aggrieved against the said order, the Complainant filed a criminal revision application bearing no. 97/2014 dated March 13, 2014 before the City Sessions Court, Ahmedabad under Section 341 of Cr. P. C. The matter is currently pending.
3. The Income Tax Appellate Tribunal (“**ITAT**”) passed an order dated March 28, 2012 (“**Tribunal Order**”) in relation to Edelweiss Securities Limited’s (“**ESL**”) return of income for the assessment year 2006-2007, deleting the disallowance of mark-to-market losses on derivative instruments. Thereafter, the Commissioner of Income Tax -4 (“**Authority**”) approached the High Court (“**Court**”) against the Tribunal Order praying before the Court to set aside deletion of disallowance of mark-to-market losses on derivative instruments. The matter is currently pending.
4. The Income Tax Appellate Tribunal (“**ITAT**”) passed an order dated August 13, 2014 (“**Tribunal Order**”) in relation to Edelweiss Securities Limited’s (“**ESL**”) return of income for the assessment year 2008-2009, deleting the disallowance of expenses incurred for earning exempt income under section 14A of the IT Act read with Rule 8D of the IT Rules. Thereafter, the Commissioner of Income Tax -4 (“**Authority**”) approached

the High Court (“**Court**”) against the Tribunal Order praying before the Court to set aside the deletion of disallowance of expenses incurred for earning exempt income under section 14A of the IT Act read with Rule 8D of the IT Rules. The matter is currently pending.

5. The Commissioner of Income Tax (Appeals)-8, Mumbai, Mumbai (“**Appellate Authority**”), passed an order under Section 250 of the IT Act dated October 10, 2012 (“**Appellate Order**”) in relation to Edelweiss Securities Limited’s (“**ESL**”) return of income for the assessment year 2009-2010, upheld the disallowance of short term capital loss, disallowance u/s 40(a)(ia) and expenses incurred for earning exempt income under section 14A of the IT Act read with Rule 8D of the IT Rules. Thereafter, ESL approached the Income Tax Appellate Tribunal (“**ITAT**”) against the Appellate Order praying before the ITAT to set aside the Appellate Order. The matter is currently pending.
6. The Deputy Commissioner of Income Tax, Circle-4(1)(1)Mumbai (“**Authority**”) passed an order dated March 19, 2015 under Section 143(3) read with Section 147 of the IT Act (“**Order**”) in relation to Edelweiss Securities Limited’s (“**ESL**”) return of income for the assessment year 2009-2010. In the Order, the Authority recomputed and determined ESL’s tax liability, *inter alia*, on account of addition of speculation loss which is not allowed to be set off against business income and disallowance on account of expenses for speculation income. Being aggrieved by the Order, ESL preferred an appeal before the Commissioner of Income Tax (Appeals)-9, Mumbai, to set aside the Order. The matter is currently pending.

#### ***Litigations against Edelweiss Broking Limited (“EBL”):***

1. Vinay Sharma (“**Complainant**”), had filed a complaint dated September 20, 2013 (“**Complaint**”) before the Station House Officer, Yamuna Nagar Police Station, Haryana, against Edelweiss Broking Limited (“**EBL**”) alleging violation of Sections 420, 468 read with Section 120-B of the Indian Penal Code, 1860 causing trading losses amounting to approximately ₹ 1.10 million. The Complainant alleged that there were fraudulent trading in his demat account which he maintained with EBL. EBL vide its letter dated November 27, 2013 filed a reply to the Complaint *inter-alia*, stating that all the trades in the demat account of the Complainant were executed pursuant to the consent of the Complainant. The Complainant thereafter filed a complaint before the Judicial Magistrate of First Class, Yamuna Nagar at Jagadhri, Haryana (“**MM**”). The investigating officer thereafter issued notices dated April 26, 2014 and May 16, 2016 (“**Notices**”) under Section 160 of the Code of Criminal Procedure (“**Cr.P.C**”) for inquiry under Section 202 of the Cr. P.C. The matter is currently pending.
2. H R Verma, a client (the “**Complainant**”) filed a criminal revision petition bearing no. 236 of 2015 (the “**Petition**”) under Section 397 of the Code of Criminal Procedure (“**Cr. P. C**”). The Petition was filed before District and Sessions Court at Bhopal against one Mr. Sanjay Kumar and three others including one Smt. Asha and Directors of erstwhile Edelweiss Financial Advisors against an earlier order for unauthorized transfer of shares. The Company filed its reply on November 19, 2015. The Criminal Revision Petition accepted by the Hon’ble Court vide order dated December 22, 2015. The matter is currently pending.
3. Smt. Iti of Agra (“**Complainant**”), filed a criminal complaint before Hari Parvat Janpad Police Station, Agra against Saurabh Jain, Richa Jain and Mahendra Jain (the “**Accused**”), wherein FIR was registered on June 30, 2012 being no. 592 of 2012 under Sections 420, 467, 468, 471 read with Section 120-B of the Indian Penal Code, 1860 and Sections 66, 66-C and 66-D of Information Technology Act, 2000 against the Accused for unauthorized trading by modifying trading account and password. Erstwhile Edelweiss Financial Advisors Limited (EFAL was in receipt of notice dated February 21, 2015 from investigating officer asking EFAL to provide KYC documents, trade details, trading account password, user IP details from the date of opening trading account by the client till June 8, 2012, which EFAL complied along with tele-recordings. On December 27, 2015, a notice under Section 4 (a) of the Code of Criminal Procedure, 1973 was issued by the Agra Police station in the name of Mr. Rashesh Shah *inter-alia*, directing to remain present for inquiry. The notice was attended. The matter is currently pending.
4. EBL received a notice dated March 28, 2013 bearing no. 109-5A/EOWING (the “**Notice**”) from the Economic Offences Wing at Ludhiana (“**EOW**”) pursuant to a complaint filed by Mr. Amarjeet Arora before the EOW. The notice related to production of certain documents relating to allegedly wrong transactions carried out in his account. Subsequently additional documents were required to be furnished by EBL, which were duly submitted. The matter is currently pending.

5. An FIR bearing no. 393 dated December 5, 2013 was filed against EBL by Gaurang Doshi (the “Complainant”) under section 154 of the Code of Criminal Procedure (“Cr. P. C.”) for violation of Sections 40, 418, 381 and 506(2) with Ellisebridge police station at Ahmedabad, pursuant to which the company official Mr. Mehul K Vaala of Gujarat office recorded his statement on behalf of EBL. The matter is currently pending.
6. A complaint bearing no. 537 of 2015 was filed against EBL by Baburajan Pillai (the “Complainant”) under Section 408, 418, 468 and 420 of the Indian Penal Code, 1860 for unauthorized trading in his account. Thereafter a notice was sent by the police to EBL dated January 7, 2016 asking to provide the relevant documents. EBL’s branch officials visited the police station to provide the requisite documents. The matter is currently pending.
7. The Joint Commissioner of Income Tax, Range-3, Ahmedabad (“Authority”) passed an order dated December 30, 2009, under Section 143(3) of the IT Act (“Order”) in relation to Edelweiss Financial Advisors Limited’s (“EFAL”) return of income for the assessment year 2007-2008. In the Order, the Authority recomputed EFAL’s tax liability by including certain additions on account of disallowing depreciation on VSAT equipment’s calculated at 60% by EFAL to 15%, disallowing ‘Saudafer Loss’ on the assumption that the said loss was in the nature of speculation loss within the meaning of Section 73 of the IT Act, increase in computation of interest on bank deposits, disallowance on deduction for brokerage rebate claimed by EFAL, disallowing deduction claimed by EFAL on accrued liability for payment of leave encashment for employees, disallowing depreciation on Ahmedabad Stock Exchange’s Membership Card, disallowance of expenditure incurred in respect of lease line charges, disallowing interest u/s.14A etc. Subsequently, EFAL appealed against the Order to the Commissioner of Income Tax (Appeals)-XVI, Ahmedabad, (“Appellate Authority”) who passed an order dated January 13, 2011, under Section 250 of the IT Act (“Appellate Order”) partly upholding the findings on above disallowances made by the Authority and confirmed the additions which resulted in the increase of EFAL’s computed tax liability. Thereafter, being aggrieved by the Appellate Order, EFAL approached the Income Tax Appellate Tribunal (“ITAT”) against the Appellate Order praying to set aside the Appellate Order. Subsequently, vide an order of the High Court of Gujarat dated October 17, 2014, EFAL got amalgamated with Edelweiss Broking Limited, with effect from October 1, 2013. The matter is currently pending.
8. The Deputy Commissioner of Income Tax, Circle-2(2), Hyderabad (“Authority”) passed an order dated March 24, 2014, under Section 143(3) of the IT Act (“Order”) in relation to Edelweiss Broking Limited’s (“EBL”) return of income for the assessment year 2011-2012. In the Order, the Authority recomputed and determined EBL’s tax liability on account of disallowance of cost sharing of common expenses with other sister concern, disallowance of 10% of salary and disallowance of depreciation on UPS and printers by treating the same as plant and machinery instead of computers. Being aggrieved by the Order, EBL preferred an appeal dated April 23, 2014 before the Commissioner of Income Tax (Appeals)-III, Hyderabad praying to set aside the Order. The matter is currently pending.
9. The Deputy Commissioner of Income Tax, Circle 1(3) Ahmedabad (“Authority”) passed an order dated February 24, 2016 under Section 143(3) of the IT Act (“Order”) in relation to Edelweiss Financial Advisors Limited’s (“EFAL”) return of income for the assessment year 2013-2014. Subsequently, vide an order of the High Court of Gujarat dated October 17, 2014, EFAL got amalgamated with Edelweiss Broking Limited (“EBL”), with effect from October 1, 2013. In the Order, the Authority recomputed EBL’s tax liability by additions which were calculated on account of disallowing depreciation on vehicle, interest and insurance, disallowing certain payments to Stock Exchanges/SEBI/NSDL, disallowing the Saudafer loss categorising the same as speculation loss, failure to deduct TDS on expenditures such as depository transaction charges, stock exchange charges, VSAT charges, lease line charges, disallowing deductions for bad debts and disallowance made under Section 14A of the IT Act.. Being aggrieved by the Order, EBL preferred an appeal before the Commissioner of Income Tax Appeals-10 Ahmedabad, praying for the impugned Order to be set aside. The matter is currently pending.
10. Dr. M Varshney (“Complainant”) filed a FIR dated March 28, 2012 bearing C.C. No. 165 for violation of Sections 406, 417 and 506 of the Indian Penal Code, 1860 against our Company, erstwhile Edelweiss Financial Advisors Limited (EFAL) and its employee Mr. Manoj Gupta at Aligarh for unauthorized trading in commodity segment amounting to ₹ 0.2 million. Thereafter, Mr. Manoj Gupta filed a quashing petition before the Allahabad High Court and a stay order dated December 19, 2012 was passed. The matter is currently pending.



11. Priyanka Gupta (“**Complainant**”) filed a criminal complaint under Section 156(3) of the Code of Criminal Procedure, 1973 before the Additional Chief Metropolitan Magistrate, Patiala House at New Delhi against Ajay Saraogi and others, employees of erstwhile Edelweiss Financial Advisors Limited (“**EFAL**”) for damage caused on account of illegal internal change in structure. Ajay Saraogi filed his exemption application for appearance before the Court from time to time. The matter is currently pending.
12. George Ommen (“**Complainant**”) filed a criminal case bearing no. CC/137/2009 before Metropolitan Magistrate Court at Kochi against the erstwhile Edelweiss Financial Advisors Limited (“**EFAL**” formerly known as Anagram Securities Limited and now Edelweiss Broking Limited) & others and its employees for alleged unauthorized trade of ₹ 0.25 million. Complainant moved an Application before Court on December 24, 2014 to include Mr. Rashesh Shah’s name as one of the co–accused. EFAL filed its reply and the same was taken on record on February 27, 2015. Hearing concluded on June 02, 2015. By order dated July 07, 2015, MM Court allowed the Application to join name of Mr. Rashesh Shah without considering the facts that at a relevant point in time when the purported offence was committed in the year 2006, Mr. Rashesh Shah was nowhere in picture for Anagram affairs as Edelweiss acquired Anagram in 2010. Summons issued against Mr. Rashesh Shah, which was challenged before Kerala High Court by way of Criminal Misc Application and obtained a stay order on November 20, 2015. On November 25, 2015 the said stay order was produced before the MM Court. The matter is currently pending.

#### ***Litigations against Edelweiss Finance & Investments Limited (“EFIL”)***

1. The Commissioner of Income Tax (Appeals)-7, Mumbai (“**Appellate Authority**”), passed an order under Section 250 of the IT Act (“**Appellate Order**”) dated July 7, 2011 in relation to Cross Border Investments Private Limited’s (presently known as Edelweiss Finance & Investments Limited) (“**EFIL**”) return of income for the assessment year 2008-2009, deleting the disallowance of expenses incurred for earning exempt income under section 14A of the IT Act read with Rule 8D of the IT Rules and disallowance of mark-to-market losses on derivative instruments. Thereafter, the Deputy Commissioner of Income Tax, Circle-3(1) Mumbai (“**Authority**”) approached the Income Tax Appellate Tribunal (“**ITAT**”) against the Appellate Order praying before the ITAT to set aside the Appellate Order and to restore the original order passed by Deputy Commissioner of Income Tax. The matter is currently pending.
2. The Commissioner of Income Tax (Appeals)-6, Mumbai (“**Appellate Authority**”), passed an order under Section 250 of the IT Act (“**Appellate Order**”) dated December 20, 2012 in relation to Edelweiss Finance & Investments Limited’s (“**EFIL**”) return of income for the assessment year 2009-2010, deleting the disallowance of expenses incurred for earning exempt income under section 14A of the IT Act read with Rule 8D of the IT Rules and disallowance of mark-to-market losses on derivative instruments. Thereafter, the Deputy Commissioner of Income Tax, Circle-3(1) Mumbai (“**Authority**”) approached the Income Tax Appellate Tribunal (“**ITAT**”) against the Appellate Order praying before the ITAT to set aside the Appellate Order and to restore the original order passed by Deputy Commissioner of Income Tax. The matter is currently pending.

#### ***Litigations by Edelweiss Investment Adviser Limited (“EIAL”)***

1. The Deputy Commissioner of Income Tax, Circle-3(1)(2), Mumbai (“**Authority**”) passed an order dated March 25, 2015 under Section 143(3) of the IT Act (“**Order**”) in relation to Edelweiss Investment Adviser Limited’s (“**EIAL**”) return of income for the assessment year 2012-2013. In the Order, the Authority recomputed and determined EIAL’s tax liability by including addition on account of disallowance of mark-to-market losses on derivative instruments under normal provisions as well as under provisions of section 115JB. Being aggrieved by the Order, EIAL preferred an appeal before the Commissioner of Income Tax (Appeals)-8, Mumbai, praying for directions to the Authority to set aside the Order. The matter is currently pending.
2. The Assistant Commissioner of Income Tax, Circle-3(1)(2), Mumbai (“**Authority**”) passed an order dated March 31, 2016 under Section 143(3) of the IT Act (“**Order**”) in relation to Edelweiss Investment Adviser Limited’s (“**EIAL**”) return of income for the assessment year 2013-2014. In the Order, the Authority rejected the revised return filed by EIAL. Further, the Authority recomputed and determined EIAL’s tax liability by including certain additions on account of disallowance of expenses incurred for earning exempt income under section 14A of the IT Act read with Rule 8D of the IT Rules, disallowance of provisions for expenses, addition towards unreconciled entries reported in the income tax statement and disallowance of speculation loss on account of trading in forward contracts. Being aggrieved by the Order, EIAL preferred an appeal before the

Commissioner of Income Tax (Appeals)-8, Mumbai, praying for directions to the Authority to allow the aforesaid additions/ disallowance. The matter is currently pending.

***Litigations by Edelweiss Web Services Limited (“EWSL”)***

The Assistant Commissioner of Income Tax, Circle-3(1)(2), Mumbai (“**Authority**”) passed an order dated March 30, 2016 under Section 143(3) of the IT Act (“**Order**”) in relation to Edelweiss Web Services Limited’s (“**EWSL**”) return of income for the assessment year 2013-2014. In the Order, the Authority recomputed and determined EWSL’s tax liability, deleting the disallowance of expenses incurred for earning exempt income under section 14A of the IT Act read with Rule 8D of the IT Rules, adding back the provisions for expenses and provision for doubtful debt. Being aggrieved by the Order, EWSL preferred an appeal before the Commissioner of Income Tax (Appeals)-8, Mumbai, praying for directions to the Authority to set aside the Order. The matter is currently pending.

***Litigations by Edelweiss Securities Limited (“ESL”)***

1. The Deputy Commissioner of Income Tax, Circle-4(1)(1)Mumbai (“**Authority**”) passed an order dated March 20, 2015 under Section 143(3) read with Section 147 of the IT Act (“**Order**”) in relation to Edelweiss Securities Limited’s (“**ESL**”) return of income for the assessment year 2007-2008. In the Order, the Authority recomputed and determined ESL’s tax liability on account of excess rebate claimed for security transaction tax under Section 88E of the IT Act. Being aggrieved by the Order, ESL preferred an appeal before the Commissioner of Income Tax (Appeals)-9, Mumbai, seeking for the Order to be set aside. The matter is currently pending.
2. The Additional Commissioner of Income Tax, Range-4(1), Mumbai (“**Authority**”) passed an order dated March 11, 2014 under Section 143(3) of the IT Act (“**Order**”) in relation to Edelweiss Securities Limited’s (“**ESL**”) return of income for the assessment year 2011-2012. In the Order, the Authority recomputed and determined ESL’s tax liability on account of disallowance of expenses incurred for earning exempt income under section 14A of the IT Act read with Rule 8D of the IT Rules and disallowance of mark-to-market losses on derivative instruments. Being aggrieved by the Order, ESL preferred an appeal before the Commissioner of Income Tax (Appeals)-8, Mumbai, praying for directions to the Authority to allow the aforesaid additions/ disallowance. The matter is currently pending.
3. The Deputy Commissioner of Income Tax, Circle-4(1)(1), Mumbai (“**Authority**”) passed an order dated March 3, 2016 under Section 143(3) of the IT Act (“**Order**”) in relation to Edelweiss Securities Limited’s (“**ESL**”) return of income for the assessment year 2013-2014. In the Order, the Authority recomputed and determined ECSL’s tax liability on account of disallowance of expenses incurred for earning exempt income under section 14A of the IT Act read with Rule 8D of the IT Rules. Being aggrieved by the Order, ESL preferred an appeal before the Commissioner of Income Tax (Appeals)-9, Mumbai, praying for directions to the Authority to allow the aforesaid additions/ disallowance. The matter is currently pending.
4. The Deputy Commissioner of Income Tax, Circle-4(1)(1)Mumbai (“**Authority**”) passed an order dated March 20, 2015 under Section 143(3) read with Section 147 of the IT Act (“**Order**”) in relation to Edelweiss Securities Limited’s (“**ESL**”) return of income for the assessment year 2007-2008. In the Order, the Authority recomputed and determined ESL’s tax liability on account of excess rebate claimed for security transaction tax under Section 88E of the IT Act. Being aggrieved by the Order, ESL preferred an appeal before the Commissioner of Income Tax (Appeals)-9, Mumbai, seeking for the Order to be set aside. The matter is currently pending.

***Litigation by ECL Finance Limited (“ECL”)***

1. ECL Finance Limited (“ECL”) filed a criminal case before the Court of Chief Metropolitan Magistrate, Patiala House Court, New Delhi (“Metropolitan Magistrate”) under Section 138 of the Negotiable Instruments Act, 1888 against Pinewood Information Systems & others (the “Accused”) bearing C.C. No. 691/1/2015 for dishonour of cheque of ₹ 200.00 million issued by the Accused for repayment of loan, interest and other payments to ECL. The matter is currently pending.
2. ECL Finance Limited (“ECL”) filed a criminal case before the Chief Metropolitan Magistrate, Saket, New Delhi (“Metropolitan Magistrate”) under Section 138 of the Negotiable Instruments Act, 1888 against Cedar Infonet Private Limited & others (the “Accused”) bearing C.C. No. 901/2015 for dishonour of cheque of ₹

385.27 million issued by the Accused repayment of loan, interest and other payment to ECL . The matter is currently pending.

3. ECL Finance Limited (“ECL”) has filed a criminal complaint (“Complaint”), before the Court of Chief Metropolitan Magistrate, New Delhi (“Court”), against Cedar Infonet Pvt Ltd, Mrs. Mainer Bedi and others (“Accused”) under Section 138 read with Section 141 of the Negotiable Instruments Act, 1881 for dishonor of cheque of ₹ 5.26 million on account of insufficient funds in the account of the Accused. Aggrieved, the Complaint was filed seeking to initiate appropriate proceedings against the Accused. Subsequently, against the order of the Magistrate summoning the Accused, Mrs. Mainer Bedi and others, filed a criminal revision petition before the District and Session Judge, New Delhi. The District and Session Judge vide its order October, 13, 2014 partially allowed the revision petition. Aggrieved, ECL filed a petition bearing no. 1655 of 2015 before the High court of New Delhi. The matter is currently pending.

***Litigations by Edelweiss Finance & Investments Limited (EFIL):***

1. EFIL filed a criminal case before the Metropolitan Magistrate at Esplanade, Mumbai (“**Metropolitan Magistrate**”) under Section 138 of the Negotiable Instruments Act, 1888 against Ramsarup Industries Limited (“**Ramsarup**”), its directors and officers (the “**Accused**”) bearing C.C. No. 2304222 of 2009 for dishonour of cheque of ₹50 million issued by the Defendants towards part-payment of its dues to EFIL. The Accused filed an application bearing C.C. No. 2161 dated August 21, 2014 before the Metropolitan Magistrate challenging the jurisdiction of the Metropolitan Magistrate. The Metropolitan Magistrate pursuant to its order bearing C.C. No. 2161 dated September 26, 2014 transferred the matter to the court in whose jurisdiction the drawee bank is situated. The matter is currently pending.
2. EFIL filed a criminal case before the Metropolitan Magistrate at Esplanade, Mumbai (“**Metropolitan Magistrate**”) under Section 138 of the Negotiable Instrument Act, 1888 against Ramsarup and its directors and officers (the “**Accused**”) bearing C.C. No. 2302161 of 2009 for dishonour of cheque of ₹50 million issued by the Defendants towards part-payment of its dues to EFIL. The Accused filed an application bearing C.C. No. 4222 dated August 21 2014 before the Metropolitan Magistrate challenging the jurisdiction of the Metropolitan Magistrate. The Metropolitan Magistrate pursuant to its order bearing C.C. No. 4222 dated September 26, 2014 transferred the matter to the court in whose jurisdiction the drawee bank is situated. The matter is currently pending.
3. EFIL filed a winding up petition bearing no. 461 of 2009 against Ramsarup Industries Limited (the “**Respondent**”) before the Calcutta High Court (the “**Court**”) claiming an amount of ₹107.2 million as default towards the loan advanced. Before the Court, the Respondent admitted its dues to the extent of ₹100 million. The Respondent agreed that the amount was being repaid by monthly instalments of ₹3 million along with interest @ 6% p.a. However, the Respondent paid a total amount of ₹72 million up to February 2012. The cheque deposited for the month of March 2012 by the Respondent bounced, consequent to which the accounts of the Respondents were frozen by Income Tax Authorities. Subsequently, the Respondent moved an application bearing no. 252 of 2012 praying for a moratorium of 7 months for payment of default amount. EFIL filed a reply opposing the application. The Court vide an order dated August 24, 2012 ordered the Respondent to pay a sum of ₹ 1.50 million and the balance sum in three equal instalments from October 15, 2012, November 15, 2012 and December 15, 2012. However, the Respondent defaulted in the payment of first instalment which was due on October 15, 2012. Subsequently, an advertisement was issued by EFIL dated November 12, 2012 in accordance with the orders of the Court. The Respondent filed an application bearing number 67 of 2012 before the Board of Industrial and Financial Reconstruction (“**BIFR**”), which came up for admission and first hearing on December 24, 2012 standing adjourned to April 10, 2013. BIFR, vide its order dated February 19, 2014 advised all concerned parties to recover their dues as per law. Ramsarup Industries Limited filed an appeal before the Appellate Authority of Industrial and Financial Reconstruction (“**AAIFR**”) against the order of the BIFR. AAIFR, vide its order dated December 3, 2014 set aside the impugned order and remanded the matter back to the BIFR with direction to consider the submission of all the parties and pass a fresh order. The matter is currently pending.
4. EFIL filed a summary suit bearing no. 511 dated January 8, 2010 against Ashish Jhunjhunwala, promoter, Director and guarantor of Ramsarup Industries Limited (the “**Defendant**”) before the Bombay High Court for recovery of loan amount of ₹100.71 million and a Summon for Judgment bearing no. 257 of 2010 (“**Summon 257**”), was taken out by EFIL based on the personal guarantee provided by the Defendant. . Defendant filed Chamber Summons being No. 557 of 2010 inter-alia praying for revocation of leave granted to EFIL for filing the above Suit. EFIL also filed another Chamber Summons bearing No. 611 of 2011 inter-

alia praying to implead Ramsarup Industries Limited as a Party Defendant No 2 to the Suit and consequential amendments to the Plaint. . On July 5, 2013, the Hon'ble Court passed an Order that Summons for Judgement being 257 of 2010 can be decided only after both the above Chambers Summons were decided. The matter is currently pending.

5. The Additional Commissioner of Income Tax, Range-3(1), Mumbai ("**Authority**") passed an order dated February 27, 2014 under Section 143(3) of the IT Act ("**Order**") in relation to Edelweiss Finance & Investments Limited's ("**EFIL**") return of income for the assessment year 2011-2012. In the Order, the Authority recomputed and determined EFIL's tax liability on account of disallowance of mark-to-market losses on derivative instruments, disallowance of expenses incurred for earning exempt income under section 14A of the IT Act read with Rule 8D of the IT Rules. Being aggrieved by the Order, EFIL preferred an appeal before the Commissioner of Income Tax (Appeals)-7, Mumbai praying for directions to the Authority to allow the aforesaid additions/ disallowance. The matter is currently pending.
6. The Deputy Commissioner of Income Tax, Circle-3(1)(2) Mumbai ("**Authority**") passed an order dated March 14, 2015 under Section 143(3) of the IT Act ("**Order**") in relation to Edelweiss Finance & Investments Limited's ("**EFIL**") return of income for the assessment year 2012-2013. In the Order, the Authority recomputed and determined EFIL's tax liability by including certain additions on account of disallowance of expenditure incurred for earning exempt income under Section 14A of the IT Act read with Rule 8D of the IT Rules, addition of unreconciled entries reported in the income tax statement. Being aggrieved by the Order, EFIL preferred an appeal before the Commissioner of Income Tax (Appeals)-8, Mumbai praying for directions to the Authority to allow the aforesaid additions/ disallowance. The matter is currently pending.
7. The Additional Commissioner of Income Tax, Circle-3(1)(2) Mumbai ("**Authority**") passed an order dated March 31, 2016 under Section 143(3) of the IT Act ("**Order**") in relation to Edelweiss Finance & Investments Limited's ("**EFIL**") return of income for the assessment year 2013-2014. In the Order, the Authority rejected the revised return filed by EFIL. Further, the Authority, in the Order, recomputed and determined EFIL's tax liability on account of disallowance of expenses incurred for earning exempt income under section 14A of the IT Act read with Rule 8D of the IT Rules, disallowance of mark-to-market losses on derivative instruments and disallowance of provisions for expenses. Being aggrieved by the Order, EFIL preferred an appeal before the Commissioner of Income Tax (Appeals)-8, Mumbai, praying for directions to the Authority to allow the aforesaid additions/ disallowance. The matter is currently pending.

#### ***Litigation against our Director***

1. Mr. Sharad Jagtiani ("**Complainant**"), a client of Edelweiss Securities Limited ("**ESL**") (a subsidiary of our Promoter), had filed a complaint dated November 11, 2008 ("**Complaint**") under Section 156 (3) of the Code of Criminal Procedure, 1973 ("**Code**") before the ACMM Rohini Courts, Delhi ("**Court**"), against ESLs directors, including against Mr. P. N. Venkatachalam, a director of our Company.

FIR No. 27 of 2009 has been registered in Subhash Place (formerly Sarasvati Vihar), Police Station, Delhi pursuant to the Complaint filed by the Complainant, alleging loss of ₹4.67 million in stock market trade on account of cheating, breach of trust and conspiracy by ESL, ESLs Directors, including against Mr. P. N. Venkatachalam, a director of our Company.

The police proceeded to investigate the allegations, and on January 16, 2009, a closure report has been filed by the investigating officer before the Metropolitan Magistrate. The closure report was protested by the Complainant before the Court, which, *vide* order dated January 31, 2012 directed the police to further investigate the matter. Subsequently, the investigating officer issued notices dated March 28, 2012 and June 04, 2013, April 02, 2014 and August 05, 2014 ("**IO Order**") to ESL and its official, under Section 91 of the Code, to produce information, documents and materials for the purpose of further investigation. The matter is currently pending.

#### **Details of acts of material frauds committed against our Company in the last five years, if any, and if so, the action taken by our Company**

There have been instances of fraud, which are inherent in the nature of the business of our Company. However, there is no material fraud committed against our Company in the last five Fiscals. The total amount involved in all acts of fraud committed against our Company in the last five Fiscals is set forth below:

(₹ in million)

Fiscal 2016	Fiscal 2015	Fiscal 2014	Fiscal 2013	Fiscal 2012
3 cases of frauds aggregating to ₹ 33.69 million	1 case of fraud aggregating to ₹ 2.40 million	Nil	Nil	Nil.

## **OTHER REGULATORY AND STATUTORY DISCLOSURES**

### **Authority for the Issue**

At the meeting of the Board of Directors of our Company, held on May 11, 2016, the Directors approved the issue of NCDs to the public, upto an amount not exceeding ₹ 5,000 million. Further, the present borrowing is within the borrowing limits under Section 180(1)(c) of the Companies Act, 2013 duly approved by the shareholders' *vide* their resolution dated September 30, 2015.

### **Prohibition by SEBI**

Our Company, persons in control of our Company and/or our Directors and/or our Promoter have not been restrained, prohibited or debarred by SEBI from accessing the securities market or dealing in securities and no such order or direction is in force. Further, no member of our promoter group has been prohibited or debarred by SEBI from accessing the securities market or dealing in securities due to fraud.

### **Disclaimer Clause of SEBI**

**IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF OFFER DOCUMENT TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. THE LEAD MERCHANT BANKERS, SBI CAPITAL MARKETS LIMITED AND EDELWEISS FINANCIAL SERVICES LIMITED, HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (ISSUE AND LISTING OF DEBT SECURITIES) REGULATIONS, 2008, IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE LEAD MERCHANT BANKERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MERCHANT BANKERS, SBI CAPITAL MARKETS LIMITED AND EDELWEISS FINANCIAL SERVICES LIMITED, HAVE FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED [•]WHICH READS AS FOLLOWS.**

- 1. WE CONFIRM THAT NEITHER THE ISSUER NOR ITS PROMOTERS OR DIRECTORS HAVE BEEN PROHIBITED FROM ACCESSING THE CAPITAL MARKET UNDER ANY ORDER OR DIRECTION PASSED BY THE BOARD. WE ALSO CONFIRM THAT NONE OF THE INTERMEDIARIES NAMED IN THE PROSPECTUS HAVE BEEN DEBARRED FROM FUNCTIONING BY ANY REGULATORY AUTHORITY.**
- 2. WE CONFIRM THAT ALL THE MATERIAL DISCLOSURES IN RESPECT OF THE ISSUER HAVE BEEN MADE IN THE OFFER DOCUMENT AND CERTIFY THAT ANY MATERIAL DEVELOPMENT IN THE ISSUE OR RELATING TO THE ISSUE UP TO THE COMMENCEMENT OF LISTING AND TRADING OF THE NCDS OFFERED THROUGH THE ISSUE SHALL BE INFORMED THROUGH PUBLIC NOTICES/ADVERTISEMENTS IN ALL THOSE NEWSPAPERS IN WHICH PRE-ISSUE ADVERTISEMENT AND ADVERTISEMENT FOR OPENING OR CLOSURE OF THE ISSUE HAVE BEEN GIVEN.**
- 3. WE CONFIRM THAT THE OFFER DOCUMENT CONTAINS ALL DISCLOSURES AS SPECIFIED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF DEBT SECURITIES) REGULATIONS, 2008.**

4. WE ALSO CONFIRM THAT ALL RELEVANT PROVISIONS OF THE COMPANIES ACT, 2013, AS AMENDED AND TO THE EXTENT NOTIFIED, COMPANIES ACT 1956, AS AMENDED AND TO THE EXTENT IN FORCE, SECURITIES CONTRACTS, (REGULATION) ACT, 1956, SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 AND THE RULES, REGULATIONS, GUIDELINES, CIRCULARS ISSUED THEREUNDER ARE COMPLIED WITH.

**Disclaimer Clause of the BSE**

BSE LIMITED ("THE EXCHANGE") HAS GIVEN VIDE ITS LETTER DATED [•], PERMISSION TO THIS COMPANY TO USE THE EXCHANGE'S NAME IN THIS OFFER DOCUMENT AS THE STOCK EXCHANGE ON WHICH THIS COMPANY'S SECURITIES ARE PROPOSED TO BE LISTED. THE EXCHANGE HAS SCRUTINIZED THIS OFFER DOCUMENT FOR ITS LIMITED INTERNAL PURPOSE OF DECIDING ON THE MATTER OF GRANTING THE AFORESAID PERMISSION TO THIS COMPANY. THE EXCHANGE DOES NOT IN ANY MANNER:

- A. WARRANT, CERTIFY OR ENDORSE THE CORRECTNESS OR COMPLETENESS OF ANY OF THE CONTENTS OF THIS OFFER DOCUMENT; OR
- B. WARRANT THAT THIS COMPANY'S SECURITIES WILL BE LISTED OR WILL CONTINUE TO BE LISTED ON THE EXCHANGE; OR
- C. TAKE ANY RESPONSIBILITY FOR THE FINANCIAL OR OTHER SOUNDNESS OF THIS COMPANY, ITS PROMOTER, ITS MANAGEMENT OR ANY SCHEME OR PROJECT OF THIS COMPANY;

AND IT SHOULD NOT FOR ANY REASON BE DEEMED OR CONSTRUED THAT THIS OFFER DOCUMENT HAS BEEN CLEARED OR APPROVED BY THE EXCHANGE. EVERY PERSON WHO DESIRES TO APPLY FOR OR OTHERWISE ACQUIRES ANY SECURITIES OF THIS COMPANY MAY DO SO PURSUANT TO INDEPENDENT INQUIRY, INVESTIGATION AND ANALYSIS AND SHALL NOT HAVE ANY CLAIM AGAINST THE EXCHANGE WHATSOEVER BY REASON OF ANY LOSS WHICH MAY BE SUFFERED BY SUCH PERSON CONSEQUENT TO OR IN CONNECTION WITH SUCH SUBSCRIPTION/ACQUISITION WHETHER BY REASON OF ANYTHING STATED OR OMITTED TO BE STATED HEREIN OR FOR ANY OTHER REASON WHATSOEVER.

**Disclaimer Clause of NSE**

AS REQUIRED, A COPY OF THIS OFFER DOCUMENT HAS BEEN SUBMITTED TO NATIONAL STOCK EXCHANGE OF INDIA LIMITED (HEREINAFTER REFERRED TO AS NSE). NSE HAS GIVEN VIDE ITS LETTER REF.: NSE/LIST/14659 DATED FEBRUARY 13, 2015 PERMISSION TO THE ISSUER TO USE THE EXCHANGE'S NAME IN THIS OFFER DOCUMENT AS ONE OF THE STOCK EXCHANGES ON WHICH THIS ISSUER'S SECURITIES ARE PROPOSED TO BE LISTED. THE EXCHANGE HAS SCRUTINIZED THIS DRAFT OFFER DOCUMENT FOR ITS LIMITED INTERNAL PURPOSE OF DECIDING ON THE MATTER OF GRANTING THE AFORESAID PERMISSION TO THIS ISSUER. IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE AFORESAID PERMISSION GIVEN BY NSE SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE OFFER DOCUMENT HAS BEEN CLEARED OR APPROVED BY NSE; NOR DOES IT IN ANY MANNER WARRANT, CERTIFY OR ENDORSE THE CORRECTNESS OR COMPLETENESS OF ANY OF THE CONTENTS OF THIS OFFER DOCUMENT; NOR DOES IT WARRANT THAT THIS ISSUER'S SECURITIES WILL BE LISTED OR WILL CONTINUE TO BE LISTED ON THE EXCHANGE; NOR DOES IT TAKE ANY RESPONSIBILITY FOR THE FINANCIAL OR OTHER SOUNDNESS OF THIS ISSUER, ITS PROMOTERS, ITS MANAGEMENT OR ANY SCHEME OR PROJECT OF THIS ISSUER.

EVERY PERSON WHO DESIRES TO APPLY FOR OR OTHERWISE ACQUIRE ANY SECURITIES OF THIS ISSUER MAY DO SO PURSUANT TO INDEPENDENT INQUIRY, INVESTIGATION AND ANALYSIS AND SHALL NOT HAVE ANY CLAIM AGAINST THE EXCHANGE WHATSOEVER BY REASON OF ANY LOSS WHICH MAY BE SUFFERED BY SUCH PERSON CONSEQUENT TO OR IN CONNECTION WITH SUCH SUBSCRIPTION /ACQUISITION WHETHER BY REASON OF ANYTHING STATED OR OMITTED TO BE STATED HEREIN OR ANY OTHER REASON WHATSOEVER.

#### **Disclaimer Clause of the NHB**

**THE COMPANY IS HAVING A VALID CERTIFICATE OF REGISTRATION DATED MARCH 18, 2010 ISSUED BY THE NATIONAL HOUSING BANK UNDER SECTION 29A OF THE NATIONAL HOUSING BANK ACT, 1987. HOWEVER, THE RBI DOES NOT ACCEPT ANY RESPONSIBILITY OR GUARANTEE ABOUT THE PRESENT POSITION AS TO THE FINANCIAL SOUNDNESS OF THE COMPANY OR FOR THE CORRECTNESS OF ANY OF THE STATEMENTS OR REPRESENTATIONS MADE OR OPINIONS EXPRESSED BY THE COMPANY AND FOR REPAYMENT OF DEPOSITS/ DISCHARGE OF LIABILITY BY THE COMPANY.**

#### **Disclaimer of CRISIL Research**

CRISIL Research, a division of CRISIL Limited (CRISIL) has taken due care and caution in preparing this Report based on the information obtained by CRISIL from sources which it considers reliable (Data). However, CRISIL does not guarantee the accuracy, adequacy or completeness of the Data / Report and is not responsible for any errors or omissions or for the results obtained from the use of Data / Report. This Report is not a recommendation to invest / disinvest in any company covered in the Report. CRISIL especially states that it has no financial liability whatsoever to the subscribers/ users/ transmitters/ distributors of this Report. CRISIL Research operates independently of, and does not have access to information obtained by CRISIL's Ratings Division / CRISIL Risk and Infrastructure Solutions Limited (CRIS), which may, in their regular operations, obtain information of a confidential nature. The views expressed in this Report are that of CRISIL Research and not of CRISIL's Ratings Division / CRIS. No part of this Report may be published / reproduced in any form without CRISIL's prior written approval.

#### **Disclaimer in Respect of Jurisdiction**

The Issue is being made in India, to Investors from Category I, Category II and Category III. This Draft Prospectus and the Prospectus will not, however constitute an offer to sell or an invitation to subscribe for the NCDs offered hereby in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Prospectus and the Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions.

#### **Track record of past public issues handled by the Lead Managers**

The track record of past issues handled by the Lead Managers, as required by SEBI circular number CIR/MIRSD/1/2012 dated January 10, 2012, are available at their following websites namely:

<b>Name of Lead Manager</b>	<b>Website</b>
SBI Capital Markets Limited	<a href="http://www.sbicans.com">www.sbicans.com</a>
Edelweiss Financial Services Limited	<a href="http://www.edelweissfin.com">www.edelweissfin.com</a>

#### **Listing**

An application has been made to the Stock Exchanges for permission to deal in and for an official quotation of our NCDs. BSE has been appointed as the Designated Stock Exchange.

If permissions to deal in and for an official quotation of our NCDs are not granted by Stock Exchanges, our Company will forthwith repay, without interest, all moneys received from the Applicants in pursuance of the Prospectus.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchange mentioned above are taken within 12 Working Days from the date of closure of the Issue.

#### **Consents**

Consents in writing of: (a) the Directors, (b) our Company Secretary and Compliance Officer; (c) Bankers to our Company; (d) Lead Managers; (e) the Registrar to the Issue; (f) Legal Advisor to the Issue; (g) Credit Rating Agencies; (h) the Debenture Trustee; (i) Chief Financial Officer; and (j) Banker to the Issue to act in their



respective capacities, have been obtained and the same will be filed along with a copy of this Draft Prospectus, Prospectus with the Stock Exchange.

The consent of the Statutory Auditors of our Company, namely B S R & Associates LLP, Chartered Accountants, for (a) inclusion of their name as the Statutory Auditors; and (b) Examination report on Reformatted Financial Statements in the form and context in which they appear in this Draft Prospectus have been obtained and has not withdrawn such consent and the same will be filed with the Stock Exchanges and the SEBI, along with a copy of this Draft Prospectus.

### **Expert Opinion**

Except the following, our Company has not obtained any expert opinions in connection with this Draft Prospectus:

1. Our Company has received consent from its Statutory Auditors namely, B S R & Associates LLP, Chartered Accountants to include their name as required under Section 26 (1)(v) of the Companies Act, 2013 and as an “Expert” as defined under Section 2(38) of the Companies Act, 2013, in this Draft Prospectus in respect of the Examination report of the Auditor dated June 17, 2016 and statement of tax benefits dated June 17, 2016 included in this Draft Prospectus and such consent has not been withdrawn as on the date of this Draft Prospectus. However, the term “expert” shall not be construed to mean an “Expert” as defined under the U.S Securities Act, 1933.
2. Our Company has received consent from CARE to act as the credit rating agency to the Issue *vide* its letter dated June 17, 2016.
3. Our Company has received consent from ICRA Limited to act as the credit rating agency to the Issue *vide* its letter dated June 17, 2016.
4. Our Company has received consent from Brickwork to act as the credit rating agency to the Issue *vide* its letter dated June 16, 2016

### **Common form of Transfer**

The Issuer undertakes that there shall be a common form of transfer for the NCDs and the provisions of the Companies Act, 2013 and all applicable laws shall be duly complied with in respect of all transfer of debentures and registration thereof.

### **Minimum Subscription**

In terms of the SEBI Debt Regulations, for an issuer undertaking a public issue of debt securities the minimum subscription for public issue of debt securities shall be 75% of the Base Issue. If our Company does not receive the minimum subscription of 75% of the Base Issue, prior to the Issue Closing Date, the entire subscription amount shall be refunded to the Applicants within 12 days from the date of closure of the Issue. The refunded subscription amount shall be credited only to the account from which the relevant subscription amount was remitted. In the event, there is a delay, by the Issuer in making the aforesaid refund, our Company will pay interest at the rate of 15% per annum for the delayed period.

Under Section 39(3) of the Companies Act, 2013 read with Rule 11(2) of the Companies (Prospectus and Allotment of Securities) Rules, 2014 if the stated minimum subscription amount is not received within the specified period, the application money received is to be credited only to the bank account from which the subscription was remitted. To the extent possible, where the required information for making such refunds is available with our Company and/or Registrar, refunds will be made to the account prescribed. However, where our Company and/or Registrar do not have the necessary information for making such refunds, our Company and/or Registrar will follow the guidelines prescribed by SEBI in this regard including its circular (bearing CIR/IMD/DF-1/20/2012) dated July 27, 2012.

### **Filing of the Draft Prospectus**

A copy of the Draft Prospectus shall be filed with BSE and NSE in terms of Regulation 6 of the SEBI Debt Regulations and the same shall be hosted on its website for dissemination pursuant to Regulation 7 of the SEBI Debt Regulations.

## **Filing of the Prospectus with the RoC**

Our Company shall file a Prospectus as per requirements of Regulation 6(6) of the SEBI Debt Regulations. A copy of the Prospectus will be filed with the RoC, in accordance with Section 26 and Section 31 of Companies Act, 2013.

## **Debenture Redemption Reserve**

Pursuant to Regulation 16 of the SEBI Debt Regulations and Section 71(4) of the Companies Act, 2013 which require that when debentures are issued by any company, the company shall create a debenture redemption reserve out of the profits of the company available for payment of dividend. Rule 18(7)(b)(iii) of the Companies (Share Capital and Debentures) Rules, 2014 states that for companies such as our Company, the adequacy of DRR shall be 25% of the value of debentures issued through a public issue as per the SEBI Debt Regulations. Accordingly our Company is required to create a DRR of 25% of the value of the NCDs issued vide the Issue. In addition, as per Rule 18 (7)(e) under Chapter IV of the Companies Act, 2013, the amounts credited to DRR shall not be utilised by our Company except for the redemption of the NCDs. The Rules further mandate that every company required to maintain DRR shall deposit or invest, as the case may be, before the 30<sup>th</sup> day of April of each year a sum which shall not be less than 15% of the amount of its debentures maturing during the year ending on the 31<sup>st</sup> day of March of the next year in any one or more following methods: (a) in deposits with any scheduled bank, free from charge or lien; (b) in unencumbered securities of the Central Government or of any State Government; (c) in unencumbered securities mentioned in clauses (a) to (d) and (ee) of Section 20 of the Indian Trusts Act, 1882; (d) in unencumbered bonds issued by any other company which is notified under clause (f) of Section 20 of the Indian Trusts Act, 1882. The above mentioned amount deposited or invested, must not be utilized for any purpose other than for the repayment of debentures maturing during the year provided that the amount remaining deposited or invested must not at any time fall below 15% of the amount of debentures maturing during the year ending on the 31<sup>st</sup> day of March of that year.

## **Issue Related Expenses**

The expenses of this Issue include, *inter alia*, lead management fees and selling commission to the lead managers, lead-brokers, fees payable to debenture trustees, underwriters, the Registrar to the Issue, SCSBs' commission/fees, printing and distribution expenses, legal fees, advertisement expenses and listing fees. The Issue expenses and listing fees will be paid by our Company.

The estimated breakdown of the total expenses shall be as specified in the Prospectus.

## **Reservation**

No portion of this Issue has been reserved.

## **Public / Rights Issues**

Our Company has made rights issuance of 11,500,000 Equity Shares on March 27, 2015.

Except as disclosed above, our Company has not made any public or rights issuances in the last five years.

**Details regarding the Company and other listed companies under the same management within the meaning of section 370(1B) of the Companies Act, which made any equity share capital issue during the last three years**

EFSL has issued the following number of equity shares, under various employee stock option plans, during the last three years

<b>Fiscal 2016</b>	<b>Fiscal 2015</b>	<b>Fiscal 2014</b>
2,22,84,011	2,47,37,337	52,03,050

**Benefit/ interest accruing to Promoters/ Directors out of the object of the Issue**

Neither the Promoter nor the Directors of our Company are interested in the Objects of the Issue.

**Debentures or bonds and redeemable preference shares and other instruments issued by our Company and outstanding**

As on March 31, 2016 our Company has listed, rated, secured/ unsecured, non-convertible and redeemable debentures. For further details see “*Financial Indebtedness*” on page 116 of this Draft Prospectus.

**Dividend**

Our Company has no stated dividend policy. The declaration and payment of dividends on our shares will be recommended by our Board of Directors and approved by our shareholders, at their discretion, and will depend on a number of factors, including but not limited to our profits, capital requirements and overall financial condition.

**Details of the dividend declared by our Company on the Equity Shares for the Fiscals 2016, 2015, 2014, 2013 and 2012:**

Nil

**Revaluation of assets**

Our Company has not revalued its assets in the last five years.

**Mechanism for redressal of investor grievances**

The Registrar Agreement dated June 17, 2016 between the Registrar to the Issue and our Company will provide for retention of records with the Registrar to the Issue for a period of at least three years from the last date of despatch of the Allotment Advice, demat credit and refund orders to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the Applicant, number of NCDs applied for, amount paid on application and the bank branch or collection centre where the application was submitted. The contact details of Registrar to the Issue are as follows:

**Karvy Computershare Private Limited**

The Registrar shall endeavour to redress complaints of the investors within three (3) days of receipt of the complaint during the currency of this MoU and continue to do so during the period it is required to maintain records under the RTA Regulations and our Company shall extend necessary co-operation to the Registrar for compliance with the said regulations. However, the Registrar shall ensure that the time taken to redress investor complaints does not exceed fifteen (15) days from the date of receipt of complaint. The Registrar shall provide a status report of investor complaints and grievances on a fortnightly basis to our Company. Similar status reports should also be provided to our Company as and when required by our Company.

The details of the person appointed to act as Compliance Officer for the purposes of this Issue are set out below:

**Mr. Kulprakash Singh**

103 & 105, First Floor,  
Mercantile House,  
15, K.G. Marg, Connaught Place  
New Delhi 110001, India  
E-mail: Kulprakash.Singh@edelweissfin.com  
Tel.: +91 11 4262 9900  
Fax: +91 11 4357 1122

Investors may contact the Registrar to the Issue or the Compliance Officer in case of any pre-issue or post Issue related issues such as non-receipt of Allotment Advice, demat credit, refund orders, non-receipt of Debenture Certificates, transfers, or interest on application amount etc.

#### **Change in Auditors of our Company during the last three years**

There has been no change(s) in the Statutory Auditors of our Company in the last 3 (three) Fiscals preceding the date of this Draft Prospectus.

#### **Auditor Remarks**

Other than as disclosed below, there are no reservations or qualifications or adverse remarks of auditors in respect of our Financial Statements in the last five financial years from the date of this Draft Prospectus. There was no adverse impact of the below on the financial statements of the the Company.

#### **Extract from Auditors' Report for the financial year 2011-12:**

##### **Pont no. xvii – of annexure to auditors' report i.e. CARO Report:**

*“In terms of the Guidelines of the National Housing Bank ('NHB') on Asset Liability Management System for Housing Finance Companies, the Company regularly carries out an analysis of its assets and liabilities on the basis of their residual maturity. Our examination of the same indicates that maturity gaps observed in the Asset Liability Management are not within the limits prescribed by NHB. Based on the information and explanations received from the management, the Company is in advanced stages of obtaining long term finance from commercial banks and also plans to seek refinance facility from NHB. The Company has also made arrangements to infuse additional capital.”*

Corrective steps taken by the company

*“The Company in its next financial year FY 2012-13 raised long term funds by issue of non convertible debentures and also availed term loans from banks. The asset liability management reported for FY 2012-13 was within the limits prescribed by NHB.”*

## SECTION VII- ISSUE RELATED INFORMATION

### ISSUE STRUCTURE

The following are the key terms of the NCDs. This section should be read in conjunction with, and is qualified in its entirety by more detailed information in “*Terms of the Issue*” on page 158 of this Draft Prospectus.

The key common terms and conditions of the NCDs are as follows:

<b>Issuer</b>	Edelweiss Housing Finance Limited
<b>Type of instrument/ Name of the security</b>	Secured Redeemable Non-Convertible Debentures
<b>Seniority</b>	Senior
<b>Nature of the instrument</b>	Secured
<b>Mode of the issue</b>	Public issue
<b>Lead Managers</b>	SBI Capital Markets Limited and Edelweiss Financial Services Limited
<b>Debenture Trustee</b>	IDBI Trusteeship Services Limited
<b>Depositories</b>	NSDL and CDSL
<b>Registrar</b>	Karvy Computershare Private Limited
<b>Issue</b>	Public Issue of Secured, Redeemable Non-Convertible Debentures of our Company of NCDs aggregating upto ₹ 2500 million with an option to retain over-subscription upto ₹ 2500 million aggregating to a total of upto ₹ 5000 million.
<b>Base Issue</b>	₹2,500 million
<b>Option to retain Oversubscription Amount</b>	₹2,500 million
<b>Eligible investors</b>	See the section titled “ <i>Issue Procedure</i> ” on page 172 of this Draft Prospectus
<b>Objects of the Issue</b>	Please see “ <i>Objects of the Issue</i> ” on page 41 of this Draft Prospectus
<b>Details of utilization of the proceeds</b>	See the section titled “ <i>Objects of the Issue</i> ” on page 41 of this Draft Prospectus.
<b>Interest rate</b>	Please see the section titled “ <i>Terms of the Issue</i> ” on page 158 of this Draft Prospectus
<b>Step up/ Step down interest rates</b>	Not Applicable
<b>Interest type</b>	Fixed
<b>Interest reset process</b>	Not Applicable
<b>Issuance mode of the instrument*</b>	Physical and demat
<b>Frequency of interest payment</b>	Please see the section titled “ <i>Terms of the Issue</i> ” on page 158 of this Draft Prospectus
<b>Interest payment date</b>	Please see the section titled “ <i>Terms of the Issue</i> ” on page 158 of this Draft Prospectus
<b>Day count basis</b>	Actual/ Actual
<b>Interest on application money</b>	Please see the section titled “ <i>Terms of the Issue</i> ” on page 158 of this Draft Prospectus
<b>Default interest rate</b>	Our Company shall pay interest in connection with any delay in allotment, refunds, listing, dematerialized credit, execution of Debenture Trust Deed, payment of interest, redemption of principal amount beyond the time limits prescribed under applicable statutory and/or regulatory requirements, at such rates as stipulated/ prescribed under applicable laws
<b>Tenor</b>	Please see the section titled “ <i>Terms of the Issue</i> ” on page 158 of this Draft Prospectus
<b>Redemption premium/ discount</b>	Not Applicable
<b>Issue Price (in ₹)</b>	₹ 1,000 per NCD
<b>Discount at which security is issued and the effective</b>	Not Applicable

yield as a result of such discount.	
Put date	Not applicable
Put price	Not applicable
Call date	Not applicable
Call price	Not applicable
Put notification time.	Not applicable
Call notification time	Not applicable
Face value	₹ 1,000 per NCD
Minimum Application size and in multiples of NCD thereafter	₹ 10,000 (10 NCDs) and in multiple of ₹ 1,000 (1 NCD) thereafter across all Series
Market Lot/ Trading Lot	One
Pay-in date	Application Date. The entire Application Amount is payable on Application.
Credit ratings	The NCDs proposed to be issued under this Issue have been rated 'CARE AA [Double A]' for an amount of ₹ 7,000 million, by Credit Analysis & Research Ltd. ("CARE") vide their letter no. CARE/HO/RL/2016-17/1325 dated May 31, 2016, [ICRA] AA (Stable) an amount of ₹ 5,000 million, by ICRA Limited vide their letter dated May 13, 2016, BWR AA+ (Stable) an amount of ₹ 5,000 million, by Brickwork Ratings India Private Limited ("Brickwork") vide their letter no.BWR/NCD/HO/ERC/MM/0086/2016-17 dated June 1, 2016. The rating of NCDs by CARE, ICRA Limited and Brickwork indicate that instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations and carry very low credit risk. For the rationale for these ratings, see Annexure A of this Draft Prospectus. This rating is not a recommendation to buy, sell or hold securities and investors should take their own decision. This rating is subject to revision or withdrawal at any time by the assigning rating agencies and should be evaluated independently of any other ratings.
Listing	The NCDs are proposed to be listed on BSE and NSE. The NCDs shall be listed within 12 Working Days from the date of Issue Closure. For more information, see "Other Regulatory And Statutory Disclosures" on page 146 of this Draft Prospectus.
Modes of payment	Please see the section titled " <b>Issue Procedure</b> " on page 172 of this Draft Prospectus.
Trading mode of the instrument	In dematerialised form only
Issue opening date	[•], 2016
Issue closing date**	[•], 2016 <i>**The Issue shall remain open for subscription on Working Days from 10 a.m. to 5 p.m. during the period indicated above, except that the Issue may close on such earlier date or extended date as may be decided by the Board or Securities IPO Committee thereof. In the event of an early closure or extension of the Issue, our Company shall ensure that notice of the same is provided to the prospective investors through an advertisement in a reputed daily national newspaper on or before such earlier or extended date of Issue closure. On the Issue Closing Date Application Forms will be accepted only between 10 a.m. and 3 p.m. (Indian Standard Time) and uploaded until 5 p.m. or such extended time as may be permitted by BSE and NSE.</i>
Record date	15 (fifteen) days prior to the relevant interest payment date, relevant Redemption Date for NCDs issued under the Draft Prospectus. In the event the Record Date falls on second Saturday or fourth Saturday or Sunday or a public holiday in India, the succeeding Working Day will be considered as the Record Date.
Issue documents	This Draft Prospectus and the Prospectus read with any notices, corrigenda, addenda thereto, the Debenture Trust Deed and other documents, as applicable, and various other documents/ agreements/ undertakings, entered or to be entered by our Company with Lead Managers and/or other intermediaries for the purpose of this Issue including but not limited to the Debenture Trust Deed, the Debenture Trustee Agreement, the Tripartite Agreements, the Escrow Agreement, the Registrar Agreement, and the Lead Broker Agreement. For

	further details please refer to “ <b>Material Contracts and Documents for Inspection</b> ” on page 212 of this Draft Prospectus
<b>Conditions precedent to disbursement</b>	Other than the conditions specified in the SEBI Debt Regulations, there are no conditions precedents to disbursement.
<b>Conditions subsequent to disbursement</b>	Other than the conditions specified in the SEBI Debt Regulations, there are no conditions subsequent to disbursement.
<b>Events of default / cross default</b>	See the section titled “ <b>Terms of the Issue</b> ” on page 158 of this Draft Prospectus
<b>Deemed date of Allotment</b>	The date on which the Board or a duly authorized committee approves the Allotment of NCDs. All benefits relating to the NCDs including interest on NCDs shall be available to Investors from the Deemed Date of Allotment. The actual allotment of NCDs may take place on a date other than the Deemed Date of Allotment.
<b>Roles and responsibilities of the Debenture Trustee</b>	See the section titled “ <b>Terms of the Issue</b> ” on page 158 of this Draft Prospectus
<b>Governing law and jurisdiction</b>	The governing law and jurisdiction for the purpose of the Issue shall be Indian law, and the competent courts of jurisdiction in Mumbai, India, respectively.
<b>Working day convention</b>	If any Interest Payment Date falls on a day that is not a Working Day, the payment shall be made on the immediately succeeding Working Day along with interest for such additional period. Such additional interest will be deducted from the interest payable on the next date of payment of interest. If the Redemption Date of any series of the NCDs falls on a day that is not a Working Day, the redemption/ maturity proceeds shall be paid on the immediately preceding Working Day along with interest accrued on the NCDs until but excluding the date of such payment

\* In terms of Regulation 4(2)(d) of the SEBI Debt Regulations, our Company will undertake this public issue of the NCDs in dematerialised form. However, in terms of section 8(1) of the Depositories Act, our Company, at the request of the Investors who wish to hold the NCDs in physical form will fulfil such request. However, trading in NCDs shall be compulsorily in dematerialized form.

\*\* The subscription list shall remain open at the commencement of banking hours and close at the close of banking hours for the period as indicated, with an option for early closure or extension by such period, as may be decided by the Board or the duly authorised committee of the Board constituted by resolution of the Board dated May 11, 2016. In the event of such early closure of or extension subscription list of the Issue, our Company shall ensure that notice of such early closure or extension is given to the prospective investors through an advertisement in a leading daily national newspaper on or before such earlier date or extended date of closure. Applications Forms for the Issue will be accepted only from 10:00 a.m. till 5.00 p.m. (Indian Standard Time) or such extended time as may be permitted by the BSE and NSE, on Working Days during the Issue Period. On the Issue Closing Date, Application Forms will be accepted only from 10:00 a.m. till 3.00 p.m. (Indian Standard Time) and uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as may be permitted by the BSE and NSE.

## Terms of the NCDs

Series	I	II	III	IV	V	VI	VII
<b>Frequency of Interest Payment</b>	Annual	NA	Annual	NA	Monthly	Annual	NA
<b>Minimum Application</b>	₹ 10,000 (10 NCDs)	₹ 10,000 (10 NCDs)	₹ 10,000 (10 NCDs)	₹ 10,000 (10 NCDs)	₹ 10,000 (10 NCDs)	₹ 10,000 (10 NCDs)	₹ 10,000 (10 NCDs)
<b>In Multiples of thereafter</b>	₹ 1,000 (1 NCD)	₹ 1,000 (1 NCD)	₹ 1,000 (1 NCD)	₹ 1,000 (1 NCD)	₹ 1,000 (1 NCD)	₹ 1,000 (1 NCD)	₹ 1,000 (1 NCD)
<b>Face Value of NCDs (₹ / NCD)</b>	₹ 1,000	₹ 1,000	₹ 1,000	₹ 1,000	₹ 1,000	₹ 1,000	₹ 1,000
<b>Issue Price (₹ / NCD)</b>	₹ 1,000	₹ 1,000	₹ 1,000	₹ 1,000	₹ 1,000	₹ 1,000	₹ 1,000
<b>Mode of Interest Payment</b>	Through various options available	Through various options available	Through various options available	Through various options available	Through various options available	Through various options available	Through various options available
<b>Tenor</b>	36 months	36 months	60 months	60 months	120 months	120 months	120 months

Series	I	II	III	IV	V	VI	VII
Coupon (%) for NCD Holders in Category I	[•]	NA	[•]	NA	[•]	[•]	NA
Coupon (%) for NCD Holders in II	[•]	NA	[•]	NA	[•]	[•]	NA
Coupon (%) for NCD holders in Category III	[•]	NA	[•]	NA	[•]	[•]	NA
Effective Yield for NCD holders in Category I (per annum)*	[•]	[•]	[•]	[•]	[•]	[•]	[•]
Effective Yield for NCD holders in Category II (per annum)*	[•]	[•]	[•]	[•]	[•]	[•]	[•]
Effective Yield for NCD holders in Category III (per annum)*	[•]	[•]	[•]	[•]	[•]	[•]	[•]
Put and call option							NA
Redemption Date	36 months from the Deemed Date of Allotment	36 months from the Deemed Date of Allotment	60 months from the Deemed Date of Allotment	60 months from the Deemed Date of Allotment	120 months from the Deemed Date of Allotment	120 months from the Deemed Date of Allotment	120 months from the Deemed Date of Allotment
Redemption Amount (₹/NCD)	[•]	[•]	[•]	[•]	[•]	[•]	[•]

*\*Our Company shall allot Series I for all valid applications, wherein the applicants have not indicated their choice of the relevant series of the NCDs.*

### Terms of payment

The entire face value per NCDs is payable on application (except in case of ASBA Applicants). In case of ASBA Applicants, the entire amount of face value of NCDs applied for will be blocked in the relevant ASBA Account maintained with the SCSB. In the event of Allotment of a lesser number of NCDs than applied for, our Company shall refund the amount paid on application to the Applicant, in accordance with the terms of the Prospectus.

**Participation by any of the above-mentioned Investor classes in this Issue will be subject to applicable statutory and/or regulatory requirements. Applicants are advised to ensure that applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and/or regulatory provisions.**

The NCDs have not been and will not be registered, listed or otherwise qualified in any jurisdiction outside India and may not be offered or sold, and Applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction. In particular, the NCDs have not been and will not be registered under the U.S. Securities Act, 1933, as amended (the “**Securities Act**”) or the securities laws of any state of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. The Issuer has not registered and does not intend to register under the U.S. Investment Company Act, 1940 in reliance on section 3(c)(7) thereof. This Draft Prospectus may not be forwarded or distributed to any other person and may not be reproduced in any manner whatsoever, and in particular, may not be forwarded to any U.S. Person or to any U.S. address.

Applications may be made in single or joint names (not exceeding three). Applications should be made by Karta in case the Applicant is an HUF. If the Application is submitted in joint names, the Application Form should contain only the name of the first Applicant whose name should also appear as the first holder of the depository account (in case of Applicants applying for Allotment of the NCDs in dematerialized form) held in joint names. If the depository account is held in joint names, the Application Form should contain the name and PAN of the person



whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form. Please ensure that such Applications contain the PAN of the HUF and not of the Karta.

In the case of joint Applications, all payments will be made out in favour of the first Applicant. All communications will be addressed to the first named Applicant whose name appears in the Application Form and at the address mentioned therein.

**Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory permissions/consents/approvals in connection with applying for, subscribing to, or seeking Allotment of NCDs pursuant to the Issue.**

For further details, see the section titled “*Issue Procedure*” on page 172 of this Draft Prospectus.

## **TERMS OF THE ISSUE**

### **GENERAL TERMS OF THE ISSUE**

#### **Authority for the Issue**

This Issue has been authorized by the Board of Directors of our Company pursuant to a resolution passed at their meeting held on May 11, 2016. Further, the present borrowing is within the borrowing limits under Section 180(1)(c) of the Companies Act, 2013 duly approved by the shareholders' *vide* their resolution dated September 30, 2016

#### **Principal Terms & Conditions of this Issue**

The NCDs being offered as part of the Issue are subject to the provisions of the Debt Regulations, the Companies Act, the Memorandum and Articles of Association of our Company, the terms of this Draft Prospectus, the Prospectus, the Application Forms, the terms and conditions of the Debenture Trust Agreement and the Debenture Trust Deed, other applicable statutory and/or regulatory requirements including those issued from time to time by SEBI/the Government of India/Stock Exchanges, RBI, NHB and/or other statutory/regulatory authorities relating to the offer, issue and listing of securities and any other documents that may be executed in connection with the NCDs.

#### **Ranking of NCDs**

The NCDs would constitute secured obligations of our Company and shall rank *pari passu* with the existing secured creditors on all loans and advances/ book debts/ receivables, both present and future of our Company and immovable property equal to the value one time of the debentures outstanding plus interest accrued thereon, and subject to any obligations under applicable statutory and/or regulatory requirements. The NCDs proposed to be issued under the Issue and all earlier issues of debentures outstanding in the books of our Company having corresponding assets as security, shall rank *pari passu* without preference of one over the other except that priority for payment shall be as per applicable date of redemption. Our Company confirms that all permissions and/or consents for creation of a *pari passu* charge on the book debts/ loans and advances/ receivables, both present and future and immovable property as stated above, have been obtained from all relevant creditors, lenders and debenture trustees of our Company, who have an existing charge over the above mentioned assets.

#### **Debenture Redemption Reserve**

Pursuant to Regulation 16 of the SEBI Debt Regulations and Section 71(4) of the Companies Act, 2013 which require that when debentures are issued by any company, the company shall create a debenture redemption reserve out of the profits of the company available for payment of dividend. Rule 18(7)(b)(iii) of the Companies (Share Capital and Debentures) Rules, 2014 states that for companies such as our Company, the adequacy of DRR shall be 25% of the value of debentures issued through a public issue as per the SEBI Debt Regulations. Accordingly our Company is required to create a DRR of 25% of the value of the NCDs issued *vide* the Issue. In addition, as per Rule 18 (7)(e) under Chapter IV of the Companies Act, 2013, the amounts credited to DRR shall not be utilised by our Company except for the redemption of the NCDs. The Rules further mandate that every company required to maintain DRR shall deposit or invest, as the case may be, before the 30<sup>th</sup> day of April of each year a sum which shall not be less than 15% of the amount of its debentures maturing during the year ending on the 31<sup>st</sup> day of March of the next year in any one or more following methods: (a) in deposits with any scheduled bank, free from charge or lien; (b) in unencumbered securities of the Central Government or of any State Government; (c) in unencumbered securities mentioned in clauses (a) to (d) and (ee) of Section 20 of the Indian Trusts Act, 1882; (d) in unencumbered bonds issued by any other company which is notified under clause (f) of Section 20 of the Indian Trusts Act, 1882. The above mentioned amount deposited or invested, must not be utilized for any purpose other than for the repayment of debentures maturing during the year provided that the amount remaining deposited or invested must not at any time fall below 15% of the amount of debentures maturing during the year ending on the 31<sup>st</sup> day of March of that year.

#### **Face Value**

The face value of each NCD shall be ₹ 1,000.

## **Trustees for the NCD Holders**

We have appointed IDBI Trusteeship Services Limited to act as the Debenture Trustee for the NCD Holders in terms of Regulation 4(4) of the Debt Regulations and Section 71(5) of the Companies Act, 2013 and the rules prescribed thereunder. We and the Debenture Trustee will execute a Debenture Trust Deed, *inter alia*, specifying the powers, authorities and obligations of the Debenture Trustee and us. The NCD Holder(s) shall, without further act or deed, be deemed to have irrevocably given their consent to the Debenture Trustee or any of its agents or authorized officials to do all such acts, deeds, matters and things in respect of or relating to the NCDs as the Debenture Trustee may in its absolute discretion deem necessary or require to be done in the interest of the NCD Holder(s). Any payment made by us to the Debenture Trustee on behalf of the NCD Holder(s) shall discharge us *pro tanto* to the NCD Holder(s).

The Debenture Trustee will protect the interest of the NCD Holders in the event of default by us in regard to timely payment of interest and repayment of principal and they will take necessary action at our cost.

## **Events of Default**

Subject to the terms of the Debenture Trust Deed, the Debenture Trustee at its discretion may, or if so requested in writing by the holders of at least three-fourths of the outstanding amount of the NCDs or with the sanction of a special resolution, passed at a meeting of the NCD Holders, (subject to being indemnified and/or secured by the NCD Holders to its satisfaction), give notice to our Company specifying that the NCDs and/or any particular series of NCDs, in whole but not in part are and have become due and repayable on such date as may be specified in such notice *inter alia* if any of the events listed below occurs. The description below is indicative and a complete list of events of default and its consequences will be specified in the Debenture Trust Deed.

Default is committed in payment of the principal amount of the NCDs on the due date(s); and Default is committed in payment of any interest on the NCDs on the due date(s).

## **NCD Holder not a Shareholder**

The NCD Holders will not be entitled to any of the rights and privileges available to the equity shareholders of our Company, except to the extent of the right to receive the annual reports of our Company and such other rights as may be prescribed under the Companies Act, 2013 and the rules prescribed thereunder and the SEBI Listing Regulations.

## **Rights of NCD Holders**

Some of the significant rights available to the NCD Holders are as follows:

1. The NCDs shall not, except as provided in the Companies Act, 2013, our Memorandum and Articles of Association and/or the Debenture Trust Deed, confer upon the holders thereof any rights or privileges available to our Company's members/shareholders including, without limitation, the right to attend and/or vote at any general meeting of our Company's members/shareholders. However, if any resolution affecting the rights attached to the NCDs is to be placed before the members/shareholders of our Company, the said resolution will first be placed before the concerned registered NCD Holders for their consideration. In terms of Section 136(1) of the Companies Act, 2013, holders of NCDs shall be entitled to a copy of the balance sheet and copy of trust deed on a specific request made to our Company.
2. Subject to applicable statutory/regulatory requirements and terms of the Debenture Trust Deed, including requirements of the RBI, the rights, privileges and conditions attached to the NCDs may be varied, modified and/or abrogated with the consent in writing of the holders of at least three-fourths of the outstanding amount of the NCDs or with the sanction of a special resolution passed at a meeting of the concerned NCD Holders, provided that nothing in such consent or resolution shall be operative against us, where such consent or resolution modifies or varies the terms and conditions governing the NCDs, if the same are not acceptable to us.
3. Subject to applicable statutory/regulatory requirements and terms of the Debenture Trust Deed, the registered NCD Holder or in case of joint-holders, the one whose name stands first in the register of debenture holders shall be entitled to vote in respect of such NCDs, either in person or by proxy, at any meeting of the concerned NCD Holders and every such holder shall be entitled to one vote on a show of

hands and on a poll, his/her voting rights on every resolution placed before such meeting of the NCD Holders shall be in proportion to the outstanding nominal value of NCDs held by him/her.

4. The NCDs are subject to the provisions of the Debt Regulations, the Companies Act, 2013, the Memorandum and Articles of Association of our Company, the terms of this Draft Prospectus, the Prospectus, the Application Forms, the terms and conditions of the Debenture Trust Deed, requirements of the RBI, other applicable statutory and/or regulatory requirements relating to the issue and listing, of securities and any other documents that may be executed in connection with the NCDs.
5. A register of NCD Holders holding NCDs in physical form ("**Register of NCD Holders**") will be maintained in accordance with Section 88 of the Companies Act, 2013 and all interest and principal sums becoming due and payable in respect of the NCDs will be paid to the registered holder thereof for the time being or in the case of joint-holders, to the person whose name stands first in the Register of NCD Holders as on the Record Date. For the NCDs issued in dematerialized form, the Depositories shall also maintain the upto date record of holders of the NCDs in dematerialized Form. In terms of Section 88(3) of the Companies Act, 2013, the register and index of beneficial of NCDs maintained by a Depository for any NCDs in dematerialized form under Section 11 of the Depositories Act shall be deemed to be a Register of NCD holders for this purpose.
6. Subject to compliance with applicable statutory requirements, the NCDs can be rolled over only with the consent of the holders of at least 75% of the outstanding amount of the NCDs after providing at least 21 days prior notice for such roll over and in accordance with the SEBI Debt Regulations. Our Company shall redeem the debt securities of all the debt securities holders, who have not given their positive consent to the roll-over.

The aforementioned rights of the NCD holders are merely indicative. The final rights of the NCD holders will be as per the terms of the Offer Document and the Debenture Trust Deed.

#### **Nomination facility to NCD Holder**

In accordance with Rule 19 of the Companies (Share Capital and Debentures) Rules, 2014 ("**Rule 19**") and the Companies Act, 2013, the sole NCD holder, or first NCD holder, along with other joint NCD Holders' (being individual(s)), may nominate, in the **Form No. SH.13**, any one person with whom, in the event of the death of Applicant the NCDs were Allotted, if any, will vest. Where the nomination is made in respect of the NCDs held by more than one person jointly, all joint holders shall together nominate in **Form No.SH.13** any person as nominee. A nominee entitled to the NCDs by reason of the death of the original holder(s), will, in accordance with Rule 19 and Section 56 of the Companies Act, 2013, be entitled to the same benefits to which he or she will be entitled if he or she were the registered holder of the NCDs. Where the nominee is a minor, the NCD holder(s) may make a nomination to appoint, in **Form No. SH.14**, any person to become entitled to NCDs in the event of the holder's death during minority. A nomination will stand rescinded on a sale/transfer/alienation of NCDs by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Registered Office, Corporate Office or with the Registrar to the Issue.

NCD Holder(s) are advised to provide the specimen signature of the nominee to us to expedite the transmission of the NCD(s) to the nominee in the event of demise of the NCD Holder(s). The signature can be provided in the Application Form or subsequently at the time of making fresh nominations. This facility of providing the specimen signature of the nominee is purely optional.

In accordance with Rule 19, any person who becomes a nominee by virtue of the Rule 19, will on the production of such evidence as may be required by the Board, elect either:

- (a) to register himself or herself as holder of NCDs; or
- (b) to make such transfer of the NCDs, as the deceased holder could have made.

Further, our Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the NCDs, and if the notice is not complied with, within a period of 90 days, our Board may thereafter withhold payment of all interests or other monies payable in respect of the NCDs, until the requirements of the notice have been complied with.

For all NCDs held in the dematerialized form, nominations registered with the respective Depository Participant of the Applicant would prevail. If the investors require changing their nomination, they are requested to inform their respective Depository Participant in connection with NCDs held in the dematerialized form.

Applicants who have opted for allotment of NCDs in the physical form and/or persons holding NCDs in the physical form should provide required details in connection with their nominee to our Company and inform our Company in connection with NCDs held in the physical form.

### **Jurisdiction**

Exclusive jurisdiction for the purpose of the Issue is with the competent courts of jurisdiction in Mumbai, India.

### **Application in the Issue**

NCDs being issued through the Offer Document can be applied for, through a valid Application Form filled in by the applicant along with attachments, as applicable.

### **Form and Denomination**

In case of NCDs held in physical form, a single certificate will be issued to the NCD Holder for the aggregate amount (“**Consolidated Certificate**”) for each type of NCDs. A successful Applicant can also request for the issue of NCDs certificates in the denomination of 1 (one) NCD at any time post allotment of the NCDs (“**Market Lot**”).

In respect of Consolidated Certificates, we will, only upon receipt of a request from the NCD Holder, split such Consolidated Certificates into smaller denominations subject to the minimum of Market Lot. No fees would be charged for splitting of NCD certificates in Market Lots, but stamp duty payable, if any, would be borne by the NCD Holder. The request for splitting should be accompanied by the original NCD certificate which would then be treated as cancelled by us.

### **Transfer/Transmission of NCD(s)**

The NCDs shall be transferred or transmitted freely in accordance with the applicable provisions of the Companies Act, 2013. The provisions relating to transfer and transmission and other related matters in respect of our shares contained in the Articles and the Companies Act, 2013 shall apply, mutatis mutandis (to the extent applicable to debentures) to the NCD(s) as well. In respect of the NCDs held in physical form, a suitable instrument of transfer as may be prescribed by the Issuer may be used for the same. The NCDs held in dematerialized form shall be transferred subject to and in accordance with the rules/procedures as prescribed by NSDL/CDSL and the relevant DPs of the transfer or transferee and any other applicable laws and rules notified in respect thereof. The transferee(s) should ensure that the transfer formalities are completed prior to the Record Date. In the absence of the same, interest will be paid/redemption will be made to the person, whose name appears in the register of debenture holders maintained by the Depositories. In such cases, claims, if any, by the transferees would need to be settled with the transferor(s) and not with the Issuer or Registrar.

Please see the section titled “**Issue Structure**” on page 153 of this Draft Prospectus for the implications on the interest applicable to NCDs held by Individual Investors on the Record Date and NCDs held by Non Individual Investors on the Record Date.

### ***For NCDs held in electronic form:***

The normal procedure followed for transfer of securities held in dematerialized form shall be followed for transfer of the NCDs held in electronic form. The seller should give delivery instructions containing details of the buyer’s DP account to his depository participant.

In case the transferee does not have a DP account, the seller can re-materialise the NCDs and thereby convert his dematerialized holding into physical holding. Thereafter, the NCDs can be transferred in the manner as stated above.

In case the buyer of the NCDs in physical form wants to hold the NCDs in dematerialized form, he can choose to dematerialize the securities through his DP.

## Title

In case of:

- (a) the NCDs held in the dematerialized form, the person for the time being appearing in the record of beneficial owners maintained by the Depository; and
- (b) the NCDs held in physical form, the person for the time being appearing in the Register of NCD Holders as NCD Holder,

shall be treated for all purposes by our Company, the Debenture Trustee, the Depositories and all other persons dealing with such person as the holder thereof and its absolute owner for all purposes regardless of any notice of ownership, trust or any interest in it or any writing on, theft or loss of the Consolidated NCD Certificate issued in respect of the NCDs and no person will be liable for so treating the NCD Holder.

No transfer of title of a NCD will be valid unless and until entered on the Register of NCD Holders or the register and index of NCD Holders maintained by the Depository prior to the Record Date. In the absence of transfer being registered, interest and/or Maturity Amount, as the case may be, will be paid to the person, whose name appears first in the Register of NCD Holders maintained by the Depositories and/or our Company and/or the Registrar, as the case may be. In such cases, claims, if any, by the purchasers of the NCDs will need to be settled with the seller of the NCDs and not with our Company or the Registrar. The provisions relating to transfer and transmission and other related matters in respect of our Company's shares contained in the Articles of Association of our Company and the Companies Act shall apply, mutatis mutandis (to the extent applicable) to the NCDs as well.

## Succession

Where NCDs are held in joint names and one of the joint holders dies, the survivor(s) will be recognized as the NCD Holder(s). It will be sufficient for our Company to delete the name of the deceased NCD Holder after obtaining satisfactory evidence of his death. Provided, a third person may call on our Company to register his name as successor of the deceased NCD Holder after obtaining evidence such as probate of a will for the purpose of proving his title to the debentures. In the event of demise of the sole or first holder of the Debentures, our Company will recognise the executors or administrator of the deceased NCD Holders, or the holder of the succession certificate or other legal representative as having title to the Debentures only if such executor or administrator obtains and produces probate or letter of administration or is the holder of the succession certificate or other legal representation, as the case may be, from an appropriate court in India. The directors of our Company in their absolute discretion may, in any case, dispense with production of probate or letter of administration or succession certificate or other legal representation.

Where a non-resident Indian becomes entitled to the NCDs by way of succession, the following steps have to be complied with:

1. Documentary evidence to be submitted to the Legacy Cell of the RBI to the effect that the NCDs were acquired by the non-resident Indian as part of the legacy left by the deceased NCD Holder.
2. Proof that the non-resident Indian is an Indian national or is of Indian origin.
3. Such holding by a non-resident Indian will be on a non-repatriation basis.

## Joint-holders

Where two or more persons are holders of any NCD(s), they shall be deemed to hold the same as joint holders with benefits of survivorship subject to other provisions contained in the Articles.

## Procedure for Re-materialization of NCDs

NCD Holders who wish to hold the NCDs in physical form may do so by submitting a request to their DP at any time after Allotment in accordance with the applicable procedure stipulated by the DP, in accordance with the Depositories Act and/or rules as notified by the Depositories from time to time. **Holders of NCDs who propose to rematerialize their NCDs, would have to mandatorily submit details of their bank mandate along with a copy of any document evidencing that the bank account is in the name of the holder of such NCDs and their Permanent Account Number to our Company and the DP. No proposal for rematerialization of NCDs would be considered if the aforementioned documents and details are not submitted along with the request for such rematerialization.**

## Restriction on transfer of NCDs

There are no restrictions on transfers and transmission of NCDs and on their consolidation/ splitting except as may be required under applicable statutory and/or regulatory requirements including any requirements of the RBI and/or as provided in our Articles of Association. Please refer to the section titled “*Main Provisions of the Articles of Association of our Company*” on page 203 of this Draft Prospectus.

## Period of Subscription

ISSUE PROGRAMME	
ISSUE OPENS ON	[•], 2016
ISSUE CLOSSES ON	[•], 2016

Applications Forms for the Issue will be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time) or such extended time as may be permitted by the Stock Exchange, during the Issue Period as mentioned above on all days between Monday and Friday (both inclusive barring public holiday), (i) by the Lead Managers or the Trading Members of the Stock Exchange, as the case maybe, at the centers mentioned in Application Form through the non-ASBA mode or, (ii) in case of ASBA Applications, (a) directly by the Designated Branches of the SCSBs or (b) by the centers of the Lead Managers or the Trading Members of the Stock Exchange, as the case maybe, only at the Selected Cities. On the Issue Closing Date Application Forms will be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time) and uploaded until 5.00 p.m. or such extended time as may be permitted by the Stock Exchange.

Due to limitation of time available for uploading the Applications on the Issue Closing Date, Applicants are advised to submit their Application Forms one day prior to the Issue Closing Date and, no later than 3.00 p.m (Indian Standard Time) on the Issue Closing Date. Applicants are cautioned that in the event a large number of Applications are received on the Issue Closing Date, there may be some Applications which are not uploaded due to lack of sufficient time to upload. Such Applications that cannot be uploaded will not be considered for allocation under the Issue. Application Forms will only be accepted on Working Days during the Issue Period. Neither our Company, nor the Lead Managers or Trading Members of the Stock Exchange are liable for any failure in uploading the Applications due to failure in any software/ hardware systems or otherwise. Please note that the Basis of Allotment under the Issue will be on a date priority basis in accordance with SEBI Circular dated October 29, 2013.

## Interest/Premium

[•]

## Taxation

Any tax exemption certificate/document must be lodged at the office of the Registrar at least 7 (seven) days prior to the Record Date or as specifically required, failing which tax applicable on interest will be deducted at source on accrual thereof in our Company's books and/or on payment thereof, in accordance with the provisions of the IT Act and/or any other statutory modification, enactment or notification as the case may be. A tax deduction certificate will be issued for the amount of tax so deducted.

As per clause (ix) of Section 193 of the I.T. Act, no tax is required to be withheld on any interest payable on any security issued by a company, where such security is in dematerialized form and is listed on a recognized stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956 and the rules made thereunder. Accordingly, no tax will be deducted at source from the interest on listed NCDs held in the dematerialized form.

However in case of NCDs held in physical form, as per the current provisions of the IT Act, tax will not be deducted at source from interest payable on such NCDs held by the investor (in case of resident Individuals and HUFs), if such interest does not exceed ₹ 5,000 in any financial year. If interest exceeds the prescribed limit of ₹5,000 on account of interest on the NCDs, then the tax will be deducted at applicable rate. However in case of NCD Holders claiming non-deduction or lower deduction of tax at source, as the case may be, the NCD Holder should furnish either (a) a declaration (in duplicate) in the prescribed form i.e. (i) Form 15H which can be given by Individuals who are of the age of 60 years or more (ii) Form 15G which can be given by all Applicants (other than companies, and firms ), or (b) a certificate, from the Assessing Officer which can be obtained by all

Applicants (including companies and firms) by making an application in the prescribed form i.e. Form No.13. The aforesaid documents, as may be applicable, should be submitted to our Company quoting the name of the sole/ first NCD Holder, NCD folio number and the distinctive number(s) of the NCD held, prior to the Record Date to ensure non-deduction/lower deduction of tax at source from interest on the NCD. The investors need to submit Form 15H/ 15G/certificate in original from Assessing Officer for each financial year during the currency of the NCD to ensure non-deduction or lower deduction of tax at source from interest on the NCD.

If the date of interest payment falls on a Saturday, Sunday or a public holiday in Mumbai or Chennai or any other payment centre notified in terms of the Negotiable Instruments Act, 1881, then interest would be paid on the next working day. Payment of interest would be subject to the deduction as prescribed in the I.T. Act or any statutory modification or re-enactment thereof for the time being in force.

*Subject to the terms and conditions in connection with computation of applicable interest on the Record Date, please note that in case the NCDs are transferred and/or transmitted in accordance with the provisions of this Draft Prospectus read with the provisions of the Articles of Association of our Company, the transferee of such NCDs or the deceased holder of NCDs, as the case may be, shall be entitled to any interest which may have accrued on the NCDs.*

#### **Day Count Convention:**

Interest shall be computed on a 365 days-a-year basis on the principal outstanding on the NCDs as per the SEBI Circular bearing no. CIR/IMD/DF/18/2013 dated October 29, 2013. Day count convention shall be actual / actual.

#### **Effect of holidays on payments:**

If the date of payment of interest does not fall on a Working Day, then the immediately succeeding Working Day will be considered as the effective date for such payment of interest along with interest for such additional period (the “**Effective Date**”). Such additional interest will be deducted from the interest payable on the next date of payment of interest. Interest and principal or other amounts, if any, will be paid on the Effective Date. Payment of interest will be subject to the deduction of tax as per Income Tax Act or any statutory modification or re-enactment thereof for the time being in force. In case the Maturity Date (also being the last Interest Payment Date) does not fall on a Working Day, the payment will be made on the immediately preceding Working Day, along with coupon/interest accrued on the NCDs until but excluding the date of such payment.

#### **Illustration for guidance in respect of the day count convention and effect of holidays on payments.**

The illustration for guidance in respect of the day count convention and effect of holidays on payments, as required by SEBI Circular No. CIR/IMD/DF/18/2013 October 29, 2013 will be as disclosed in Annexure [•] to the Prospectus.

#### **Interest on Application Amount**

##### **Interest on application amounts received which are used towards allotment of NCDs:**

Our Company shall pay interest on application amount, as per the Effective Yield applicable to the relevant Series of NCD (as per the Category of the Investor), allotted to the Applicants, other than to ASBA Applicants, subject to deduction of income tax under the provisions of the Income Tax Act, 1961, as amended, as applicable, to any Applicants to whom NCDs are allotted pursuant Issue from the date of realization of the cheque(s)/demand draft(s) upto one day prior to the Deemed Date of Allotment. In the event that such date of realization of the cheque(s)/demand draft(s) is not ascertainable in terms of banking records, we shall pay interest on Application Amounts on the amount Allotted from three Working Days from the date of upload of each Application on the electronic Application platform of the BSE and NSE upto one day prior to the Deemed Date of Allotment.

Our Company may enter into an arrangement with one or more banks in one or more cities for direct credit of interest to the account of the Applicants. Alternatively, the interest warrant will be dispatched along with the Letter(s) of Allotment/ NCD Certificates at the sole risk of the Applicant, to the sole/first Applicant.



**Interest on application amounts received which are liable to be refunded:**

Our Company shall pay interest on application amount which is liable to be refunded to the Applicants, other than to ASBA Applicants, in accordance with the provisions of the SEBI Debt Regulations and/or the Companies Act, 2013, or other applicable statutory and/or regulatory requirements, subject to deduction of income tax under the provisions of the Income Tax Act, 1961, as amended, as applicable, to any Applicants to whom NCDs are allotted pursuant to the Issue from the date of realization of the cheque(s)/demand draft(s) upto one day prior to the Deemed Date of Allotment. In the event that such date of realization of the cheque(s)/ demand draft(s) is not ascertainable in terms of banking records, we shall pay interest on Application Amounts on the amount Allotted from three Working Days from the date of upload of each Application on the electronic Application platform of the BSE and NSE upto one day prior to the Deemed Date of Allotment, at the rate as specified in the Prospectus. Such interest shall be paid along with the monies liable to be refunded. Interest warrant will be dispatched / credited (in case of electronic payment) along with the Letter(s) of Refund at the sole risk of the Applicant, to the sole/first Applicant.

In the event our Company does not receive a minimum subscription, as specified in this Draft Prospectus on the date of closure of the Issue, our Company shall pay interest on application amount which is liable to be refunded to the Applicants, other than to ASBA Applicants, in accordance with the provisions of the Debt Regulations and/or the Companies Act, 2013, or other applicable statutory and/or regulatory requirements, subject to deduction of income tax under the provisions of the Income Tax Act, 1961, as amended, as applicable, from the date of realization of the cheque(s)/demand draft(s) or 3 (three) days from the date of receipt of the application (being the date of upload of each application on the electronic platform of the Stock Exchange) whichever is later and upto the date of closure of the Issue at the rate of 15% per annum. Such interest shall be paid along with the monies liable to be refunded. Interest warrant will be dispatched / credited (in case of electronic payment) to the account of the Applicants, other than ASBA Applicants, as mentioned in the depository records along with the Letter(s) of Refund at the sole risk of the applicant, to the sole/first applicant.

Provided that, notwithstanding anything contained hereinabove, our Company shall not be liable to pay any interest on monies liable to be refunded in case of (a) invalid applications or applications liable to be rejected, (b) applications which are withdrawn by the Applicant and/or (c) monies paid in excess of the amount of NCDs applied for in the Application Form. Please refer to the sub-section “**Rejection of Application**” at page 192 of this Draft Prospectus.

**Maturity and Redemption**

The NCDs issued pursuant to this Draft Prospectus have a fixed maturity date. The NCDs will be redeemed at the expiry of 36 months from the Deemed Date of Allotment for Option I and II, 60 months from the Deemed Date of Allotment for Option III and IV, 120 months from the Deemed Date of Allotment for Option V, VI and VII.

**Put / Call Option**

There is no put or call option available to any Investor.

**Application Size**

Each application should be for a minimum of ten (10) NCDs and multiples of one (1) NCD thereafter. The minimum application size for each application for NCDs would be ₹10,000 (across all Options of NCDs) and in multiples of ₹1,000 thereafter.

Applicants can apply for any or all types of NCDs offered hereunder (any/all series) provided the Applicant has applied for minimum application size using the same Application Form.

**Applicants are advised to ensure that applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions.**

**Terms of Payment**

The entire issue price of ₹ 1,000 per NCD is payable on application itself. In case of allotment of lesser number of NCDs than the number of NCDs applied for, our Company shall refund the excess amount paid on application

to the Applicant in accordance with the terms of this Draft Prospectus.

### **Manner of Payment of Interest / Refund**

The manner of payment of interest / refund in connection with the NCDs is set out below:

#### ***For NCDs held in physical form:***

The bank details will be obtained from the Application Form or from the copy of the cancelled cheque or such other documentary proof as may have been annexed to the Application Form by the Applicant for payment of interest / refund / redemption as the case may be. In case of NCDs held in physical form on account of re-materialization and/or subsequent transfer post-allotment, the bank details will be obtained from the documents submitted to our Company along with the re-materialisation request.

#### ***For NCDs applied / held in electronic form:***

The bank details will be obtained from the Depositories for payment of Interest / refund / redemption as the case may be. Applicants who have applied for or are holding the NCDs in electronic form, are advised to immediately update their bank account details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in credit of refunds to the Applicant at the Applicant's sole risk, and the Lead Managers, our Company nor the Registrar to the Issue shall have any responsibility and undertake any liability for the same.

The mode of interest / refund / redemption payments shall be undertaken in the following order of preference:

1. **Direct Credit:** Investors having their bank account with the Refund Bank, shall be eligible to receive refunds, if any, through direct credit. The refund amount, if any, would be credited directly to their bank account with the Refund Banker.
2. **NECS:** Payment of interest / refund / redemption shall be undertaken through NECS for Applicants having an account at the centers mentioned in NECS MICR list.

This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code, IFSC code, bank account number, bank name and branch name as appearing on a cheque leaf, from the Depositories. One of the methods for payment of interest / refund / redemption is through NECS for Applicants having a bank account at any of the abovementioned centers.

3. **RTGS:** Applicants having a bank account with a participating bank and whose interest payment / refund / redemption amount exceeds ₹2 lacs, or such amount as may be fixed by RBI from time to time, have the option to receive refund through RTGS. Such eligible Applicants who indicate their preference to receive interest payment / refund / redemption through RTGS are required to provide the IFSC code in the Application Form or intimate our Company and the Registrars to the Issue at least 7 (seven) days before the Record Date. Charges, if any, levied by the Applicant's bank receiving the credit would be borne by the Applicant. In the event the same is not provided, interest payment / refund / redemption shall be made through NECS subject to availability of complete bank account details for the same as stated above.
4. **NEFT:** Payment of interest / refund / redemption shall be undertaken through NEFT wherever the Applicants' bank has been assigned the Indian Financial System Code ("IFSC"), which can be linked to a Magnetic Ink Character Recognition ("MICR"), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Applicants have registered their nine digit MICR number and their bank account number while opening and operating the de-mat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of interest/refund/redemption will be made to the Applicants through this method.
5. **Registered Post/Speed Post:** For all other Applicants, including those who have not updated their bank particulars with the MICR code, the interest payment / refund / redemption orders shall be dispatched

through Speed Post/ Registered Post only to Applicants that have provided details of a registered address in India. Refunds may be made by cheques, pay orders, or demand drafts drawn on the relevant Refund Bank and payable at par at places where Applications are received. All cheques, pay orders, or demand drafts as the case may be, shall be sent by registered/speed post at the Investor's sole risk. Bank charges, if any, for cashing such cheques, pay orders, or demand drafts at other centres will be payable by the Applicant.

### **Refunds for Applicants other than ASBA Applicants**

Within 12 Working Days of the Issue Closing Date, the Registrar to the Issue will dispatch refund orders/issue instructions for electronic refund, as applicable, of all amounts payable to unsuccessful Applicants (other than ASBA Applicants) and also any excess amount paid on Application, after adjusting for allocation/Allotment of NCDs. In case of Applicants who have applied for Allotment of NCDs in dematerialized form, the Registrar to the Issue will obtain from the Depositories the Applicant's bank account details, including the MICR code, on the basis of the DP ID and Client ID provided by the Applicant in their Application Forms, for making refunds. In case of Applicants who have applied for Allotment of NCDs in physical form, the bank details will be extracted from the Application Form or the copy of the cancelled cheque. For Applicants who receive refunds through ECS, direct credit, RTGS or NEFT, the refund instructions will be issued to the clearing system within 12 Working Days of the Issue Closing Date. A suitable communication will be dispatched to the Applicants receiving refunds through these modes, giving details of the amount and expected date of electronic credit of refund. Such communication will be mailed to the addresses (in India) of Applicants, as per Demographic Details received from the Depositories or the address details provided in the Application Form, in case of Applicants who have applied for Allotment of NCDs in physical form. The Demographic Details or the address details provided in the Application Form would be used for mailing of the physical refund orders, as applicable. Investors who have applied for NCDs in electronic form, are advised to immediately update their bank account details as appearing on the records of their Depository Participant. Failure to do so could result in delays in credit of refund to the investors at their sole risk and neither the Lead Managers nor our Company shall have any responsibility and undertake any liability for such delays on part of the investors.

### **Printing of Bank Particulars on Interest Warrants**

As a matter of precaution against possible fraudulent encashment of refund orders and interest/redemption warrants due to loss or misplacement, the particulars of the Applicant's bank account are mandatorily required to be given for printing on the orders/ warrants. In relation to NCDs applied and held in dematerialized form, these particulars would be taken directly from the depositories. In case of NCDs held in physical form either on account of rematerialisation or transfer, the investors are advised to submit their bank account details with our Company / Registrar at least 7 (seven) days prior to the Record Date failing which the orders / warrants will be dispatched to the postal address of the holder of the NCDs as available in the records of our Company. Bank account particulars will be printed on the orders/ warrants which can then be deposited only in the account specified.

### **Buy Back of NCDs**

Our Company may, at its sole discretion, from time to time, consider, subject to applicable statutory and/or regulatory requirements, buyback of NCDs, upon such terms and conditions as may be decided by our Company.

Our Company may from time to time invite the NCD Holders to offer the NCDs held by them through one or more buy-back schemes and/or letters of offer upon such terms and conditions as our Company may from time to time determine, subject to applicable statutory and/or regulatory requirements. Such NCDs which are bought back may be extinguished, re-issued and/or resold in the open market with a view of strengthening the liquidity of the NCDs in the market, subject to applicable statutory and/or regulatory requirements.

### **Procedure for Redemption by NCD Holders**

The procedure for redemption is set out below:

#### ***NCDs held in physical form:***

No action would ordinarily be required on the part of the NCD Holder at the time of redemption and the redemption proceeds would be paid to those NCD Holders whose names stand in the register of NCD Holders maintained by us on the Record Date fixed for the purpose of Redemption. However, our Company may require

that the NCD certificate(s), duly discharged by the sole holder/all the joint-holders (signed on the reverse of the NCD certificate(s)) be surrendered for redemption on maturity and should be sent by the NCD Holder(s) by Registered Post with acknowledgment due or by hand delivery to our office or to such persons at such addresses as may be notified by us from time to time. NCD Holder(s) may be requested to surrender the NCD certificate(s) in the manner as stated above, not more than three months and not less than one month prior to the redemption date so as to facilitate timely payment.

We may at our discretion redeem the NCDs without the requirement of surrendering of the NCD certificates by the holder(s) thereof. In case we decide to do so, the holders of NCDs need not submit the NCD certificates to us and the redemption proceeds would be paid to those NCD Holders whose names stand in the register of NCD Holders maintained by us on the Record Date fixed for the purpose of redemption of NCDs. In such case, the NCD certificates would be deemed to have been cancelled. Also see the para “**Payment on Redemption**” given below.

***NCDs held in electronic form:***

No action is required on the part of NCD Holder(s) at the time of redemption of NCDs.

**Payment on Redemption**

The manner of payment of redemption is set out below:

***NCDs held in physical form:***

The payment on redemption of the NCDs will be made by way of cheque/pay order/ electronic modes. However, if our Company so requires, the aforementioned payment would only be made on the surrender of NCD certificate(s), duly discharged by the sole holder / all the joint-holders (signed on the reverse of the NCD certificate(s)). Dispatch of cheques/pay order, etc. in respect of such payment will be made on the Redemption Date or (if so requested by our Company in this regard) within a period of 30 days from the date of receipt of the duly discharged NCD certificate.

In case we decide to do so, the redemption proceeds in the manner stated above would be paid on the Redemption Date to those NCD Holders whose names stand in the Register of NCD Holders maintained by us/Registrar to the Issue on the Record Date fixed for the purpose of Redemption. Hence the transferees, if any, should ensure lodgement of the transfer documents with us at least 7 (seven) days prior to the Record Date. In case the transfer documents are not lodged with us at least 7 (seven) days prior to the Record Date and we dispatch the redemption proceeds to the transferor, claims in respect of the redemption proceeds should be settled amongst the parties inter se and no claim or action shall lie against us or the Registrars.

Our liability to holder(s) towards his/their rights including for payment or otherwise shall stand extinguished from the date of redemption in all events and when we dispatch the redemption amounts to the NCD Holder(s).

Further, we will not be liable to pay any interest, income or compensation of any kind from the date of redemption of the NCD(s).

***NCDs held in electronic form:***

On the redemption date, redemption proceeds would be paid by cheque /pay order / electronic mode to those NCD Holders whose names appear on the list of beneficial owners given by the Depositories to us. These names would be as per the Depositories’ records on the Record Date fixed for the purpose of redemption. These NCDs will be simultaneously extinguished to the extent of the amount redeemed through appropriate debit corporate action upon redemption of the corresponding value of the NCDs. It may be noted that in the entire process mentioned above, no action is required on the part of NCD Holders.

Our liability to NCD Holder(s) towards his/their rights including for payment or otherwise shall stand extinguished from the date of redemption in all events and when we dispatch the redemption amounts to the NCD Holder(s).

Further, we will not be liable to pay any interest, income or compensation of any kind from the date of redemption of the NCD(s).

### **Issue of Duplicate NCD Certificate(s)**

If any NCD certificate(s) is/are mutilated or defaced or the cages for recording transfers of NCDs are fully utilised, the same may be replaced by us against the surrender of such certificate(s). Provided, where the NCD certificate(s) are mutilated or defaced, the same will be replaced as aforesaid only if the certificate numbers and the distinctive numbers are legible.

If any NCD certificate is destroyed, stolen or lost then upon production of proof thereof to our satisfaction and upon furnishing such indemnity/security and/or documents as we may deem adequate, duplicate NCD certificate(s) shall be issued. Upon issuance of a duplicate NCD certificate, the original NCD certificate shall stand cancelled.

### **Right to Reissue NCD(s)**

Subject to the provisions of the Companies Act, 2013, where we have fully redeemed or repurchased any NCD(s), we shall have and shall be deemed always to have had the right to keep such NCDs in effect without extinguishment thereof, for the purpose of resale or reissue and in exercising such right, we shall have and be deemed always to have had the power to resell or reissue such NCDs either by reselling or reissuing the same NCDs or by issuing other NCDs in their place. The aforementioned right includes the right to reissue original NCDs.

### **Sharing of Information**

We may, at our option, use on our own, as well as exchange, share or part with any financial or other information about the NCD Holders available with us, with our subsidiaries, if any and affiliates and other banks, financial institutions, credit bureaus, agencies, statutory bodies, as may be required and neither we or our affiliates nor their agents shall be liable for use of the aforesaid information.

### **Notices**

All notices to the NCD Holder(s) required to be given by us or the Debenture Trustee shall be published in one English language newspaper having wide circulation and one regional language daily newspaper in Mumbai and/or will be sent by post/ courier or through email or other electronic media to the Registered Holders of the NCD(s) from time to time.

### **Future Borrowings**

We will be entitled to borrow/raise loans or avail of financial assistance in whatever form as also to issue debentures/ NCDs/other securities in any manner having such ranking in priority, pari passu or otherwise, subject to applicable consents, approvals or permissions that may be required under any statutory/regulatory/contractual requirement, and change the capital structure including the issue of shares of any class, on such terms and conditions as we may think appropriate, without the consent of, or intimation to, the NCD Holders or the Debenture Trustee in this connection.

### **Impersonation**

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

“Any person who- (a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or (b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or (c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447 of the Companies Act, 2013”

### **Pre-closure**

Our Company, in consultation with the Lead Managers reserves the right to close the Issue at any time prior to the Issue Closing Date, subject to receipt of minimum subscription or as may be specified in the Prospectus. Our Company shall allot NCDs with respect to the Applications received until the time of such pre-closure in

accordance with the Basis of Allotment as described hereinabove and subject to applicable statutory and/or regulatory requirements. In the event of such early closure of the Issue, our Company shall ensure that public notice of such early closure is published on or before such early date of closure or the Issue Closing Date, as applicable, through advertisement(s) in all those newspapers in which preissue advertisement and advertisement for opening or closure of the issue have been given.

### **Minimum Subscription**

In terms of the SEBI circular dated June 17, 2014, for an issuer undertaking a public issue of debt securities the minimum subscription for public issue of debt securities shall be 75% of the Base Issue. If our Company does not receive the minimum subscription of 75 % of the Base Issue, i.e. ₹ 1,875.00 million, prior to the Issue Closing Date, the entire subscription amount shall be refunded to the Applicants within 12 Days from the date of closure of the Issue. The refunded subscription amount shall be credited only to the account from which the relevant subscription amount was remitted. In the event, there is a delay, by the Issuer in making the aforesaid refund, our Company will pay interest at the rate of 15% per annum for the delayed period.

### **Utilisation of Application Amount**

The sum received in respect of the Issue will be kept in separate bank accounts and we will have access to such funds as per applicable provisions of law(s), regulations and approvals.

### **Utilisation of Issue Proceeds**

- a) All monies received pursuant to the issue of NCDs to public shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013.
- b) Details of all monies utilised out of Issue referred to in sub-item (a) shall be disclosed under an appropriate separate head in our Balance Sheet indicating the purpose for which such monies had been utilised; and
- c) Details of all unutilised monies out of issue of NCDs, if any, referred to in sub-item (a) shall be disclosed under an appropriate separate head in our Balance Sheet indicating the form in which such unutilised monies have been invested.
- d) We shall utilize the Issue proceeds only upon execution of the documents for creation of security as stated in this Draft Prospectus and on receipt of the minimum subscription.
- e) The Issue proceeds shall not be utilized towards full or part consideration for the purchase or any other acquisition, *inter alia* by way of a lease, of any immovable property.

### **Events of Default**

Subject to the terms of the Debenture Trust Deed, the Debenture Trustee at its discretion may, or if so requested in writing by the holders of at least three-fourths of the outstanding amount of the NCDs or with the sanction of a special resolution, passed at a meeting of the NCD Holders, (subject to being indemnified and/or secured by the NCD Holders to its satisfaction), give notice to our Company specifying that the NCDs and/or any particular Options of NCDs, in whole but not in part are and have become due and repayable on such date as may be specified in such notice *inter alia* if any of the events listed below occurs. The description below is indicative and a complete list of events of default including cross defaults, if any, and its consequences will be specified in the respective Debenture Trust Deed:

- (i) default is committed in payment of the principal amount of the NCDs on the due date(s); and
- (ii) default is committed in payment of any interest on the NCDs on the due date(s)

### **Filing of the Prospectus with the RoC**

A copy of the Prospectus will be filed with the RoC, in accordance with Section 26 and Section 31 of Companies Act, 2013.

### **Pre-Issue Advertisement**

Subject to Section 30 of the Companies Act, 2013, our Company will issue a statutory advertisement on or before the Issue Opening Date. This advertisement will contain the information as prescribed in Schedule IV of SEBI

Debt Regulations in compliance with the Regulation 8(1) of SEBI Debt Regulations. Material updates, if any, between the date of filing of the Prospectus with ROC and the date of release of the statutory advertisement, will be included in the statutory advertisement.

### **Listing**

The NCDs offered through this Draft Prospectus are proposed to be listed on BSE and NSE. Our Company has obtained an 'in-principle' approval for the Issue from BSE and NSE *vide* their letters dated [•] and [•] respectively. For the purposes of the Issue, BSE shall be the Designated Stock Exchange.

Our Company will use best efforts to ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchange are taken within 12 Working Days of the Issue Closing Date. For the avoidance of doubt, it is hereby clarified that in the event of non subscription to any one or more of the series, such series(s) of NCDs shall not be listed.

## ISSUE PROCEDURE

*This section applies to all Applicants. ASBA Applicants should note that the ASBA process involves application procedures which may be different from the procedures applicable to Applicants who apply for NCDs through any of the other channels, and accordingly should carefully read the provisions applicable to ASBA Applications hereunder. Please note that all Applicants are required to make payment of the full Application Amount along with the Application Form. In case of ASBA Applicants, an amount equivalent to the full Application Amount will be blocked by the Designated Branches of the SCSBs.*

*ASBA Applicants should note that they may submit their ASBA Applications to the Lead Managers, or Trading Members of the Stock Exchange only in the Specified Cities or directly to the Designated Branches of the SCSBs. Applicants other than ASBA Applicants are required to submit their Applications to the Lead Manager, or Trading Members of the Stock Exchange at the centres mentioned in the Application Form.*

*Applicants are advised to make their independent investigations and ensure that their Applications do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable law or as specified in this Draft Prospectus.*

*Please note that this section has been prepared based on the Circular No. CIR/IMD/DF-1/20/2012 dated July 27, 2012 issued by SEBI. The following Issue procedure is subject to the functioning and operations of the necessary systems and infrastructure put in place by the Stock Exchange for implementation of the provisions of the abovementioned circular, including the systems and infrastructure required in relation to Direct Online Applications through the online platform and online payment facility to be offered by the Stock Exchange and is also subject to any further clarifications, notification, modification, direction, instructions and/or correspondence that may be issued by the Stock Exchange and/or SEBI. Please note that the Applicants will not have the option to apply for NCDs under the Issue, through the direct online applications mechanism of the Stock Exchange. Please note that clarifications and/or confirmations regarding the implementation of the requisite infrastructure and facilities in relation to direct online applications and online payment facility have been sought from the Stock Exchange and the Stock Exchange has confirmed that the necessary infrastructure and facilities for the same have not been implemented by the Stock Exchange. Hence, the Direct Online Application facility will not be available for this Issue.*

*Specific attention is drawn to the circular (No. CIR/IMD/DF/18/2013) dated October 29, 2013 issued by SEBI, which amends the provisions of the 2012 SEBI Circular to the extent that it provides for allotment in public issues of debt securities to be made on the basis of date of upload of each application into the electronic book of the Stock Exchanges, as opposed to the date and time of upload of each such application.*

**PLEASE NOTE THAT ALL TRADING MEMBERS OF THE STOCK EXCHANGE WHO WISH TO COLLECT AND UPLOAD APPLICATIONS IN THIS ISSUE ON THE ELECTRONIC APPLICATION PLATFORM PROVIDED BY THE STOCK EXCHANGE WILL NEED TO APPROACH THE RESPECTIVE STOCK EXCHANGE AND FOLLOW THE REQUISITE PROCEDURES AS MAY BE PRESCRIBED BY THE RELEVANT STOCK EXCHANGE.**

**THE LEAD MANAGERS, THE SYNDICATE MEMBERS AND THE COMPANY SHALL NOT BE RESPONSIBLE OR LIABLE FOR ANY ERRORS OR OMISSIONS ON THE PART OF THE TRADING MEMBERS IN CONNECTION WITH THE RESPONSIBILITY OF SUCH TRADING MEMBERS IN RELATION TO COLLECTION AND UPLOAD OF APPLICATIONS IN THIS ISSUE ON THE ELECTRONIC APPLICATION PLATFORM PROVIDED BY THE STOCK EXCHANGE. FURTHER, THE RELEVANT STOCK EXCHANGE SHALL BE RESPONSIBLE FOR ADDRESSING INVESTOR GREIVANCES ARISING FROM APPLICATIONS THROUGH TRADING MEMBERS REGISTERED WITH SUCH STOCK EXCHANGE.**

*For purposes of the Issue, the term “Working Day” shall mean all days excluding Saturdays, Sundays or a holiday of commercial banks in Mumbai, except with reference to Issue Period, where Working Days shall mean all days, excluding Saturdays, Sundays and public holiday in India, and Record Date. Furthermore, for the purpose of post issue period, i.e. period beginning from Issue Closure to listing of the securities, Working Days shall mean all days excluding 2<sup>nd</sup> and 4<sup>th</sup> Saturdays of a month or Sundays or a holiday of commercial banks in Mumbai or a public holiday in India..*



The information below is given for the benefit of the investors. Our Company and the Lead Managers are not liable for any amendment or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Prospectus.

## PROCEDURE FOR APPLICATION

### Availability of the Abridged Prospectus and Application Forms

**Please note that there is a single Application Form for ASBA Applicants as well as Non-ASBA Applicants who are Persons Resident in India.**

Physical copies of the abridged Prospectus containing the salient features of the Prospectus together with Application Forms may be obtained from:

- (a) Our Company's Registered Office and Corporate Office;
- (b) Offices of the Lead Managers;
- (c) Trading Members; and
- (d) Designated Branches of the SCSBs.

Electronic Application Forms may be available for download on the websites of the Stock Exchange and on the websites of the SCSBs that permit submission of ASBA Applications electronically. A unique application number ("UAN") will be generated for every Application Form downloaded from the websites of the Stock Exchange. Our Company may also provide Application Forms for being downloaded and filled at such websites as it may deem fit. In addition, brokers having online demat account portals may also provide a facility of submitting the Application Forms virtually online to their account holders.

Trading Members of the Stock Exchange can download Application Forms from the websites of the Stock Exchange. Further, Application Forms will be provided to Trading Members of the Stock Exchange at their request.

On a request being made by any Applicant before the Issue Closing Date, physical copies of the Prospectus and Application Form can be obtained from our Company's Registered and Corporate Office, as well as offices of the Lead Managers. Electronic copies of this Draft Prospectus and the Prospectus will be available on the websites of the Lead Managers, the Stock Exchange, SEBI and the SCSBs.

### Who are eligible to apply for NCDs?

The following categories of persons are eligible to apply in the Issue:

Category I Institutional Investors	Category II Non Institutional Investors	Category III High Net-worth Individual, ("HNIs"), Investors and Retail Individual Investors
<ul style="list-style-type: none"> <li>• Resident Public Financial Institutions, Statutory Corporations including State Industrial Development Corporations, Commercial Banks,</li> <li>• Co-operative Banks and Regional Rural Banks, which are authorised to invest in the NCDs;</li> <li>• Provident Funds and Resident Pension Funds with minimum corpus of ₹250 million, , Superannuation Funds and Gratuity Fund, which are authorised to invest in the</li> </ul>	<ul style="list-style-type: none"> <li>▪ Companies; bodies corporate and societies registered under the applicable laws in India and authorised to invest in the NCDs;</li> <li>▪ Educational institutions and associations of persons and/or bodies established pursuant to or registered under any central or state statutory enactment; which are authorized to invest in the NCDs;</li> <li>▪ Public/private charitable/religious trusts which are authorised to invest</li> </ul>	Resident Indian individuals and Hindu Undivided Families through the Karta

Category I	Category II	Category III
Institutional Investors	Non Institutional Investors	High Net-worth Individual, (“HNIs”), Investors and Retail Individual Investors
<p>NCDs;</p> <ul style="list-style-type: none"> <li>• Venture Capital funds and / or Alternative Investment Funds registered with SEBI;</li> <li>• Insurance Companies registered with the IRDA;</li> <li>• National Investment Fund (set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India and published in the Gazette of India);</li> <li>• Insurance funds set up and managed by the Indian army, navy or the air force of the Union of India or by the Department of Posts, India</li> <li>• Mutual Funds, registered with SEBI.</li> </ul>	<p>in the NCDs;</p> <ul style="list-style-type: none"> <li>▪ Scientific and/or industrial research organisations, which are authorised to invest in the NCDs;</li> <li>▪ Partnership firms in the name of the partners; and</li> <li>▪ Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009).</li> </ul>	

**Note:** All categories of persons who are individuals or natural persons (including Hindu Undivided Families acting through their Karta) including without limitation HNIs and Retail Individual Investors who are eligible under applicable laws to hold the NCDs are collectively referred to as “Individuals”.

All categories of entities, associations, organizations, societies, trusts, funds, partnership firms, Limited Liability Partnerships, bodies corporate, statutory and/or regulatory bodies and authorities and other forms of legal entities who are NOT individuals or natural persons and are eligible under applicable laws to hold the NCDs including without limitation Institutional Investors and Non Institutional Investors are collectively referred to as “Non Individuals”.

**Please note that it is clarified that Persons Resident outside India shall not be entitled to participate in the Issue and any applications from such persons are liable to be rejected.**

**Participation of any of the aforementioned categories of persons or entities is subject to the applicable statutory and/or regulatory requirements in connection with the subscription to Indian securities by such categories of persons or entities. Applicants are advised to ensure that Applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions. Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory permissions/ consents/ approvals in connection with applying for, subscribing to, or seeking Allotment of NCDs pursuant to the Issue.**

The Lead Managers and their respective associates and affiliates are permitted to subscribe in the Issue.

#### **Who are not eligible to apply for NCDs?**

The following categories of persons, and entities, shall not be eligible to participate in the Issue and any Applications from such persons and entities are liable to be rejected:

- Minors without a guardian name\*;
- Foreign nationals, NRI *inter-alia* including any NRIs who are (i) based in the USA, and/or, (ii) domiciled in the USA, and/or, (iii) residents/citizens of the USA, and/or, (iv) subject to any taxation laws of the USA;
- Persons resident outside India;
- Foreign Institutional Investors;

- (e) Foreign Portfolio Investors;
- (f) Qualified Foreign Investors;
- (g) Overseas Corporate Bodies; and
- (h) Person ineligible to contract under applicable statutory/regulatory requirements.

*\*Applicant shall ensure that guardian is competent to contract under Indian Contract Act, 1872*

Based on the information provided by the Depositories, our Company shall have the right to accept Applications belonging to an account for the benefit of a minor (under guardianship). In case of such Applications, the Registrar to the Issue shall verify the above on the basis of the records provided by the Depositories based on the DP ID and Client ID provided by the Applicants in the Application Form and uploaded onto the electronic system of the Stock Exchange.

The concept of Overseas Corporate Bodies (meaning any company, partnership firm, society and other corporate body or overseas trust irrevocably owned/held directly or indirectly to the extent of at least 60% by NRIs), which was in existence until 2003, was withdrawn by the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies) Regulations, 2003. Accordingly, OCBs are not permitted to invest in the Issue.

No offer to the public (as defined under Directive 2003/71/EC, together with any amendments and implementing measures thereto, the “**Prospectus Directive**”) has been or will be made in respect of the Issue or otherwise in respect of the NCDs, in any Member State of the European Economic Area which has implemented the Prospectus Directive (a “**Relevant Member State**”) except for any such offer made under exemptions available under the Prospectus Directive, provided that no such offer shall result in a requirement to publish or supplement a prospectus pursuant to the Prospectus Directive, in respect of the Issue or otherwise in respect of the NCDs.

Please refer to “**Rejection of Applications**” on page 192 of this Draft Prospectus for information on rejection of Applications.

### **Modes of Making Applications**

Applicants may use any of the following facilities for making Applications:

- (a) ASBA Applications through the Lead Managers, or the Trading Members of the Stock Exchange only in the Specified Cities (namely, Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bengaluru, Hyderabad, Pune, Vadodara and Surat) (“**Syndicate ASBA**”). For further details please refer to “**Submission of ASBA Applications**” on page 178 of this Draft Prospectus;
- (b) ASBA Applications through the Designated Branches of the SCSBs. For further details please refer to “**Submission of ASBA Applications**” on page 178 of this Draft Prospectus; and
- (c) Non-ASBA Applications through the Lead Managers or the Trading Members of the Stock Exchange at the centres mentioned in Application Form. For further details please refer to “**Submission of Non-ASBA Applications (other than Direct Online Applications)**” on page 178 of this Draft Prospectus.
- (d) Non-ASBA Applications for Allotment in physical form through the Lead Managers, Syndicate Members, sub-brokers or the Trading Members of the Stock Exchange at the centres mentioned in Application Form. For further details please refer to “**Submission of Non-ASBA Applications for Allotment of NCDs in the Physical Form**” on page 178 of this Draft Prospectus.

*Please note that clarifications and/or confirmations regarding the implementation of the requisite infrastructure and facilities in relation to direct online applications and online payment facility have been sought from the Stock Exchange and the Stock Exchange has confirmed that the necessary infrastructure and facilities for the same have not been implemented by both Stock Exchange. Hence, the Direct Online Application facility will not be available for this Issue.*

### **APPLICATIONS FOR ALLOTMENT OF NCDs**

Details for Applications by certain categories of Applicants including documents to be submitted are summarized below.

### **Applications by Mutual Funds**

Pursuant to a recent SEBI circular SEBI/HO/IMD/DF2/CIR/P/2016/35 dated February 15, 2016 (“**SEBI Circular 2016**”), mutual funds are required to ensure that the total exposure of debt schemes of mutual funds in a particular sector shall not exceed 25.0% of the net assets value of the scheme. Further, the additional exposure limit provided for financial services sector towards HFCs is reduced from 10.0% of net assets value to 5.0% of net assets value and single issuer limit is reduced to 10.0% of net assets value (extendable to 12% of net assets value, after trustee approval). The SEBI Circular 2016 also introduces group level limits for debt schemes and the ceiling be fixed at 20.0% of net assets value extendable to 25.0% of net assets value after trustee approval.

A separate Application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such Applications shall not be treated as multiple Applications. Applications made by the AMC or custodians of a Mutual Fund shall clearly indicate the name of the concerned scheme for which Application is being made. In case of Applications made by Mutual Fund registered with SEBI, a certified copy of their SEBI registration certificate must be submitted with the Application Form. The Applications must be also accompanied by certified true copies of (i) SEBI Registration Certificate and trust deed (ii) resolution authorising investment and containing operating instructions and (iii) specimen signatures of authorized signatories. **Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.**

### **Application by Commercial Banks, Co-operative Banks and Regional Rural Banks**

Commercial Banks, Co-operative banks and Regional Rural Banks can apply in the Issue based on their own investment limits and approvals. The Application Form must be accompanied by certified true copies of their (i) memorandum and articles of association/charter of constitution; (ii) power of attorney; (iii) resolution authorising investments/containing operating instructions; and (iv) specimen signatures of authorised signatories. **Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.**

**Pursuant to SEBI Circular no. CIR/CFD/DIL/1/2013 dated January 2, 2013, SCSBs making applications on their own account using ASBA facility, should have a separate account in their own name with any other SEBI registered SCSB. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for ASBA applications.**

### **Application by Insurance Companies**

In case of Applications made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with Application Form. The Applications must be accompanied by certified copies of (i) Memorandum and Articles of Association (ii) Power of Attorney (iii) Resolution authorising investment and containing operating instructions (iv) Specimen signatures of authorized signatories. **Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefore.**

### **Application by Indian Alternative Investment Funds**

Applications made by Alternative Investment Funds eligible to invest in accordance with the Securities and Exchange Board of India (Alternative Investment Fund) Regulations, 2012, as amended (the “**SEBI AIF Regulations**”) for Allotment of the NCDs must be accompanied by certified true copies of (i) SEBI registration certificate; (ii) a resolution authorising investment and containing operating instructions; and (iii) specimen signatures of authorised persons. The Alternative Investment Funds shall at all times comply with the requirements applicable to it under the SEBI AIF Regulations and the relevant notifications issued by SEBI. **Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.**

### **Applications by Associations of persons and/or bodies established pursuant to or registered under any central or state statutory enactment**

In case of Applications made by Applications by Associations of persons and/or bodies established pursuant to or

registered under any central or state statutory enactment, must submit a (i) certified copy of the certificate of registration or proof of constitution, as applicable, (ii) Power of Attorney, if any, in favour of one or more persons thereof, (iii) such other documents evidencing registration thereof under applicable statutory/regulatory requirements. Further, any trusts applying for NCDs pursuant to the Issue must ensure that (a) they are authorized under applicable statutory/regulatory requirements and their constitution instrument to hold and invest in debentures, (b) they have obtained all necessary approvals, consents or other authorisations, which may be required under applicable statutory and/or regulatory requirements to invest in debentures, and (c) Applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions. **Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.**

#### **Applications by Trusts**

In case of Applications made by trusts, settled under the Indian Trusts Act, 1882, as amended, or any other statutory and/or regulatory provision governing the settlement of trusts in India, must submit a (i) certified copy of the registered instrument for creation of such trust, (ii) Power of Attorney, if any, in favour of one or more trustees thereof, (iii) such other documents evidencing registration thereof under applicable statutory/regulatory requirements. Further, any trusts applying for NCDs pursuant to the Issue must ensure that (a) they are authorized under applicable statutory/regulatory requirements and their constitution instrument to hold and invest in debentures, (b) they have obtained all necessary approvals, consents or other authorisations, which may be required under applicable statutory and/or regulatory requirements to invest in debentures, and (c) Applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions. **Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.**

#### **Applications by Public Financial Institutions, Statutory Corporations, which are authorized to invest in the NCDs**

The Application must be accompanied by certified true copies of: (i) Any Act/ Rules under which they are incorporated; (ii) Board Resolution authorising investments; and (iii) Specimen signature of authorized person. **Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.**

#### **Applications by Provident Funds, Pension Funds, Superannuation Funds and Gratuity Fund, which are authorized to invest in the NCDs**

The Application must be accompanied by certified true copies of: (i) Any Act/Rules under which they are incorporated; (ii) Power of Attorney, if any, in favour of one or more trustees thereof, (iii) Board Resolution authorising investments; (iv) such other documents evidencing registration thereof under applicable statutory/regulatory requirements; (v) Specimen signature of authorized person; (vi) certified copy of the registered instrument for creation of such fund/trust; and (vii) Tax Exemption certificate issued by Income Tax Authorities, if exempt from Tax. **Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.**

#### **Applications by National Investment Fund**

The application must be accompanied by certified true copies of: (i) resolution authorising investment and containing operating instructions; and (ii) Specimen signature of authorized person. **Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.**

#### **Companies, bodies corporate and societies registered under the applicable laws in India**

The Application must be accompanied by certified true copies of: (i) Any Act/ Rules under which they are incorporated; (ii) Board Resolution authorising investments; and (iii) Specimen signature of authorized person. **Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.**

### **Applications by Indian Scientific and/or industrial research organizations, which are authorized to invest in the NCDs**

The Application must be accompanied by certified true copies of: (i) Any Act/ Rules under which they are incorporated; (ii) Board Resolution authorising investments; and (iii) Specimen signature of authorized person. Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefore.

### **Applications by Partnership firms formed under applicable Indian laws in the name of the partners and Limited Liability Partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009)**

The Application must be accompanied by certified true copies of: (i) Partnership Deed; (ii) Any documents evidencing registration thereof under applicable statutory/regulatory requirements; (iii) Resolution authorizing investment and containing operating instructions; (iv) Specimen signature of authorized person. **Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.**

### **Applications under Power of Attorney**

In case of Applications made pursuant to a power of attorney by Applicants who are Institutional Investors or Non Institutional Investors, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, with a certified copy of the memorandum of association and articles of association and/or bye laws must be submitted with the Application Form. In case of Applications made pursuant to a power of attorney by Applicants who are HNI Investors or Retail Individual Investors, a certified copy of the power of attorney must be submitted with the Application Form. **Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor. Our Company, in its absolute discretion, reserves the right to relax the above condition of attaching the power of attorney with the Application Forms subject to such terms and conditions that our Company, the Lead Managers may deem fit.**

Brokers having online demat account portals may also provide a facility of submitting the Application Forms (ASBA as well as non-ASBA Applications) online to their account holders. Under this facility, a broker receives an online instruction through its portal from the Applicant for making an Application on his/ her behalf. Based on such instruction, and a power of attorney granted by the Applicant to authorise the broker, the broker makes an Application on behalf of the Applicant.

## **APPLICATIONS FOR ALLOTMENT OF NCDs IN THE PHYSICAL AND DEMATERIALIZED FORM**

### **Application for allotment in the physical form**

#### ***Submission of Non- ASBA Applications for Allotment of the NCDs in physical form***

Applicants can also apply for Allotment of the NCDs in physical form by submitting duly filled in Application Forms to the Lead Managers, Syndicate Members, sub-brokers or the Trading Members of the Stock Exchange, with the accompanying account payee cheques or demand drafts representing the full Application Amount and KYC documents as specified under “***Applications for Allotment of NCDs***” and “***Issue Procedure - Additional instructions for Applicants seeking Allotment of the NCDs in physical form***” on page 175 and page 178 of this Draft Prospectus, respectively. The Lead Managers, Syndicate Members, sub-brokers and the Trading Members of the Stock Exchange shall, on submission of the Application Forms to them, verify and check the KYC documents submitted by such Applicants and upload details of the Application on the online platforms of Stock Exchange, following which they shall acknowledge the uploading of the Application Form by stamping the acknowledgment slip with the date and time and returning it to the Applicant.

On uploading of the Application details, the Lead Managers, Syndicate Members, sub-brokers and Trading Members of the Stock Exchange will submit the Application Forms, with the cheque/demand draft to the Escrow Collection Bank(s) along with the KYC documents, which will realise the cheque/demand draft, and send the Application Form and the KYC documents to the Registrar to the Issue, who shall check the KYC documents submitted and match Application details as received from the online platforms of Stock Exchange with the Application Amount details received from the Escrow Collection Bank(s) for reconciliation of funds

received from the Escrow Collection Bank(s). In case of discrepancies between the two databases, the details received from the online platforms of Stock Exchange will prevail, except in relation to discrepancies between Application Amounts. Lead Managers, Syndicate Members and the Trading Members of the Stock Exchange are requested to note that all Applicants are required to be banked with only the designated branches of Escrow Collection Bank(s). On Allotment, the Registrar to the Issue will dispatch NCD certificates/Allotment Advice to the successful Applicants to their addresses as provided in the Application Form. **If the KYC documents of an Applicant are not in order, the Registrar to the Issue will withhold the dispatch of NCD certificates pending receipt of complete KYC documents from such Applicant. In such circumstances, successful Applicants should provide complete KYC documents to the Registrar to the Issue at the earliest. In such an event, any delay by the Applicant to provide complete KYC documents to the Registrar to the Issue will be at the Applicant's sole risk and neither our Company, the Registrar to the Issue, the Escrow Collection Bank(s), nor the Lead Managers and/or the Syndicate Members will be liable to compensate the Applicants for any losses caused to them due to any such delay, or liable to pay any interest on the Application Amounts for such period during which the NCD certificates are withheld by the Registrar to the Issue. Further, our Company will not be liable for any delays in payment of interest on the NCDs Allotted to such Applicants, and will not be liable to compensate such Applicants for any losses caused to them due to any such delay, or liable to pay any interest for such delay in payment of interest on the NCDs.**

For instructions pertaining to completing Application Form please see “*Issue Procedure*” and “*Issue Procedure - Additional Instructions for Applicants seeking allotment of NCDs in physical form*” on pages 172 and 187 of this Draft Prospectus, respectively.

## **Applications for allotment in the dematerialized form**

### ***Submission of ASBA Applications***

Applicants can also apply for NCDs using the ASBA facility. ASBA Applications can be submitted through either of the following modes:

- (a) Physically or electronically to the Designated Branches of the SCSB(s) with whom an Applicant's ASBA Account is maintained. In case of ASBA Application in physical mode, the ASBA Applicant shall submit the Application Form at the relevant Designated Branch of the SCSB(s). The Designated Branch shall verify if sufficient funds equal to the Application Amount are available in the ASBA Account and shall also verify that the signature on the Application Form matches with the Investor's bank records, as mentioned in the ASBA Application, prior to uploading such ASBA Application into the electronic system of the Stock Exchange. **If sufficient funds are not available in the ASBA Account, the respective Designated Branch shall reject such ASBA Application and shall not upload such ASBA Application in the electronic system of the Stock Exchange.** If sufficient funds are available in the ASBA Account, the Designated Branch shall block an amount equivalent to the Application Amount and upload details of the ASBA Application in the electronic system of the Stock Exchange. The Designated Branch of the SCSBs shall stamp the Application Form and issue an acknowledgement as proof of having accepted the Application. In case of Application in the electronic mode, the ASBA Applicant shall submit the ASBA Application either through the internet banking facility available with the SCSB, or such other electronically enabled mechanism for application and blocking funds in the ASBA Account held with SCSB, and accordingly registering such ASBA Applications.
- (b) Physically through the Lead Managers, or Trading Members of the Stock Exchange only at the Specified Cities (Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bangalore, Hyderabad, Pune, Vadodara and Surat), i.e. Syndicate ASBA. Kindly note that ASBA Applications submitted to the Lead Managers or Trading Members of the Stock Exchange at the Specified Cities will not be accepted if the SCSB where the ASBA Account, as specified in the ASBA Application, is maintained has not named at least one branch at that Specified City for the Lead Managers or Trading Members of the Stock Exchange, as the case may be, to deposit ASBA Applications (A list of such branches is available at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>).

Upon receipt of the Application Form by the Lead Managers or Trading Members of the Stock Exchange, as the case may be, an acknowledgement shall be issued by giving the counter foil of the Application Form to the ASBA Applicant as proof of having accepted the Application. Thereafter, the details of the Application shall be uploaded in the electronic system of the Stock Exchange and the Application Form shall be forwarded to the relevant branch

of the SCSB, in the relevant Specified City, named by such SCSB to accept such ASBA Applications from the Lead Managers or Trading Members of the Stock Exchange, as the case may be (A list of such branches is available at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>). Upon receipt of the ASBA Application, the relevant branch of the SCSB shall perform verification procedures including verification of the Applicant's signature with his bank records and check if sufficient funds equal to the Application Amount are available in the ASBA Account, as mentioned in the ASBA Form. **If sufficient funds are not available in the ASBA Account, the relevant ASBA Application is liable to be rejected.** If sufficient funds are available in the ASBA Account, the relevant branch of the SCSB shall block an amount equivalent to the Application Amount mentioned in the ASBA Application. The Application Amount shall remain blocked in the ASBA Account until approval of the Basis of Allotment and consequent transfer of the amount against the Allotted NCDs to the Public Issue Account(s), or until withdrawal/ failure of the Issue or until withdrawal/ rejection of the Application Form, as the case may be.

ASBA Applicants must note that:

- (a) Physical Application Forms will be available with the Designated Branches of the SCSBs and with the Lead Managers and Trading Members of the Stock Exchange at the Specified Cities; and electronic Application Forms will be available on the websites of the SCSBs and the Stock Exchange at least one day prior to the Issue Opening Date. Application Forms will also be provided to the Trading Members of the Stock Exchange at their request. The Application Forms would be serially numbered. Further, the SCSBs will ensure that the Prospectus is made available on their websites.
- (b) The Designated Branches of the SCSBs shall accept ASBA Applications directly from ASBA Applicants only during the Issue Period. The SCSB shall not accept any ASBA Applications directly from ASBA Applicants after the closing time of acceptance of Applications on the Issue Closing Date. However, in case of Syndicate ASBA, the relevant branches of the SCSBs at Specified Cities can accept ASBA Applications from the Lead Managers or Trading Members of the Stock Exchange, as the case may be, after the closing time of acceptance of Applications on the Issue Closing Date. For further information on the Issue programme, please refer to "*Issue Structure*" on page 153 of this Draft Prospectus.
- (c) In case of Applications through Syndicate ASBA, the physical Application Form shall bear the stamp of the Lead Managers or Trading Members of the Stock Exchange, as the case maybe, if not, the same shall be rejected. **Application Forms directly submitted to SCSBs should bear the stamp of SCSBs, if not, the same are liable to be rejected.**

**Please note that ASBA Applicants can make an Application for Allotment of NCDs in the dematerialized form only.**

***Submission of Non-ASBA Applications (Other than Direct Online Applications)***

Applicants must use the specified Application Form, which will be serially numbered, bearing the stamp of the relevant Lead Manager or Trading Member of the Stock Exchange, as the case maybe, from whom such Application Form is obtained. Such Application Form must be submitted to the relevant Lead Manager, Lead Brokers, Syndicate Members or Trading Member of the Stock Exchange, as the case maybe, at the centers mentioned in the Application Form along with the cheque or bank draft for the Application Amount, before the closure of the Issue Period. **Applicants must use only CTS compliant instruments and refrain from using NON-CTS 2010 instruments for the payment of the Application Amount.** The Stock Exchange may also provide Application Forms for being downloaded and filled. Accordingly the investors may download Application Forms and submit the completed Application Forms together with cheques/ demand drafts to the Lead Manager, Lead Brokers, and Trading Member of the Stock Exchange at the centers mentioned in the Application Form. On submission of the complete Application Form, the relevant Lead Manager, Syndicate Members or Trading Member of the Stock Exchange, as the case maybe, will upload the Application Form on the electronic system provided by the Stock Exchange, and once an Application Form has been uploaded, issue an acknowledgement of such upload by stamping the acknowledgement slip attached to the Application Form with the relevant date and time and return the same to the Applicant. Thereafter, the Application Form together with the cheque or bank draft shall be forwarded to the Escrow Collection Banks for realization and further processing.

The duly stamped acknowledgment slip will serve as a duplicate Application Form for the records of the Applicant. The Applicant must preserve the acknowledgment slip and provide the same in connection with:



- (a) any cancellation/ withdrawal of their Application;
- (b) queries in connection with allotment and/ or refund(s) of NCDs; and/or
- (c) all investor grievances/ complaints in connection with the Issue.

### **Submission of Direct Online Applications**

*Please note that clarifications and/or confirmations regarding the implementation of the requisite infrastructure and facilities in relation to direct online applications and online payment facility have been sought from the Stock Exchange and the Stock Exchange has confirmed that the necessary infrastructure and facilities for the same have not been implemented by the Stock Exchange. Hence, the Direct Online Application facility will not be available for this Issue.*

In the event the Direct Online Application facility is implemented by the Stock Exchange, relevant “know your customer” details of such Applicants will be validated online from the Depositories, on the basis of the DP ID and Client ID provided by them in the Application Form. On successful submission of a Direct Online Application, the Applicant will receive a system-generated UAN and an SMS or an e-mail confirmation on credit of the requisite Application Amount paid through the online payment facility with the Direct Online Application. On Allotment, the Registrar to the Issue shall credit NCDs to the beneficiary account of the Applicant and in case of refund, the refund amount shall be credited directly to the Applicant’s bank account. Applicants applying through the Direct Online Application facility must preserve their UAN and quote their UAN in: (a) any cancellation/withdrawal of their Application; (b) in queries in connection with Allotment of NCDs and/or refund(s); and/or (c) in all investor grievances/complaints in connection with the Issue.

**As per Circular No. CIR/IMD/DF-1/20/2012 dated July 27, 2012 issued by SEBI, the availability of the Direct Online Applications facility is subject to the Stock Exchange putting in place the necessary systems and infrastructure, and accordingly the aforementioned disclosures are subject to any further clarifications, notification, modification deletion, direction, instructions and/or correspondence that may be issued by the Stock Exchange and/or SEBI.**

## **INSTRUCTIONS FOR FILLING-UP THE APPLICATION FORM**

### **General Instructions**

#### **A. General instructions for completing the Application Form**

- Applications must be made in prescribed Application Form only;
- Application Forms must be completed in block letters in English, as per the instructions contained in this Draft Prospectus, the Prospectus the abridged Prospectus and the Application Form.
- If the Application is submitted in joint names, the Application Form should contain only the name of the first Applicant whose name should also appear as the first holder of the depository account held in joint names.
- Applications must be for a minimum of 10 NCDs and in multiples of one NCD thereafter. For the purpose of fulfilling the requirement of minimum application size of 10 NCDs, an Applicant may choose to apply for 10 NCDs of the same series or across different series. Applicants may apply for one or more series of NCDs Applied for in a single Application Form.
- If the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form.
- Applications should be made by Karta in case of HUFs. Applicants are required to ensure that the PAN details of the HUF are mentioned and not those of the Karta.
- Thumb impressions and signatures other than in English/Hindi/Gujarati/Marathi or any other languages specified in the 8th Schedule of the Constitution needs to be attested by a Magistrate or Notary Public or a Special Executive Magistrate under his/her seal;

- No separate receipts will be issued for the money payable on the submission of the Application Form. However, the Lead Managers, Trading Members of the Stock Exchange or the Designated Branches of the SCSBs, as the case may be, will acknowledge the receipt of the Application Forms by stamping and returning to the Applicants the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Application Form for the records of the Applicant. Applicants must ensure that the requisite documents are attached to the Application Form prior to submission and receipt of acknowledgement from the relevant Lead Manager, Trading Member of the Stock Exchange or the Designated Branch of the SCSBs, as the case may be.
- Every Applicant should hold valid Permanent Account Number (PAN) and mention the same in the Application Form.
- All Applicants are required to tick the relevant column of “Category of Investor” in the Application Form.
- All Applicants are required to tick the relevant box of the “Mode of Application” in the Application Form choosing either ASBA or Non-ASBA mechanism.
- ASBA Applicants should correctly mention the ASBA Account number and ensure that funds equal to the Application Amount are available in the ASBA Account before submitting the Application Form to the Designated Branch and also ensure that the signature in the Application Form matches with the signature in Applicant’s bank records, otherwise the Application is liable to be rejected
- KYC Documents to be submitted by Applicants who do not have a Demat account and are applying for NCDs in the Physical Form

The series, mode of allotment, PAN, demat account no. etc. should be captured by the relevant Lead Managers, Trading Member of the Stock Exchange in the data entries as such data entries will be considered for allotment.

**Applicants should note that neither the Lead Managers, Trading Member of the Stock Exchange, Escrow Collection Banks nor Designated Branches, as the case may be, will be liable for error in data entry due to incomplete or illegible Application Forms.**

**Our Company would allot the NCDs, as specified in the Offer Document to all valid Applications, wherein the Applicants have not indicated their choice of the relevant series of NCDs.**

#### **B. Applicant’s Beneficiary Account and Bank Account Details**

Applicants applying for Allotment in dematerialized form must mention their DP ID and Client ID in the Application Form, and ensure that the name provided in the Application Form is exactly the same as the name in which the Beneficiary Account is held. In case the Application Form for Allotment in dematerialized form is submitted in the first Applicant’s name, it should be ensured that the Beneficiary Account is held in the same joint names and in the same sequence in which they appear in the Application Form. In case the DP ID, Client ID and PAN mentioned in the Application Form for Allotment in dematerialized form and entered into the electronic system of the Stock Exchange do not match with the DP ID, Client ID and PAN available in the Depository database or in case PAN is not available in the Depository database, the Application Form for Allotment in dematerialized form is liable to be rejected. Further, Application Forms submitted by Applicants applying for Allotment in dematerialized form, whose beneficiary accounts are inactive, will be rejected.

On the basis of the DP ID and Client ID provided by the Applicant in the Application Form for Allotment in dematerialized form and entered into the electronic system of the Stock Exchange, the Registrar to the Issue will obtain from the Depositories the Demographic Details of the Applicant including PAN, address, bank account details for printing on refund orders/sending refunds through electronic mode, Magnetic Ink Character Recognition (“MICR”) Code and occupation. These Demographic Details would be used for giving Allotment Advice and refunds (including through physical refund warrants, direct credit, NECS, NEFT and RTGS), if any, to the Applicants. Hence, Applicants are advised to immediately update their Demographic Details as appearing on the records of the DP and ensure that they are true and correct, and carefully fill in their Beneficiary Account details in the Application Form. Failure to do so could result in delays in dispatch/credit of refunds to Applicants and delivery of Allotment Advice at the Applicants’ sole risk, and neither our Company, the Lead Managers, Trading Members of the Stock Exchange, Escrow Collection Bank(s), SCSBs, Registrar to the Issue nor the Stock Exchange will bear any responsibility or liability for the same.

The Demographic Details would be used for correspondence with the Applicants including mailing of the Allotment Advice and printing of bank particulars on the refund orders, or for refunds through electronic transfer of funds, as applicable. Allotment Advice and physical refund orders (as applicable) would be mailed at the address of the Applicant as per the Demographic Details received from the Depositories. Applicants may note that delivery of refund orders/ Allotment Advice may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Applicant (other than ASBA Applicants) in the Application Form would be used only to ensure dispatch of refund orders. **Please note that any such delay shall be at such Applicants sole risk and neither our Company, the Lead Managers, Trading Members of the Stock Exchange, Escrow Collection Banks, SCSBs, Registrar to the Issue nor the Stock Exchange shall be liable to compensate the Applicant for any losses caused to the Applicant due to any such delay or liable to pay any interest for such delay.** In case of refunds through electronic modes as detailed in this Draft Prospectus, refunds may be delayed if bank particulars obtained from the Depository Participant are incorrect.

In case of Applications made under power of attorney, our Company in its absolute discretion, reserves the right to permit the holder of Power of Attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of refund orders/ Allotment Advice, the demographic details obtained from the Depository of the Applicant shall be used. By signing the Application Form, the Applicant would have deemed to have authorized the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records. The Demographic Details given by Applicant in the Application Form would not be used for any other purpose by the Registrar to the Issue except in relation to the Issue.

With effect from August 16, 2010, the beneficiary accounts of Applicants for whom PAN details have not been verified shall be suspended for credit and no credit of NCDs pursuant to the Issue will be made into the accounts of such Applicants. Application Forms submitted by Applicants whose beneficiary accounts are inactive shall be rejected. Furthermore, in case no corresponding record is available with the Depositories, which matches the three parameters, namely, DP ID, Client ID and PAN, then such Application are liable to be rejected.

#### **C. Permanent Account Number (PAN)**

The Applicant should mention his or her Permanent Account Number (PAN) allotted under the IT Act. For minor Applicants, applying through the guardian, it is mandatory to mention the PAN of the minor Applicant. However, Applications on behalf of the Central or State Government officials and the officials appointed by the courts in terms of a SEBI circular dated June 30, 2008 and Applicants residing in the state of Sikkim who in terms of a SEBI circular dated July 20, 2006 may be exempt from specifying their PAN for transacting in the securities market. In accordance with Circular No. MRD/DOP/Cir-05/2007 dated April 27, 2007 issued by SEBI, the PAN would be the sole identification number for the participants transacting in the securities market, irrespective of the amount of transaction. **Any Application Form, without the PAN is liable to be rejected, irrespective of the amount of transaction. It is to be specifically noted that the Applicants should not submit the GIR number instead of the PAN as the Application is liable to be rejected on this ground.**

However, the exemption for the Central or State Government and the officials appointed by the courts and for investors residing in the State of Sikkim is subject to the Depository Participants' verifying the veracity of such claims by collecting sufficient documentary evidence in support of their claims. At the time of ascertaining the validity of these Applications, the Registrar to the Issue will check under the Depository records for the appropriate description under the PAN field i.e. either Sikkim category or exempt category.

#### **D. Joint Applications**

If the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form

#### **E. Additional/ Multiple Applications**

An Applicant is allowed to make one or more Applications for the NCDs for the same or other series of NCDs, subject to a minimum application size of ₹ 10,000 and in multiples of ₹ 1,000 thereafter as specified in the Prospectus. **Any Application for an amount below the aforesaid minimum application size will be deemed as an invalid application and shall be rejected.** Any Application made by any person in his individual capacity

and an Application made by such person in his capacity as a karta of a Hindu Undivided family and/or as Applicant (second or third Applicant), shall not be deemed to be a multiple Application. For the purposes of allotment of NCDs under the Issue, Applications shall be grouped based on the PAN, i.e. Applications under the same PAN shall be grouped together and treated as one Application. Two or more Applications will be deemed to be multiple Applications if the sole or first Applicant is one and the same. For the sake of clarity, two or more applications shall be deemed to be a multiple Application for the aforesaid purpose if the PAN number of the sole or the first Applicant is one and the same.

## **Do's and Don'ts**

Applicants are advised to take note of the following while filling and submitting the Application Form:

### **Do's**

1. Check if you are eligible to apply as per the terms of this Draft Prospectus, the Prospectus and applicable law;
2. Read all the instructions carefully and complete the Application Form in the prescribed form;
3. Ensure that you have obtained all necessary approvals from the relevant statutory and/or regulatory authorities to apply for, subscribe to and/or seek Allotment of NCDs pursuant to the Issue.
4. Ensure that the DP ID and Client ID are correct and beneficiary account is activated for Allotment of NCDs in dematerialized form. The requirement for providing Depository Participant details shall be mandatory for all Applicants.
5. Ensure that the Application Forms are submitted at the collection centres provided in the Application Forms, bearing the stamp of a Lead Manager or Trading Members of the Stock Exchange, as the case may be, for Applications other than ASBA Applications.
6. Ensure that you have been given an acknowledgement as proof of having accepted the Application Form;
7. In case of any revision of Application in connection with any of the fields which are not allowed to be modified on the electronic application platform of the Stock Exchange as per the procedures and requirements prescribed by each relevant Stock Exchange, ensure that you have first withdrawn your original Application and submit a fresh Application. For instance, as per the notice No: 20120831-22 dated August 31, 2012 issued by the BSE, fields namely, quantity, series, application no., sub-category codes will not be allowed for modification during the Issue. In such a case the date of the fresh Application will be considered for date priority for allotment purposes.
8. Ensure that signatures other than in the languages specified in the Eighth Schedule to the Constitution of India is attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.
9. Ensure that the DP ID, the Client ID and the PAN mentioned in the Application Form, which shall be entered into the electronic system of the Stock Exchange, match with the DP ID, Client ID and PAN available in the Depository database;
10. In case of an HUF applying through its Karta, the Applicant is required to specify the name of an Applicant in the Application Form as 'XYZ Hindu Undivided Family applying through PQR', where PQR is the name of the Karta. However, the PAN number of the HUF should be mentioned in the Application Form and not that of the Karta;
11. Ensure that the Applications are submitted to the Lead Managers, Trading Members of the Stock Exchange or Designated Branches of the SCSBs, as the case may be, before the closure of application hours on the Issue Closing Date. For further information on the Issue programme, please refer to "**Issue Structure**" on page 153 of this Draft Prospectus.
12. Ensure that the Demographic Details including PAN are updated, true and correct in all respects;
13. Ensure that you have obtained all necessary approvals from the relevant statutory and/or regulatory authorities to apply for, subscribe to and/or seek allotment of NCDs pursuant to the Issue;
14. **Permanent Account Number:** Except for Application (i) on behalf of the Central or State Government and officials appointed by the courts, and (ii) (subject to SEBI circular dated April 3, 2008) from the residents of the state of Sikkim, each of the Applicants should provide their PAN. Application Forms in which the PAN is not provided will be rejected. The exemption for the Central or State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the demographic details received

from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in “active status”; and (b) in the case of residents of Sikkim, the address as per the demographic details evidencing the same;

15. Ensure that if the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form;
16. Applicants (other than ASBA Applicants) are requested to write their names and Application serial number on the reverse of the instruments by which the payments are made;
17. All Applicants are requested to tick the relevant column “Category of Investor” in the Application Form; and
18. Tick the series of NCDs in the Application Form that you wish to apply for.
19. Submit KYC documents in case you are applying for physical allotment.

**The Reserve Bank of India has issued standard operating procedure in terms of paragraph 2(a) of RBI circular number DPSS.CO.CHD.No./133/04.07.05/2013-14 dated July 16, 2013, detailing the procedure for processing CTS 2010 and non-CTS 2010 instruments in the three CTS grid locations.**

**SEBI Circular No. CIR/CFD/DIL/1/2011 dated April 29, 2011 stipulating the time between closure of the Issue and listing at 12 Working Days. In order to enable compliance with the above timelines, investors are advised to use CTS cheques or use ASBA facility to make payment. Investors using non-CTS cheques are cautioned that applications accompanied by such cheques are liable to be rejected due to any clearing delays beyond 6 Working Days from the date of the closure of the Issue to avoid any delay in the timelines mentioned in the aforesaid SEBI Circular.**

**Don'ts:**

1. Do not apply for lower than the minimum application size;
2. Do not pay the Application Amount in cash, by money order or by postal order or by stockinvest;
3. Do not send Application Forms by post; instead submit the same to the Lead Managers, sub-brokers, Trading Members of the Stock Exchange or Designated Branches of the SCSBs, as the case may be;
4. Do not fill up the Application Form such that the NCDs applied for exceeds the Issue size and/or investment limit or maximum number of NCDs that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;
5. Do not submit the GIR number instead of the PAN as the Application is liable to be rejected on this ground;
6. Do not submit incorrect details of the DP ID, Client ID and PAN or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Issue;
7. Do not submit the Application Forms without the full Application Amount;
8. Do not submit Applications on plain paper or on incomplete or illegible Application Forms;
9. Do not apply if you are not competent to contract under the Indian Contract Act, 1872;
10. Do not submit an Application in case you are not eligible to acquire NCDs under applicable law or your relevant constitutional documents or otherwise;
11. Do not submit an Application that does not comply with the securities law of your respective jurisdiction;
12. Do not apply if you are a person ineligible to apply for NCDs under the Issue including Applications by Persons Resident Outside India, NRI (*inter-alia* including NRIs who are (i) based in the USA, and/or, (ii) domiciled in the USA, and/or, (iii) residents/citizens of the USA, and/or, (iv) subject to any taxation laws of the USA);
13. Applicants other than ASBA Applicants should not submit the Application Form directly to the Escrow Collection Banks/ Bankers to the Issue, and the same will be rejected in such cases; and
14. Do not make an application of the NCD on multiple copies taken of a single form.

## **Additional Instructions Specific to ASBA Applicants**

### **Do's:**

1. Check if you are eligible to Apply under ASBA;
2. Read all the instructions carefully and complete the Application Form;
3. Ensure that you tick the ASBA option in the Application Form and give the correct details of your ASBA Account including bank account number/ bank name and branch;
4. Ensure that your Application Form is submitted either at a Designated Branch of a SCSB where the ASBA Account is maintained or with the Lead Managers or Trading Members of the Stock Exchange at the Specified Cities, and not directly to the Escrow Collecting Banks (assuming that such bank is not a SCSB) or to our Company or the Registrar to the Issue;
5. In case of ASBA Applications through Syndicate ASBA, before submitting the physical Application Form to the Lead Managers or Trading Members of the Stock Exchange, ensure that the SCSB where the ASBA Account, as specified in the ASBA Form, is maintained has named at-least one branch in that Specified City for the Lead Managers or Trading Members of the Stock Exchange, as the case may be, to deposit ASBA Forms (A list of such branches is available at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>);
6. In terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 2, 2013, in case of an SCSB making an ASBA Application, such ASBA Application should be made through an ASBA Account utilised solely for the purpose of applying in public issues and maintained in the name of such SCSB Applicant with a different SCSB, wherein clear demarcated funds are available.
7. Ensure that the Application Form is signed by the ASBA Account holder in case the ASBA Applicant is not the account holder;
8. Ensure that you have funds equal to the Application Amount in the ASBA Account before submitting the Application Form and that your signature in the Application Form matches with your available bank records;
9. Ensure that you have correctly ticked, provided or checked the authorisation box in the Application Form, or have otherwise provided an authorisation to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Application Amount mentioned in the Application Form; and
10. Ensure that you receive an acknowledgement from the Designated Branch or the concerned Lead Manager or Trading Member of the Stock Exchange, as the case may be, for the submission of the Application Form.

### **Don'ts:**

1. Payment of Application Amount in any mode other than through blocking of Application Amount in the ASBA Accounts shall not be accepted under the ASBA process;
2. Do not submit the Application Form to the Lead Managers or Trading Members of the Stock Exchange, as the case may be, at a location other than the Specified Cities.
3. Do not send your physical Application Form by post. Instead submit the same to a Designated Branch or the Lead Managers or Trading Members of the Stock Exchange, as the case may be, at the Specified Cities; and
4. Do not submit more than five Application Forms per ASBA Account.

**Kindly note that ASBA Applications submitted to the Lead Managers or Trading Members of the Stock Exchange at the Specified Cities will not be accepted if the SCSB where the ASBA Account, as specified in the Application Form, is maintained has not named at least one branch at that Specified City for the Lead Managers or Trading Members of the Stock Exchange, as the case may be, to deposit such Application Forms (A list of such branches is available at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>).**

**Please refer to “*Rejection of Applications*” on page 192 of this Draft Prospectus for information on rejection**

## of Applications.

### ADDITIONAL INSTRUCTIONS FOR APPLICANTS SEEKING ALLOTMENT OF NCDs IN PHYSICAL FORM

Only Applicants who do not have a demat account as on date of the Application shall be eligible to apply for Allotment of NCDs in the physical form. Any Applicant who subscribes to the NCDs in physical form shall undertake the following steps:

**Complete the Application Form in all respects, by providing all the information including PAN and Demographic Details. However, do not provide DP details in the Application Form.** The requirement for providing DP details shall be mandatory only for Applicants who wish to subscribe to the NCDs in dematerialised form.

Provide the following documents with the Application Form:

- (a) Self-attested copy of the PAN card.
- (b) Proof of identification in case of Applications by or on behalf of the Central or State Government and the officials appointed by the courts and by Applicants residing in the State of Sikkim. Any one of the following documents shall be considered as a verifiable proof of identification:
  - (i) valid passport issued by the GoI; or
  - (ii) voter's identity card issued by the GoI; or
  - (iii) valid driving license issued by any transport authority of the Republic of India; or
  - (iv) Government ID card; or
  - (v) Defence ID card; or
  - (vi) ration card issued by the GoI; or
  - (vii) Aadhar Card, Photo PAN Card.
- (c) Self-attested copy of proof of residence:  
Any one of the following documents shall be considered as a verifiable proof of residence:
  - (i) ration card issued by the GoI; or
  - (ii) valid driving license issued by any transport authority of the Republic of India; or
  - (iii) electricity bill (not older than three months); or
  - (iv) landline telephone bill (not older than three months); or
  - (v) valid passport issued by the GoI; or
  - (vi) voter's identity card issued by the GoI; or
  - (vii) passbook or latest bank statement issued by a bank operating in India; or
  - (viii) registered leave and license agreement or agreement for sale or rent agreement or flat maintenance bill; or
  - (ix) AADHAAR letter, issued by Unique Identification Authority of India, GoI.
- (d) Self-attested copy of a cancelled cheque of the bank account to which the amounts pertaining to payment of refunds, interest and redemption, as applicable, should be credited. In the absence of such cancelled cheque, our Company reserves the right to reject the Application or to consider the bank details given on the Application Form at its sole discretion. In such case our Company, the Lead Managers and the Registrar to the Issue shall not be liable for any delays/errors in payment of refund and/or interest.

The Applicant shall be responsible for providing the above information accurately. Delays or failure in credit of the payments due to inaccurate details shall be at the sole risk of the Applicants and neither the Lead Managers, the Syndicate Members nor our Company shall have any responsibility and undertake any liability for the same. Applications for Allotment of the NCDs in physical form, which are not accompanied with the abovementioned documents, may be rejected at the sole discretion of our Company.

In relation to the issuance of the NCDs in physical form, note the following:

1. An Applicant has the option to seek Allotment of NCDs in either dematerialised or physical mode. **However, an Applicant can seek Allotment of NCDs in physical mode only if the Applicant does not have a beneficiary account. No partial Application for the NCDs shall be permitted; any such partial Application is liable to be rejected.**

2. **Any Applicant who provides Depository Participant details in the Application Form shall be Allotted the NCDs in dematerialised form only, irrespective of whether such Applicant has provided the details required for Allotment in physical form. Such Applicant shall not be Allotted NCDs in physical form.**
3. In case of NCDs issued in physical form, our Company will issue one certificate to the holders of the NCDs for the aggregate amount of the NCDs for each of the series of NCDs that are applied for (each such certificate, a “**Consolidated NCD Certificate**”). A successful Applicant can also request for the issue of NCD certificates in the denomination of 1 (one) NCD at any time post allotment of the NCDs.
4. Our Company shall dispatch the Consolidated NCD Certificate to the (Indian) address of the Applicant provided in the Application Form, within the time and in the manner stipulated under Section 113 of the Companies Act, 2013 read with our Company’s Articles of Association.

All terms and conditions disclosed in relation to the NCDs held in physical form pursuant to rematerialisation shall be applicable mutatis mutandis to the NCDs issued in physical form.

**The Applicant shall be responsible for providing the above information and KYC documents accurately. Delay or failure in credit of payments or receipt of Allotment Advice or NCD certificates due to inaccurate or incomplete details shall be at the sole risk of the Applicants and the Lead Managers, the Syndicate Members, our Company and the Registrar to the Issue shall have no responsibility and undertake no liability in this relation. In case of Applications for Allotment of NCDs in physical form, which are not accompanied with the aforesaid documents, Allotment of NCDs in physical form may be held in abeyance by the Registrar to the Issue, pending receipt of KYC documents.**

## **TERMS OF PAYMENT**

The entire issue price for the NCDs is payable on Application only. In case of Allotment of lesser number of NCDs than the number applied, our Company shall refund the excess amount paid on Application to the Applicant (or the excess amount shall be unblocked in the ASBA Account, as the case may be).

### **Payment mechanism for ASBA Applicants**

The ASBA Applicants shall specify the ASBA Account number in the Application Form.

For ASBA Applications submitted to the Lead Managers or Trading Members of the Stock Exchange at the Specified Cities, the ASBA Application will be uploaded onto the electronic system of the Stock Exchange and deposited with the relevant branch of the SCSB at the Specified City named by such SCSB to accept such ASBA Applications from the Lead Managers or Trading Members of the Stock Exchange, as the case may be (A list of such branches is available at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>). The relevant branch of the SCSB shall perform verification procedures and block an amount in the ASBA Account equal to the Application Amount specified in the ASBA Application.

For ASBA Applications submitted directly to the SCSBs, the relevant SCSB shall block an amount in the ASBA Account equal to the Application Amount specified in the ASBA Application, before entering the ASBA Application into the electronic system of the Stock Exchange. SCSBs may provide the electronic mode of application either through an internet enabled application and banking facility or such other secured, electronically enabled mechanism for application and blocking of funds in the ASBA Account.

**ASBA Applicants should ensure that they have funds equal to the Application Amount in the ASBA Account before submitting the ASBA Application to the Lead Managers or Trading Members of the Stock Exchange, as the case may be, at the Specified Cities or to the Designated Branches of the SCSBs. An ASBA Application where the corresponding ASBA Account does not have sufficient funds equal to the Application Amount at the time of blocking the ASBA Account is liable to be rejected.**

The Application Amount shall remain blocked in the ASBA Account until approval of the Basis of Allotment and consequent transfer of the amount against the Allotted NCDs to the Public Issue Account(s), or until withdrawal/ failure of the Issue or until withdrawal/ rejection of the Application Form, as the case may be. Once the Basis of Allotment is approved, the Registrar to the Issue shall send an appropriate request to the controlling branch of the SCSB for unblocking the relevant ASBA Accounts and for transferring the amount pertaining to NCDs allocable to the successful ASBA Applicants to the Public Issue Account(s). In case of withdrawal/ failure of the Issue, the



blocked amount shall be unblocked on receipt of such information from the Registrar to the Issue.

### **Escrow Mechanism for Applicants other than ASBA Applicants**

Our Company shall open an Escrow Account with each of the Escrow Collection Bank(s) in whose favour the Applicants (other than ASBA Applicants) shall draw the cheque or demand draft in respect of his or her Application. Cheques or demand drafts received for the full Application Amount from Applicants would be deposited in the Escrow Account(s). All cheques/ bank drafts accompanying the Application should be crossed "A/c Payee only" for eligible Applicants must be made payable to the account details as specified in the Prospectus. **Applicants must use only CTS compliant instruments and refrain from using NON-CTS 2010 instruments for the payment of the Application Amount.**

The Escrow Collection Bank(s) shall transfer the funds from the Escrow Account into the Public Issue Account(s), as per the terms of the Escrow Agreement and this Draft Prospectus.

The Escrow Collection Banks will act in terms of this Draft Prospectus, the Prospectus and the Escrow Agreement. The Escrow Collection Banks, for and on behalf of the Applicants, shall maintain the monies in the Escrow Account until the Designated Date. The Escrow Collection Banks shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Applicants. On the Designated Date, the Escrow Collection Banks shall transfer the funds represented by Allotment of NCDs (other than in respect of Allotment to successful ASBA Applicants) from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account(s) provided that our Company will have access to such funds only after receipt of minimum subscription as described in the Prospectus, receipt of final listing and trading approval from the Stock Exchange and execution of the Debenture Trust Deed.

The balance amount after transfer to the Public Issue Account(s) shall be transferred to the Refund Account. Payments of refund to the relevant Applicants shall also be made from the Refund Account as per the terms of the Escrow Agreement, this Draft Prospectus and the Prospectus.

The Applicants should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Company, the Lead Managers, the Escrow Collection Banks and the Registrar to the Issue to facilitate collections from the Applicants.

Each Applicant shall draw a cheque or demand draft mechanism for the entire Application Amount as per the following terms:

1. All Applicants would be required to pay the full Application Amount at the time of the submission of the Application Form.
2. The Applicants shall, with the submission of the Application Form, draw a payment instrument for the Application Amount in favour of the Escrow Accounts and submit the same along with their Application. If the payment is not made favouring the Escrow Accounts along with the Application Form, the Application is liable to be rejected by the Escrow Collection Banks. Application Forms accompanied by cash, stockinvest, money order or postal order will not be accepted.
3. The payment instruments for payment into the Escrow Account should be drawn as specified in the Prospectus.
4. The monies deposited in the Escrow Accounts will be held for the benefit of the Applicants (other than ASBA Applicants) till the Designated Date.
5. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Accounts as per the terms of the Escrow Agreement into the Public Issue Account(s) with the Bankers to the Issue and the refund amount shall be transferred to the Refund Account.
6. Payments should be made by cheque or demand draft drawn on any bank (including a co-operative bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Application Form is submitted. Outstation cheques, post-dated cheques and cheques/ bank drafts drawn on banks not participating in the clearing process will not be accepted and Applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/ stockinvest/ money orders/

postal orders will not be accepted. Please note that cheques without the nine digit Magnetic Ink Character Recognition (“**MICR**”) code are liable to be rejected.

7. Applicants are advised to provide the Application Form number on the reverse of the cheque or bank draft to avoid misuse of instruments submitted with the Application Form.
8. Applicants must use only CTS compliant instruments and refrain from using NON-CTS 2010 instruments for the payment of the Application Amount.

#### **Payment by cash/ stockinvest/ money order**

Payment through cash/ stockinvest/ money order shall not be accepted in this Issue.

#### **Payment mechanism for Direct Online Applicants**

*Please note that clarifications and/or confirmations regarding the implementation of the requisite infrastructure and facilities in relation to direct online applications and online payment facility have been sought from the Stock Exchange and the Stock Exchange has confirmed that the necessary infrastructure and facilities for the same have not been implemented by the Stock Exchange. Hence, the Direct Online Application facility will not be available for this Issue.*

#### **SUBMISSION OF COMPLETED APPLICATION FORMS**

<b>Mode of Submission of Application Forms</b>	<b>To whom the Application Form has to be submitted</b>
ASBA Applications	<p>(i) If using <u>physical Application Form</u>, (a) to the Lead Managers or Trading Members of the Stock Exchange only at the Specified Cities (“<b>Syndicate ASBA</b>”), or (b) to the Designated Branches of the SCSBs where the ASBA Account is maintained; or</p> <p>(ii) If using <u>electronic Application Form</u>, to the SCSBs, electronically through internet banking facility, if available.</p>
Non-ASBA Applications	The Lead Managers or Trading Members of the Stock Exchange at the centres mentioned in the Application Form. Note: Applications for Allotment in physical form can be made only by using non-ASBA Applications and Applicants are not permitted to make Applications for Allotment in physical form using ASBA Applications and Direct Online Applications.

*Please note that clarifications and/or confirmations regarding the implementation of the requisite infrastructure and facilities in relation to direct online applications and online payment facility have been sought from the Stock Exchange and the Stock Exchange has confirmed that the necessary infrastructure and facilities for the same have not been implemented by the Stock Exchange. Hence, the Direct Online Application facility will not be available for this Issue.*

**No separate receipts will be issued for the Application Amount payable on submission of Application Form.** However, the Lead Managers/ Trading Members of Stock Exchange will acknowledge the receipt of the Application Forms by stamping the date and returning to the Applicants an acknowledgement slip which will serve as a duplicate Application Form for the records of the Applicant.

Syndicate ASBA Applicants must ensure that their ASBA Applications are submitted to the Lead Managers or Trading Members of the Stock Exchange only at the Specified Cities (Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bengaluru, Hyderabad, Pune, Vadodara and Surat). Kindly note that ASBA Applications submitted to the Lead Managers or Trading Members of the Stock Exchange at the Specified Cities will not be accepted if the SCSB where the ASBA Account, as specified in the ASBA Application, is maintained has not named at least one branch at that Specified City for the Lead Managers or Trading Members of the Stock Exchange, as the case may be, to deposit ASBA Applications (A list of such branches is available at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>).

For information on the Issue programme and timings for submission of Application Forms, please refer to “**Issue Structure**” on page 153 of this Draft Prospectus.

**Applicants other than ASBA Applicants are advised not to submit the Application Form directly to the Escrow Collection Banks/ Bankers to the Issue, and the same will be rejected in such cases and the Applicants will not be entitled to any compensation whatsoever.**

#### **Electronic Registration of Applications**

- (a) The Lead Managers, Trading Members of the Stock Exchange and Designated Branches of the SCSBs, as the case may be, will register the Applications using the on-line facilities of the Stock Exchange. Direct Online Applications will be registered by Applicants using the online platform offered by the Stock Exchange. **The Lead Managers, our Company and the Registrar to the Issue are not responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the Applications accepted by the SCSBs, (ii) the Applications uploaded by the SCSBs, (iii) the Applications accepted but not uploaded by the SCSBs, (iv) with respect to ASBA Applications accepted and uploaded by the SCSBs without blocking funds in the ASBA Accounts, or (v) any Applications accepted both uploaded and/or not uploaded by the Trading Members of the Stock Exchange.**

In case of apparent data entry error by the Lead Managers, Trading Members of the Stock Exchange, Escrow Collection Banks or Designated Branches of the SCSBs, as the case may be, in entering the Application Form number in their respective schedules other things remaining unchanged, the Application Form may be considered as valid and such exceptions may be recorded in minutes of the meeting submitted to the Designated Stock Exchange. However, the series, mode of allotment, PAN, demat account no. etc. should be captured by the relevant Lead Managers, Trading Member of the Stock Exchange in the data entries as such data entries will be considered for allotment/rejection of Application.

- (b) The Stock Exchange will offer an electronic facility for registering Applications for the Issue. This facility will be available on the terminals of Lead Managers, Trading Members of the Stock Exchange and the SCSBs during the Issue Period. The Lead Managers and Trading Members of the Stock Exchange can also set up facilities for off-line electronic registration of Applications subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for Applications on a regular basis, and before the expiry of the allocated time on the Issue Closing Date. On the Issue Closing Date, the Lead Managers, Trading Members of the Stock Exchange and the Designated Branches of the SCSBs shall upload the Applications till such time as may be permitted by the Stock Exchange. This information will be available with the Lead Managers, Trading Members of the Stock Exchange and the Designated Branches of the SCSBs on a regular basis. Applicants are cautioned that a high inflow of high volumes on the last day of the Issue Period may lead to some Applications received on the last day not being uploaded and such Applications will not be considered for allocation. For further information on the Issue programme, please refer to “*Issue Structure*” on page 153 of this Draft Prospectus.
- (c) At the time of registering each Application, other than ASBA Applications and Direct Online Applications, the Lead Managers, or Trading Members of the Stock Exchange shall enter the requisite details of the Applicants in the on-line system including:
- Application Form number
  - PAN (of the first Applicant, in case of more than one Applicant)
  - Investor category and sub-category
  - DP ID (not applicable to Applications for Allotment of NCDs in physical form)
  - Client ID (not applicable to Applications for Allotment of NCDs in physical form)
  - Series of NCDs applied for
  - Number of NCDs Applied for in each series of NCD
  - Price per NCD
  - Application amount
  - Cheque number
- (d) With respect to ASBA Applications submitted directly to the SCSBs at the time of registering each Application, the Designated Branches shall enter the requisite details of the Applicants in the on-line system including:
- Application Form number

- PAN (of the first Applicant, in case of more than one Applicant)
  - Investor category and sub-category
  - DP ID
  - Client ID
  - Series of NCDs applied for
  - Number of NCDs Applied for in each series of NCD
  - Price per NCD
  - Bank code for the SCSB where the ASBA Account is maintained
  - Bank account number
  - Application amount
- (e) With respect to ASBA Applications submitted to the Lead Managers, or Trading Members of the Stock Exchange only at the Specified Cities, at the time of registering each Application, the requisite details of the Applicants shall be entered in the on-line system including:
- Application Form number
  - PAN (of the first Applicant, in case of more than one Applicant)
  - Investor category and sub-category
  - DP ID
  - Client ID
  - Series of NCDs applied for
  - Number of NCDs Applied for in each series of NCD
  - Price per NCD
  - Bank code for the SCSB where the ASBA Account is maintained
  - Location of Specified City
  - Application amount
- (f) A system generated acknowledgement will be given to the Applicant as a proof of the registration of each Application. **It is the Applicant's responsibility to obtain the acknowledgement from the Lead Managers, Trading Members of the Stock Exchange and the Designated Braches of the SCSBs, as the case may be. The registration of the Application by the Lead Managers, Trading Members of the Stock Exchange and the Designated Braches of the SCSBs, as the case may be, does not guarantee that the NCDs shall be allocated/ Allotted by our Company. The acknowledgement will be non-negotiable and by itself will not create any obligation of any kind.**
- (g) Applications can be rejected on the technical grounds listed on page 193 of this Draft Prospectus or if all required information is not provided or the Application Form is incomplete in any respect.
- (h) The permission given by the Stock Exchange to use their network and software of the online system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company, the Lead Managers are cleared or approved by the Stock Exchange; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, the management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Prospectus; nor does it warrant that the NCDs will be listed or will continue to be listed on the Stock Exchange.
- (i) Only Applications that are uploaded on the online system of the Stock Exchange shall be considered for allocation/ Allotment. The Lead Managers, Trading Members of the Stock Exchange and the Designated Braches of the SCSBs shall capture all data relevant for the purposes of finalizing the Basis of Allotment while uploading Application data in the electronic systems of the Stock Exchange. In order that the data so captured is accurate the Lead Managers, Trading Members of the Stock Exchange and the Designated Braches of the SCSBs will be given up to one Working Day after the Issue Closing Date to modify/ verify certain selected fields uploaded in the online system during the Issue Period after which the data will be sent to the Registrar for reconciliation with the data available with the NSDL and CDSL.

## REJECTION OF APPLICATIONS

Applications would be liable to be rejected on the technical grounds listed on page 193 of this Draft Prospectus below or if all required information is not provided or the Application Form is incomplete in any respect. The Board of Directors and/or any committee of our Company reserves its full, unqualified and absolute right to accept or reject any Application in whole or in part and in either case without assigning any reason thereof.

Application may be rejected on one or more technical grounds, including but not restricted to:

- (i) Applications submitted without payment of the entire Application Amount. However, our Company may allot NCDs up to the value of application monies paid, if such application monies exceed the minimum application size as prescribed hereunder;
- (ii) Application Amount paid being higher than the value of NCDs Applied for. However, our Company may allot NCDs up to the number of NCDs Applied for, if the value of such NCDs Applied for exceeds the minimum Application size;
- (iii) Applications where a registered address in India is not provided for the Applicant;
- (iv) In case of partnership firms, NCDs may be applied for in the names of the individual partner(s) and no firm as such shall be entitled to apply for in its own name. However a Limited Liability Partnership firm can apply in its own name;
- (v) Application by persons not competent to contract under the Indian Contract Act, 1872, as amended, except bids by Minors (applying through the guardian) having valid demat account as per demographic details provided by the Depository Participants;
- (vi) Minor Applicants (applying through the guardian) without mentioning the PAN of the minor Applicant;
- (vii) PAN not mentioned in the Application Form, except for Applications by or on behalf of the Central or State Government and the officials appointed by the courts and by investors residing in the State of Sikkim, provided such claims have been verified by the Depository Participants. In case of minor Applicants applying through guardian, when PAN of the Applicant is not mentioned;
- (viii) DP ID and Client ID not mentioned in the Application Form (except in case Applicant has applied for Allotment of NCDs in the physical form);
- (ix) GIR number furnished instead of PAN;
- (x) Applications by OCBs;
- (xi) Applications for an amount below the minimum application size;
- (xii) Submission of more than five ASBA Forms per ASBA Account;
- (xiii) Applications by persons who are not eligible to acquire NCDs of our Company in terms of applicable laws, rules, regulations, guidelines and approvals;
- (xiv) In case of Applications under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
- (xv) Applications accompanied by Stockinvest/ money order/ postal order/ cash;
- (xvi) Signature of sole Applicant missing or, in case of joint Applicants, the Application Forms not being signed by the first Applicant (as per the order appearing in the records of the Depository);
- (xvii) Applications by persons debarred from accessing capital markets, by SEBI or any other regulatory authority.
- (xviii) Date of Birth for first/sole Applicant for persons applying for Allotment not mentioned in the Application Form.
- (xix) ASBA Application Forms not being signed by the ASBA Account holder, if the account holder is different from the Applicant or the signature of the ASBA Account holder on the Application Form does not match with the signature available on the Applicant's bank records;
- (xx) Application Forms submitted to the Lead Managers, or Trading Members of the Stock Exchange does not bear the stamp of the relevant Lead Manager or Trading Member of the Stock Exchange, as the case may be. ASBA Applications submitted directly to the Designated Branches of the SCSBs does not bear the stamp of the SCSB and/or the Designated Branch and/or the Lead Managers, or Trading Members of the Stock Exchange, as the case may be;

- (xxi) ASBA Applications not having details of the ASBA Account to be blocked;
- (xxii) In case no corresponding record is available with the Depositories that matches three parameters namely, DP ID, Client ID and PAN or if PAN is not available in the Depository database;
- (xxiii) With respect to ASBA Applications, inadequate funds in the ASBA Account to enable the SCSB to block the Application Amount specified in the ASBA Application Form at the time of blocking such Application Amount in the ASBA Account or no confirmation is received from the SCSB for blocking of funds;
- (xxiv) SCSB making an ASBA application (a) through an ASBA account maintained with its own self or (b) through an ASBA Account maintained through a different SCSB not in its own name or (c) through an ASBA Account maintained through a different SCSB in its own name, where clear demarcated funds are not present or (d) through an ASBA Account maintained through a different SCSB in its own name which ASBA Account is not utilised solely for the purpose of applying in public issues;
- (xxv) Applications for amounts greater than the maximum permissible amount prescribed by the regulations and applicable law;
- (xxvi) Applications where clear funds are not available in Escrow Accounts as per final certificates from Escrow Collection Banks;
- (xxvii) Authorization to the SCSB for blocking funds in the ASBA Account not provided;
- (xxviii) Applications by persons prohibited from buying, selling or dealing in shares, directly or indirectly, by SEBI or any other regulatory authority;
- (xxix) Applications by any person outside India;
- (xxx) Applications by other persons who are not eligible to apply for NCDs under the Issue under applicable Indian or foreign statutory/regulatory requirements;
- (xxxi) Applications not uploaded on the online platform of the Stock Exchange;
- (xxxii) Applications uploaded after the expiry of the allocated time on the Issue Closing Date, unless extended by the Stock Exchange, as applicable;
- (xxxiii) Application Forms not delivered by the Applicant within the time prescribed as per the Application Form and this Draft Prospectus and as per the instructions in the Application Form, this Draft Prospectus and the Prospectus;
- (xxxiv) Applications by Applicants whose demat accounts have been 'suspended for credit' pursuant to the circular issued by SEBI on July 29, 2010 bearing number CIR/MRD/DP/22/2010;
- (xxxv) Where PAN details in the Application Form and as entered into the electronic system of the Stock Exchange, are not as per the records of the Depositories;
- (xxxvi) ASBA Applications submitted to the Lead Managers, or Trading Members of the Stock Exchange at locations other than the Specified Cities or at a Designated Branch of a SCSB where the ASBA Account is not maintained, and ASBA Applications submitted directly to an Escrow Collecting Bank (assuming that such bank is not a SCSB), to our Company or the Registrar to the Issue;
- (xxxvii) Applications tendered to the Trading Members of the Stock Exchange at centers other than the centers mentioned in the Application Form;
- (xxxviii) Category not ticked; and/or
- (xxxix) Application Form accompanied with more than one cheque.
- (xl) In case of cancellation of one or more orders (series) within an Application, leading to total order quantity falling under the minimum quantity required for a single Application.
- (xli) Forms not uploaded on the electronic software of the Stock Exchange.
- (xlii) ASBA Application submitted directly to escrow banks who aren't SCSBs.
- (xliii) Payment made through non CTS cheques.

**Kindly note that ASBA Applications submitted to the Lead Managers, or Trading Members of the Stock Exchange at the Specified Cities will not be accepted if the SCSB where the ASBA Account, as specified in the ASBA Form, is maintained has not named at least one branch at that Specified City for the Lead**

**Managers, or Trading Members of the Stock Exchange, as the case may be, to deposit ASBA Applications (A list of such branches is available at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>).**

For information on certain procedures to be carried out by the Registrar to the Offer for finalization of the basis of allotment, please refer to “*Information for Applicants*” on page 195 of this Draft Prospectus.

### **Information for Applicants**

In case of ASBA Applications submitted to the SCSBs, in terms of the SEBI circular CIR/CFD/DIL/3/2010 dated April 22, 2010, the Registrar to the Issue will reconcile the compiled data received from the Stock Exchange and all SCSBs, and match the same with the Depository database for correctness of DP ID, Client ID and PAN. The Registrar to the Issue will undertake technical rejections based on the electronic details and the Depository database. In case of any discrepancy between the electronic data and the Depository records, our Company, in consultation with the Designated Stock Exchange, the Lead Managers and the Registrar to the Issue, reserves the right to proceed as per the Depository records for such ASBA Applications or treat such ASBA Applications as rejected.

In case of ASBA Applicants submitted to the Lead Managers, and Trading Members of the Stock Exchange at the Specified Cities, the basis of allotment will be based on the Registrar’s validation of the electronic details with the Depository records, and the complete reconciliation of the final certificates received from the SCSBs with the electronic details in terms of the SEBI circular CIR/CFD/DIL/1/2011 dated April 29, 2011. The Registrar to the Issue will undertake technical rejections based on the electronic details and the Depository database. In case of any discrepancy between the electronic data and the Depository records, our Company, in consultation with the Designated Stock Exchange, the Lead Managers and the Registrar to the Issue, reserves the right to proceed as per the Depository records or treat such ASBA Application as rejected.

In case of non-ASBA Applications, the basis of allotment will be based on the Registrar’s validation of the electronic details with the Depository records, and the complete reconciliation of the final certificates received from the Escrow Collection Banks with the electronic details in terms of the SEBI circular CIR/CFD/DIL/3/2010 dated April 22, 2010 and the SEBI circular CIR/CFD/DIL/1/2011 dated April 29, 2011. The Registrar will undertake technical rejections based on the electronic details and the Depository database. In case of any discrepancy between the electronic data and the Depository records, our Company, in consultation with the Designated Stock Exchange, the Lead Managers and the Registrar to the Issue, reserves the right to proceed as per the Depository records or treat such Applications as rejected.

Based on the information provided by the Depositories, our Company shall have the right to accept Applications belonging to an account for the benefit of a minor (under guardianship).

In case of Applications for a higher number of NCDs than specified for that category of Applicant, only the maximum amount permissible for such category of Applicant will be considered for Allotment.

## **BASIS OF ALLOTMENT**

### **Basis of Allotment for NCDs**

(a) Allotments in the first instance:

- (i) Applicants belonging to the Category I, in the first instance, will be allocated NCDs up to 10% of Overall Issue Size on first come first serve basis (determined on the basis of date of receipt of each application duly acknowledged by the Lead Manager and their respective Affiliates/SCSB (Designated Branch or online acknowledgement));
- (ii) Applicants belonging to the Category II, in the first instance, will be allocated NCDs up to 40% of Overall Issue Size on first come first serve basis (determined on the basis of date of receipt of each application duly acknowledged by the Members of the Syndicate/Trading Members/SCSB (Designated Branch or online acknowledgement));
- (iii) Applicants belonging to the Category III, in the first instance, will be allocated NCDs up to 50% of Overall Issue Size on first come first serve basis (determined on the basis of date of receipt of each application duly acknowledged by the Members of the Syndicate/Trading Members/SCSB (Designated Branch or online acknowledgement));

Allotments, in consultation with the Designated Stock Exchange, shall be made on a first-come first-serve basis, based on the date of upload of each application in to the Electronic Book with Stock Exchanges, in each Portion subject to the Allocation Ratio.

(b) Under Subscription:

Under subscription, if any, in any Portion, priority in allotments will be given in the following order:

- (i) Individual Portion
- (ii) Non-Institutional Portion and Resident Indian individuals and Hindu undivided families through the Karta applying who apply for NCDs aggregating to a value exceeding ₹5 lacs;
- (iii) Institutional Portion
- (iv) on a first come first serve basis.

For each Portion, all applications uploaded in to the Electronic Book with Stock Exchanges would be treated at par with each other. Allotment within a day would be on proportionate basis, where NCDs applied for exceeds NCDs to be allotted for each Portion respectively.

Minimum allotments of one (1) NCDs and in multiples of one (1) NCD thereafter would be made in case of each valid application.

(c) Allotments in case of oversubscription:

In case of an oversubscription, allotments to the maximum extent, as possible, will be made on a first-come first-serve basis and thereafter on proportionate basis, i.e. full allotment of NCDs to the valid applicants on a first come first serve basis for forms uploaded up to 5 pm of the date falling 1 (one) day prior to the date of oversubscription and proportionate allotment of NCDs to the valid applicants on the date of oversubscription (based on the date of upload of the Application on the Stock Exchange Platform, in each Portion). In case of over subscription on date of opening of the Issue, the Allotment shall be made on a proportionate basis.

In view of the same, the Investors are advised to refer to the BSE and NSE website at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) for details in respect of subscription. For further details on “*Issue Structure*” please refer to page 153 of the Draft Prospectus.



(d) Proportionate Allotments: For each Portion, on the date of oversubscription:

- (i) Allotments to the applicants shall be made in proportion to their respective application size, rounded off to the nearest integer,
- (ii) If the process of rounding off to the nearest integer results in the actual allocation of NCDs being higher than the Issue size, not all applicants will be allotted the number of NCDs arrived at after such rounding off. Rather, each applicant whose allotment size, prior to rounding off, had the highest decimal point would be given preference,
- (iii) In the event, there are more than one applicant whose entitlement remain equal after the manner of distribution referred to above, our Company will ensure that the basis of allotment is finalised by draw of lots in a fair and equitable manner.

(e) Applicant applying for more than one Options of NCDs:

If an applicant has applied for more than one Options of NCDs, and in case such applicant is entitled to allocation of only a part of the aggregate number of NCDs applied for due to such applications received on the date of oversubscription, the option-wise allocation of NCDs to such applicants shall be in proportion to the number of NCDs with respect to each option, applied for by such applicant, subject to rounding off to the nearest integer, as appropriate in consultation with Lead Manager and Designated Stock Exchange.

All decisions pertaining to the basis of allotment of NCDs pursuant to the Issue shall be taken by our Company in consultation with the Lead Manager, and the Designated Stock Exchange and in compliance with the aforementioned provisions of this Draft Prospectus.

Our Company would allot Option VI NCDs to all valid applications, wherein the applicants have not indicated their choice of the relevant options of the NCDs.

Valid applications where the Application Amount received does not tally with or is less than the amount equivalent to value of number of NCDs applied for, may be considered for Allotment, to the extent of the Application Amount paid rounded down to the nearest ₹1,000 in accordance with the pecking order mentioned above.

All decisions pertaining to the basis of allotment of NCDs pursuant to the Issue shall be taken by our Company in consultation with the Lead Manager and the Designated Stock Exchange and in compliance with the aforementioned provisions of this Draft Prospectus.

## **Allocation Ratio**

**The registrar will aggregate the applications based on the applications received through an electronic book from the stock exchanges and determine the valid applications for the purpose of drawing the basis of allocation. Grouping of the application received will be then done in the following manner:**

Grouping of Applications and Allocation Ratio: Applications received from various applicants shall be grouped together on the following basis:

- (a) Applications received from Category I applicants: Applications received from Category I, shall be grouped together, (***“Institutional Portion”***);
- (b) Applications received from Category II applicants: Applications received from Category II, shall be grouped together, (***“Non-Institutional Portion”***);
- (c) Applications received from Category III applicants: Applications received from Category III, shall be grouped together, (***“Retail Individual Portion”***)

For removal of doubt, ***“Institutional Portion”***, ***“Non-Institutional Portion”*** and ***“Retail Individual Portion”*** are individually referred to as ***“Portion”*** and collectively referred to as ***“Portions”***

## **Retention of oversubscription**

For the purposes of determining the number of NCDs available for allocation to each of the abovementioned Portions, our Company shall have the discretion of determining the number of NCDs to be allotted over and above the Base Issue Size, in case our Company opts to retain any oversubscription in the Issue up to ₹ 2,500 million. The aggregate value of NCDs decided to be allotted over and above the Base Issue Size, (in case our Company opts to retain any oversubscription in the Issue), and/or the aggregate value of NCDs up to the Base Issue Size shall be collectively termed as the “**Overall Issue Size**”.

## **PAYMENT OF REFUNDS**

### ***Refunds for Applicants other than ASBA Applicants***

Within 12 Working Days of the Issue Closing Date, the Registrar to the Issue will dispatch refund orders/ give instructions for electronic refund, as applicable, of all amounts payable to unsuccessful Applicants (other than ASBA Applicants) and also any excess amount paid on Application, after adjusting for allocation/ Allotment of NCDs.

The Registrar to the Issue will obtain from the Depositories the Applicant’s bank account details, including the MICR code, on the basis of the DP ID and Client ID provided by the Applicant in their Application Forms, for making refunds.

For Applicants who receive refunds through ECS, direct credit, RTGS or NEFT, the refund instructions will be given to the clearing system within 12 Working Days from the Issue Closing Date. A suitable communication shall be dispatched to the Applicants receiving refunds through these modes, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund. Such communication will be mailed to the addresses of Applicants, as per the Demographic Details received from the Depositories.

The Demographic Details would be used for mailing of the physical refund orders, as applicable.

### ***Mode of making refunds for Applicants other than ASBA Applicants***

The payment of refund, if any, for Applicants other than ASBA Applicants would be done through any of the following modes:

1. Direct Credit – Applicants having bank accounts with the Refund Bank(s), as per Demographic Details received from the Depositories, shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by our Company.
2. NECS – Payment of refund would be done through NECS for Applicants having an account at any of the centres where such facility has been made available. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code from the Depositories.
3. RTGS – Applicants having a bank account at any of the centres where such facility has been made available and whose refund amount exceeds ₹ 2 lacs, have the option to receive refund through RTGS provided the Demographic Details downloaded from the Depositories contain the nine digit MICR code of the Applicant’s bank which can be mapped with the RBI data to obtain the corresponding Indian Financial System Code (IFSC). Charges, if any, levied by the Applicant’s bank receiving the credit would be borne by the Applicant.
4. NEFT – Payment of refund shall be undertaken through NEFT wherever the Applicant’s bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage, hence use of NEFT is subject to operational feasibility, cost and process efficiency. In the event that NEFT is not operationally

feasible, the payment of refunds would be made through any one of the other modes as discussed in the sections.

5. For all other Applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be dispatched through Speed Post or Registered Post. Such refunds will be made by cheques, pay orders or demand drafts drawn on the relevant Refund Bank and payable at par at places where Applications are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Applicants.

#### ***Mode of making refunds for ASBA Applicants***

In case of ASBA Applicants, the Registrar shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account for withdrawn, rejected or unsuccessful or partially successful ASBA Applications within 12 Working Days of the Issue Closing Date.

#### **ISSUANCE OF ALLOTMENT ADVICE**

With respect to Applicants other than ASBA Applicants, our Company shall (i) ensure dispatch of Allotment Advice/ intimation within 12 Working Days of the Issue Closing Date, and (ii) give instructions for credit of NCDs to the beneficiary account with Depository Participants, for successful Applicants who have been allotted NCDs in dematerialized form, within 12 Working Days of the Issue Closing Date. The Allotment Advice for successful Applicants who have been allotted NCDs in dematerialized form will be mailed to their addresses as per the Demographic Details received from the Depositories.

With respect to the ASBA Applicants, our Company shall ensure dispatch of Allotment Advice and/ or give instructions for credit of NCDs to the beneficiary account with Depository Participants within 12 Working Days of the Issue Closing Date. The Allotment Advice for successful ASBA Applicants will be mailed to their addresses as per the Demographic Details received from the Depositories.

Our Company shall use best efforts to ensure that all steps for completion of the necessary formalities for commencement of trading at the Stock Exchange where the NCDs are proposed to be listed are taken within 12 Working Days from the Issue Closing Date.

Allotment Advices shall be issued or Application Amount shall be refunded within fifteen days from the Issue Closing Date or such lesser time as may be specified by SEBI or else the application amount shall be refunded to the applicants forthwith, failing which interest shall be due to be paid to the applicants at the rate of fifteen per cent per annum for the delayed period

Our Company will provide adequate funds required for dispatch of refund orders and Allotment Advice, as applicable, to the Registrar to the Issue.

#### **OTHER INFORMATION**

##### **Withdrawal of Applications during the Issue Period**

##### ***Withdrawal of ASBA Applications***

ASBA Applicants can withdraw their ASBA Applications during the Issue Period by submitting a request for the same to Lead Manager, Trading Member of the Stock Exchange or the Designated Branch, as the case may be, through whom the ASBA Application had been placed. In case of ASBA Applications submitted to the Lead Managers, or Trading Members of the Stock Exchange at the Specified Cities, upon receipt of the request for withdrawal from the ASBA Applicant, the relevant Lead Manager, or Trading Member of the Stock Exchange, as the case may be, shall do the requisite, including deletion of details of the withdrawn ASBA Application Form from the electronic system of the Stock Exchange. In case of ASBA Applications submitted directly to the Designated Branch of the SCSB, upon receipt of the request for withdraw from the ASBA Applicant, the relevant Designated Branch shall do the requisite, including deletion of details of the withdrawn ASBA Application Form from the electronic system of the Stock Exchange and unblocking of the funds in the ASBA Account directly.

### *Withdrawal of Non-ASBA Applications (other than Direct Online Applications)*

Non-ASBA Applicants can withdraw their Applications during the Issue Period by submitting a request for the same to Lead Manager, or Trading Member of the Stock Exchange, as the case may be, through whom the Application had been placed. Upon receipt of the request for withdrawal from the Applicant, the relevant Lead Manager, or Trading Member of the Stock Exchange, as the case may be, shall do the requisite, including deletion of details of the withdrawn Non-ASBA Application Form from the electronic system of the Stock Exchange.

### **Withdrawal of Applications after the Issue Period**

In case an Applicant wishes to withdraw the Application after the Issue Closing Date, the same can be done by submitting a withdrawal request to the Registrar to the Issue prior to the finalization of the Basis of Allotment.

### **Revision of Applications**

As per the notice No: 20120831-22 dated August 31, 2012 issued by the BSE and NSE, cancellation of one or more orders (series) within an Application is permitted during the Issue Period as long as the total order quantity does not fall under the minimum quantity required for a single Application. Please note that in case of cancellation of one or more orders (series) within an Application, leading to total order quantity falling under the minimum quantity required for a single Application will be liable for rejection by the Registrar.

Applicants may revise/ modify their Application details during the Issue Period, as allowed/permitted by the stock exchange(s), by submitting a written request to the Lead Managers/ Trading Members of the Stock Exchange/ the SCSBs, as the case may be. However, for the purpose of Allotment, the date of original upload of the Application will be considered in case of such revision/modification. In case of any revision of Application in connection with any of the fields which are not allowed to be modified on the electronic Application platform of the Stock Exchange(s) as per the procedures and requirements prescribed by each relevant Stock Exchange, Applicants should ensure that they first withdraw their original Application and submit a fresh Application. In such a case the date of the new Application will be considered for date priority for Allotment purposes.

Revision of Applications is not permitted after the expiry of the time for acceptance of Application Forms on Issue Closing Date. However, in order that the data so captured is accurate, the Lead Managers, Trading Members of the Stock Exchange and the Designated Branches of the SCSBs will be given up to one Working Day after the Issue Closing Date to modify/ verify certain selected fields uploaded in the online system during the Issue Period, after which the data will be sent to the Registrar for reconciliation with the data available with the NSDL and CDSL.

### **Depository Arrangements**

We have made depository arrangements with NSDL and CDSL. Please note that Tripartite Agreements have been executed between our Company, the Registrar and both the depositories.

As per the provisions of the Depositories Act, 1996, the NCDs issued by us can be held in a dematerialized form. In this context:

- (i) Agreement dated June 16, 2016 between us, the Registrar to the Issue and NSDL, and dated June 17, 2016, between us, the Registrar to the Issue and CDSL, respectively for offering depository option to the investors.
- (ii) An Applicant must have at least one beneficiary account with any of the Depository Participants (DPs) of NSDL or CDSL prior to making the Application.
- (iii) The Applicant must necessarily provide the DP ID and Client ID details in the Application Form.
- (iv) NCDs Allotted to an Applicant in the electronic form will be credited directly to the Applicant's respective beneficiary account(s) with the DP.
- (v) Non-transferable Allotment Advice/ refund orders will be directly sent to the Applicant by the Registrar to this Issue.
- (vi) It may be noted that NCDs in electronic form can be traded only on the Stock Exchange having electronic connectivity with NSDL or CDSL. The Stock Exchange has connectivity with NSDL and CDSL.

- (vii) Interest or other benefits with respect to the NCDs held in dematerialized form would be paid to those NCD Holders whose names appear on the list of beneficial owners given by the Depositories to us as on Record Date. In case of those NCDs for which the beneficial owner is not identified by the Depository as on the Record Date/ book closure date, we would keep in abeyance the payment of interest or other benefits, till such time that the beneficial owner is identified by the Depository and conveyed to us, whereupon the interest or benefits will be paid to the beneficiaries, as identified, within a period of 30 days.
- (viii) The trading of the NCDs on the floor of the Stock Exchange shall be in dematerialized form only.

Please also refer to “**Instructions for filling up the Application Form - Applicant’s Beneficiary Account and Bank Account Details**” on page 182 of this Draft Prospectus.

Please note that the NCDs shall cease to trade from the Record Date (for payment of the principal amount and the applicable premium and interest for such NCDs) prior to redemption of the NCDs.

**PLEASE NOTE THAT TRADING OF NCDs ON THE FLOOR OF THE STOCK EXCHANGE SHALL BE IN DEMATERIALIZED FORM ONLY IN MULTIPLE OF ONE NCD.**

Allottees will have the option to re-materialize the NCDs Allotted under the Issue as per the provisions of the Companies Act, 2013 and the Depositories Act.

### **Communications**

All future communications in connection with Applications made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or first Applicant, Application Form number, Applicant’s DP ID and Client ID, Applicant’s PAN, number of NCDs applied for, date of the Application Form, name and address of the Lead Manager, Trading Member of the Stock Exchange or Designated Branch, as the case may be, where the Application was submitted, and cheque/ draft number and issuing bank thereof or with respect to ASBA Applications, ASBA Account number in which the amount equivalent to the Application Amount was blocked. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the relevant SCSB.

Applicants may contact our Compliance Officer (and Company Secretary) or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of Allotment Advice, refunds, interest on application amount or credit of NCDs in the respective beneficiary accounts, as the case may be.

Grievances relating to Direct Online Applications may be addressed to the Registrar to the Issue, with a copy to the relevant Stock Exchange.

### **Interest in case of Delay**

Our Company undertakes to pay interest, in connection with any delay in allotment, demat credit and refunds, beyond the time limit as may be prescribed under applicable statutory and/or regulatory requirements, at such rates as stipulated under such applicable statutory and/or regulatory requirements.

### **Undertaking by the Issuer**

*Statement by the Board:*

- (a) All monies received pursuant to the Issue of NCDs to public shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of section 40 of the Companies Act, 2013.
- (b) Details of all monies utilised out of Issue referred to in sub-item (a) shall be disclosed under an appropriate separate head in our Balance Sheet indicating the purpose for which such monies had been utilised; and
- (c) Details of all unutilised monies out of issue of NCDs, if any, referred to in sub-item (a) shall be disclosed under an appropriate separate head in our Balance Sheet indicating the form in which such unutilised monies have been invested.

- (d) the details of all utilized and unutilised monies out of the monies collected in the previous issue made by way of public offer shall be disclosed and continued to be disclosed in the balance sheet till the time any part of the proceeds of such previous issue remains unutilized indicating the purpose for which such monies have been utilized, and the securities or other forms of financial assets in which such unutilized monies have been invested;
- (e) We shall utilize the Issue proceeds only upon execution of the Debenture Trust Deed as stated in this Draft Prospectus and on receipt of the minimum subscription of 75% of the Base Issue and receipt of listing and trading approval from the Stock Exchange.
- (f) The Issue proceeds shall not be utilized towards full or part consideration for the purchase or any other acquisition, *inter alia* by way of a lease, of any immovable property.

*Other Undertakings by our Company*

Our Company undertakes that:

- (a) Complaints received in respect of the Issue will be attended to by our Company expeditiously and satisfactorily;
- (b) Necessary cooperation to the relevant credit rating agency(ies) will be extended in providing true and adequate information until the obligations in respect of the NCDs are outstanding;
- (c) Our Company will take necessary steps for the purpose of getting the NCDs listed within the specified time, i.e., within 12 Working Days of the Issue Closing Date;
- (d) Funds required for dispatch of refund orders/Allotment Advice/NCD Certificates will be made available by our Company to the Registrar to the Issue;
- (e) Our Company will forward details of utilisation of the proceeds of the Issue, duly certified by the Statutory Auditor, to the Debenture Trustee;
- (f) Our Company will provide a compliance certificate to the Debenture Trustee on an annual basis in respect of compliance with the terms and conditions of the Issue as contained in this Draft Prospectus.
- (g) Our Company will disclose the complete name and address of the Debenture Trustee in its annual report.

## **SECTION VIII- MAIN PROVISIONS OF ARTICLES OF ASSOCIATION OF OUR COMPANY**

*The main provisions of the Articles of Association relating to the issue and allotment of debentures and matters incidental thereto have been set out below. Please note that each provision herein below is numbered as per the corresponding article number in the Articles of Association. All defined terms used in this section have the meaning given to them in the Articles of Association. Any reference to the term "Article" hereunder means the corresponding article contained in the Articles of Association.*

### **INTERPRETATION**

1. The Regulations for the Management of the Company and observation by the members thereof and their representatives shall be those as contained in these Articles and the regulations contained in Table A of Schedule I to the Companies Act, 1956, as far Public Company, except in regard to matters contained in these Articles which shall have the effect to excluding such regulations of Table A of Schedule I as are inconsistent with Articles herein below contained.

### **SHARES**

2. The provisions relating to the share capital of our Company in the AOA are as follows:
  - (a) Authorized Share Capital of the Company will be as may be specified under clause V of the Memorandum of Association of the Company.
  - (b) The paid up capital of the Company shall be minimum of ₹ 5,00,000 (Five Lacs only).
  - (c) The shares shall be under the control of the Director who may issue, allot or otherwise dispose of the same to such persons on such terms and conditions and at such time as the Directors think fit and with full power to give to any person the option to call for any shares either at par or at a premium and for such consideration as the Directors think fit. The Directors shall have the absolute power to divide the shares in the original or any increased capital into different classes and attach thereto at their discretionary preferential, deferred or other special rights, privileges, conditions or restrictions as to dividends, capital, voting or otherwise.
  - (d) The Company shall not charge any fee for registration of transfer of shares, splitting of share certificate, issue of duplicate share certificates or for similar matters, except reimbursement of expenses, as may be decided by the Board of Directors.
  - (e) The Company in general meeting may from time to time increase the capital by the creation of new share of such amount as may be deemed expedient.
  - (f) The Company in general meeting may:
    - (i) consolidate and divide all or any of its Share Capital into Shares of larger amount than its existing Shares;
    - (ii) sub-divide its existing shares, or any of them into shares of smaller amount than is fixed by memorandum so however, that in the subdivision the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be same as it was in the case of the share from which the reduced share is derived;
    - (iii) cancel any shares which at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled; and
    - (iv) convert all or any of its fully paid shares into stock and re-convert that stock fully paid up shares of any denomination.

### **FURTHER ISSUE OF SHARES**

3. Subject to the provisions of Section 81 of the Companies Act, 1956 and other applicable provisions, where at the time after the expiry of two years from the formation of the company or at any time after the expiry of one year from the allotment of shares in the company made for the first time after its formation, whichever

is earlier, it is proposed to increase the subscribed capital of the company by allotment of further shares either out of the un-issued capital or out of the increased share capital then:

- (a) such further shares shall be offered to the persons who at the date of the offer, are holders of the equity shares of the company, in proportion, as near as circumstances admit, to the capital paid up on those shares at the date.
  - (b) such offer shall be made by a notice specifying the number of shares offered and limiting a time not less than thirty days from the date of the offer and the offer if not accepted will be deemed to have been declined.
  - (c) the offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to them in favor of any other person and the notice referred to in sub clause (b) hereof shall contain a statement of this right. PROVIDED THAT the Directors may decline, without assigning any reason to allot any shares to any person in whose favor any member may renounce the shares offered to him.
  - (d) After expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board may dispose of them in such manner and to such person(s) as they may think, in their sole discretion, fit.
4. Notwithstanding anything contained in clause 18 thereof, the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (a) of sub-clause (18) hereof) in any manner whatsoever.
- (a) If a special resolution to that effect is passed by the Company in General Meeting, or
  - (b) Where no such special resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in the general meeting (including the casting vote, if any, of the Chairman) by the members who, being entitled to do so, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members, so entitled and voting and the Central Government is satisfied, on an application made by the Board in this behalf that the proposal is most beneficial to the Company.
5. Nothing in sub-clause (c) of clause 18 hereof shall be deemed:
- (a) to extend the time within which the offer should be accepted; or
  - (b) to authorize any person to exercise the right of renunciation for a second time on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.
6. Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to the debenture issued or loans raised by the Company:
- (a) to convert such debentures or loans into shares in the Company; or
  - (b) to subscribe for shares in the Company (whether such options is conferred in these Articles or otherwise)

PROVIDED THAT the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term:

- (a) either has been approved by the Central Government before the issue of the debentures or the raising of the loans or is in conformity with the rules, if any, made by that Government in this behalf: and
- (b) In the case of debentures or loans or other than debentures issued to or loans obtained from Government or any Institution specified by the Central Government in this behalf, has also been approved by a special resolution passed by the Company in General Meeting before the issue of the debentures or raising of the loans.



### **EMPLOYEE STOCK OPTIONS/STOCK PURCHASE**

7. Subject to the provisions of Section 81 of the Act and other applicable law, the Company may issue options to the whole-time directors, officers or employees of the Company, its subsidiaries or its parent, which would give such directors, officers or employees, the benefit or right to purchase or subscribe at a future date, the securities offered by the Company at a pre-determined price, in term of schemes of employee stock options or employees share purchase or both.

### **INCREASE AND REDUCTION OF CAPITAL**

8. The Company in General Meeting may, from time to time, by ordinary resolution increase the share capital of the Company by the creation of new shares by such sum, to be divided into shares of such amount as may be deemed expedient.
9. Subject to any special rights or privileges for the time being attached to any shares in the capital of the Company when issued, the new shares may be issued upon such terms and conditions and with such preferential, qualified or such rights and privileges or conditions thereto as general meeting resolving upon the creation thereof shall direct. If no direction be given, the Board shall determine in particular the manner in which such shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company.
10. Before the issue of any new shares, the Company in General Meeting may make provisions as to the allotment and issue of the new shares and in particular may determine to whom the shares be offered in the first instance and whether at par or premium or at a discount. In case no such provision is made by the Company in General Meeting, the new shares may be dealt with according to the provisions of these Articles.
11. Except so far as otherwise provided by the conditions of issue or by these presents any capital raised by the creation of new shares shall be considered part of the then existing capital of Company and shall be subject to the provisions herein contained with reference to the payment of dividends, calls and instalments, transfer and transmission, forfeiture, lien, voting, surrender and otherwise.
12. If, owing to any inequality in the number of new shares to be issued and the number of shares held by members entitled to have the offer of such new shares, any difficulty arising in the allotment of such new shares or any of them amongst the members shall, in the absence of any direction in the resolution creating the shares or by the Company in general meeting, be determined by the Board.
13. Subject to the provisions of sections 100 to 103 of the Act, the Company may, from time to time in any manner, by special resolution and subject to any consent required under sections 100 to 103 of the Act, reduce:
  - (a) its share capital;
  - (b) any capital redemption reserve; or
  - (c) any share premium account.
14. Subject to provisions of sections 100 to 105 of the Act, the Board may accept from any member the surrender, on such terms and conditions as shall be agreed, of all or any of his shares.

### **SHARE CERTIFICATES**

15. Every member shall be entitled, without payment, to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the Directors so approve (upon paying such fee as the Directors may from time to time determine) to several certificates, each for one or more of such shares and the Company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within one month of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be. Every certificate of shares shall be under the seal of the Company and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid-up there on and shall be in such form as the Directors may prescribe or approve, provided that in respect of a share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate of shares to one of several joint holders shall be sufficient delivery to all such holder.

The provisions of this Article shall mutatis mutandis apply to debentures of the Company.

Nothing contained herein shall apply to transfer of a security effected by the transferor and the transferee both of whom are entered as Beneficial Owners in the records of a Depository

16. The certificate of shares registered in the name of two or more persons shall be delivered to the person first named in the Register.
17. If any certificate be worn out, defaced, mutilated or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deem adequate, being given, an & new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate. Every Certificate under the Article shall be issued without payment of such fees (not exceeding Rs. 2/- for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the each thereof for endorsement of transfer.

Provided that notwithstanding what is slated above the Board shall comply with such Rules or Regulation or requirement of any stock exchange or the Rules made under the Securities Contract Regulations Act, 1956 or the Act, or rules applicable in this behalf.

The provisions of this Article shall mutatis mutandis apply to debentures of the Company.

18. If the securities of the Company are dealt with in a Depository, the Company shall intimate the details of allotment of securities to Depository immediately on allotment of such securities

#### **TRANSFER OF SHARES**

19. Any member who intends to transfer shares (the "Vendor") shall give notice in writing to the Board of his intention. That notice shall constitute the Board, his agent for the sale of the said shares at a price to be agreed upon the Vendor and the Board or in the event of disagreement at a price which the Auditors of the Company for the time being shall certify in writing, to be the fair value thereof as between a Vendor and the purchaser. In certifying the fair value, the Auditors shall be acting as an expert and not as an arbitrator and accordingly the Indian Arbitration Act, 1949; shall not apply.
20. Upon the price being settled as aforesaid, the Managing Director or Directors who are attending the duties of the Company shall in the first instance be entitled to purchase the said shares or any part thereof, as aforesaid, the Board shall give notice to all members of the Company of the number and price of the shares to be sold and invite each of them to state in writing within 28 days from the date of the said notice whether he is willing to purchase any, if so what maximum number of the said shares.
21. At the expiration of 28 days, the Board shall allocate the said shares to or amongst the member or members who has/have expressed his or their willingness to purchase and if more than one, so far as may be possible prorate according to the number of shares already held by them respectively. Upon such allocation being made, vendor shall be bound on payment of the said price to transfer the shares to the purchaser or purchasers and if he makes default in so doing the Board may receive and give a good discharge for the purchase money on behalf of the Vendor and enter the name of the purchaser in the Register of Members as holder of the said shares purchased by him.

#### **SHARES AT THE DISPOSAL OF DIRECTORS**

22. Subject to the provisions of Section 81 of the Act and these Articles, the shares in the capital of the Company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of Section 79 of the Act) at a discount and at such time as they may from time to time think fit and with the sanction of the Company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot shares in the capital of the Company on payment in full or part of any property sold and transferred or for any services

rendered to the Company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares. Provided that option or right to call on shares shall not be given to any person or persons without the sanction of the Company in a General Meeting.

### **NOMINATION**

23. Subject to provisions of Section 109A of the Companies Act, 1956, every holder of shares in, or holder of debentures of, a Company may, at any time, nominate, in the prescribed manner a person to whom his shares in, or debentures of, the Company shall vest in the event of his death .

### **TERM OF ISSUE OF DEBENTURE**

24. Any debentures, debentures stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares, attending (but not voting) at the General Meeting, appointment of Directors and otherwise Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in the General Meeting by a Special Resolution.

### **DIRECTORS**

25. Subject to the provisions of Section 252 of the Companies Act. 1956, unless otherwise determined by the Company in the General Meeting, the number of Directors shall not be less than three and more than twelve.
26. The Share qualification for a Director may be fixed by the Company in General Meeting, and unless and until so fixed, no share qualification shall be required.
27. The First Directors of the Company shall be:
- (a) Mr. Anurag Madan;
  - (b) Mr. Rajeev Mehrotra; and
  - (c) Mr. Vikas Khemani.
28. None of the Directors shall be liable to retire by rotation, notwithstanding the provisions of Section 256 of the Act, which shall not be applied.
29. The Board shall have power at any time and from time to time, to appoint any other person to be a Director, either to fill a casual vacancy, or as addition to the Board, subject to Article 3 above.
30. The Directors may appoint from time to time subject to the provisions of the Act, one of them as Managing Director on such remuneration, terms and conditions as they may think fit and proper and remove him and appoint some other Director in his place as Managing Director if the Directors in their meeting so desire.

### **BORROWING POWERS**

31. The Board may from time to time subject to the sections 58A, 292 and 293 of the Act, at their discretion raise or borrow any sum or sums of money for the purpose of the Company and subject to the applicable provisions of the Act may secure payment or repayment of same in such manner and upon such terms and conditions in all respect as may be prescribed by the Board, in particular by the creation of any mortgage *or charge or other encumbrances on any of the immovable properties of the Company* or hypothecation, pledge or charge on and over the Company's stocks, book debts and other movable properties.
32. The Board may raise or secure the payment of such sum or sums in such manner and upon such terms and conditions as they think fit and in particular, by the issue of bonds, perpetual or redeemable debentures or debenture-stock or any mortgage, charge or other security on the undertaking of the whole or any part of the property (both movable and immovable) of the Company both present and future including its uncalled capital for the time being or by giving, accepting or endorsing on behalf of the Company any promissory notes, bills of exchange or other negotiable instruments and no debenture shall carry any voting right whether generally or in respect of any particular class or classes of business.

33. If any uncalled capital is included in or charged by any mortgage of other security, the Directors may, by instrument under the Seal authorize the person in whose favour such mortgage or security is executed or any other person in trust for him to make calls on the member in respect of such uncalled capital, and the provisions herein before contained in regard to calls shall, mutatis mutandis apply to calls, made under such authority and may be made exercisable either conditionally and either presently or contingently and either, to the exclusion of the Director's powers or otherwise, and shall be assignable if expressed so to do.
34. Any debenture-stock or other securities may be issued at a discount premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination, and with any privileges such as warrants etc. and conditions as to redemption, surrender, drawing, allotment of shares, attending at General Meeting, appointment of Directors and otherwise. The power to issue debenture stock or other securities with a right to allotment of or conversion into shares of any denomination shall only be exercised by the Company in the General Meeting.
35. Save as provided in Section 108 of the Act, no transfer of debentures shall be registered unless a proper instrument of transfer duly stamped and executed by the transferor and transferee has been delivered to the Company together with the certificates of the debentures.
36. If the Board refuses to register the transfer of any debentures of the Company, it shall within two months from the date on which the instrument of transfer was lodged with the Company, send to the transferee and to the transferor notice of the refusal.
37. Subject to section 201 of the Act, if any Director or any other person shall become personally liable for the payment of any sum primarily due from the Company, the Board may execute or cause to be executed any mortgage, charge or security cover for effecting the whole or any part of the assets of the Company by way of indemnity to secure the Director or any person so becoming liable, as aforesaid, from any loss in respect of such liability.
38. Subject to Section-58A, 292 and 293 of the Act and the Companies (Acceptance of Deposits) Rules, 1975 the Company may receive deposits on such terms and conditions and bearing interest at such rates as the Board may decide and fix and which may be made payable monthly, quarterly, half yearly or yearly. .
39. The Company may subject to the provisions of Section 208 of the Act, pay interest on so much of the share capital as is for the time being paid up and was issued for the purpose of raising money to defray the expenses of the construction of any work or building or the provision of any plant, which cannot be made profitable for a lengthy period.
40. Debentures/debenture stock, loan/loan stock, bonds or other securities conferring the right to allotment or conversion into shares or the option or right to call for allotment of shares shall not be issued except with the sanction of the Company in General Meeting.

### **GENERAL MEETING**

41.
  - (a) The Board may call any of the General Meeting of the Company by giving a shorter notice, as short as it thinks fit, without accordingly the consent of the members notwithstanding Section 171 of the Act.
  - (b) The Chairman of the Board shall be Chairman of the General Meetings. In his absence any Director present shall be the Chairman of the meeting. The Chairman of the meeting shall have a casting vote in addition to the vote, which he may be entitled as a member.
  - (c) Two members present in person or proxy shall be quorum for the General Meeting.
42. No explanatory statement will be required to be annexed to any notice of any General Meeting of the Company regarding any items of business to be transacted at such meetings, even though such business may be deemed special within the meaning of Section 173 of the Act.
43. The ordinary business of an Annual General Meeting shall be to receive and consider the profit and loss account, the balance sheet and the report of the Director's and Auditor's thereon, to elect Directors in place

of those retiring by rotation, to appoint auditors and fix their remuneration and to declare dividend. All other business transacted at an Annual General Meeting and all business transacted at any other General Meeting shall be deemed special business.

44. Every question submitted to a meeting, shall be decided in the first instance by a show of hands, and in the case of an equality of votes, both on a show of hands and on a poll, the Chairman of the meeting shall have a casting vote in addition to the vote to which he may be entitled as a member.
45. The Chairman of an Annual General Meeting, with the consent of the meeting may adjourn the same from time to time and from place to place. It is at the sole discretion of the Chairman to adjourn a meeting when it is impossible, by reason of disorder or other like cause to conduct the meeting and complete its business but no business shall be transacted at any adjourned meeting other than the meeting from which the adjournment took place.
46. When a meeting is adjourned it shall not be necessary to give by notice of an adjournment or of the business to be transacted at an adjourned meeting.

#### **MEETING OF THE BORAD**

47. The Directors may meet together for dispatch of the business, adjourn or otherwise regulate their meetings as they think fit, subject to the provisions of Section 285 of the Act.
48. \*Pursuant to the Companies Act, 1956 or any other applicable laws or as may be prescribed by Central Government, the Non-executive Directors may be paid fee for each meeting of Board or a committee thereof, attended by him, as may be determined by the Board of Directors from time to time. The Directors may also be paid traveling and other expenses for attending and returning from meeting of the Board and other expenses incurred by them in connection with the business of the Company. The Directors may also be remunerated for any extra services done by them, outside their ordinary duties as Directors.  
(\*Amended vide Special Resolution passed at EGM held on February 18, 2013.)

#### **DEMATERIALIZATION OF SECURITIES**

49. For the purpose of this Article:-

"Beneficial Owner" means a person whose name is recorded as such with a Depository.

"SEBI" means the Securities and Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992.

"Depository" means a Company formed and registered under the Companies Act, 1956 and which has been granted a Certificate of Registration under sub-section (1A) of Section 12 of the Securities and Exchange Board of India Act, 1992.

"Security" means such security as may be specified by SEBI.

Dematerialisation of Securities

(2) notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialize its securities and to offer securities in a dematerialized form pursuant to the Depositories Act, 1996.

Options for Investors

(3) every person subscribing the securities offered by the Company shall have the option to receive security certificates or to hold the securities with a depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by the law, in respect of any security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issued to the beneficial owner the required Certificates of Securities.

If a person opts to hold his security with a depository, the Company shall intimate such depository the details of allotment of the security,

and on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the security.

Securities in Depositories to be in fungible form (4) All securities held by a depository shall be dematerialized and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.

Right of depositories and Beneficial owners 5)(a) Notwithstanding anything to the Company contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner.

(b) Save as otherwise provided in (a) above, the depository and the registered owner of the securities shall not have any voting rights for any other rights in respect of the securities held by it.

(c) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member to the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities, which are held by a depository.

Service of Documents (6) Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs.

Transfer of Securities (7) Nothing contained in Section 108 of the Act of these Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.

Allotment of Securities dealt with in Depository (8) Notwithstanding anything in the Act or these Articles, where securities are dealt with a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.

Distinctive numbers of securities held in a Depository (9) Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a depository.

Register Index beneficial owners (10) The Register and Index of beneficial owner maintained by a depository under the Depositories Act, 1996, shall be deemed to be the Register and Index of Members and Security holders for the purpose of these Articles.

### **BUY BACK OF SHARES**

50. Notwithstanding anything contained in these Articles, the Board of Directors may, when and if thought fit, buy-back such of the Company's own shares or securities as it may think necessary, subject to such limits, upon such terms and conditions, and subject to such approvals, as required by law.

### **RECONSTRUCTION**

51. On any sale of the whole or any part of the undertaking of the Company, the Board or the Liquidators on a winding up may, if authorized by special resolution, accept fully paid or partly paid-up shares, debentures or securities of any other Company, whether incorporated in India or not either then existing or to be formed for the purchase in the whole or in part of the property of the Company and the Board (if the profits of the Company permit) or the Liquidators (in winding up) may distribute such shares or securities or any other property of the Company amongst the members without realisation or vest the same in trustees for them and any special resolution may provide for the distribution or appropriation of cash, shares or other securities, benefits or property, otherwise than in accordance with the strict legal rights of the member, contributors of the Company and for the valuation of any such securities or property at such price and in such manner as the meeting may approve and all holders of shares shall subject to the provisions of Section 395 of the Act be bound to accept as shall be bound by any valuation or distribution so authorised and waive all rights in relation thereto save only in case the Company is proposed to be or is in course of being wound up and subject to the provisions of Section 494 of the Act as are incapable of being varied or excluded by these Articles.

### **SECRECY CLAUSE**

52. Subject to the provisions of the Act, every Director, Manager, Auditor, trustee, Member of the Committee, Officer, servant, agent, accountant or other person employed in the business of the Company shall if so required by the Board before entering upon his duties, sign a declaration pledging himself to observe a strict secrecy respecting all transactions of the Company with the customers and the state of account with individuals and in matter relating thereto and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required so to do by the Board or by any meeting or by a Court of law and except so far as may be necessary in order to comply with any of the provisions in these presents contained.
53. No member or other person (not being a Director) shall be entitled to visit or inspect any works of the Company or to enter upon the property of the Company or to inspect or examine the Company's premises or properties of the Company without the permission of the Board or subject to Article 195 require discovery of or any information respecting any detail of the Company's trading or any matter which is or may be in the nature of trade secret mystery of trade, or secret process or of any matter whatsoever which may relate to the conduct of the business of the Company and which in the opinion of the Directors it will not be in the interest of the Company to communicate.

## **SECTION IX- MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION**

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Draft Prospectus) which are or may be deemed material have been entered or are to be entered into by our Company. These contracts and also the documents for inspection referred to hereunder, may be inspected on Working Days at the Registered and Corporate Office of our Company situated at Edelweiss House, Off. C.S.T Road, Kalina, Mumbai - 400 098, Maharashtra, India between 11:00 hours to 17:00 hours on any Working Day (Monday to Friday) during which issue is open for public subscription under the Prospectus.

### **MATERIAL CONTRACTS**

1. Issue Agreement dated June 17, 2016 between our Company and the Lead Managers.
2. Agreement dated June 17, 2016 between our Company and the Registrar to the Issue.
3. Debenture Trustee Agreement dated June 14, 2016 executed between our Company and the Debenture Trustee.
4. Escrow Agreement dated [•] between our Company, the Registrar, the Escrow Collection Bank(s), and the Lead Managers.
5. Lead broker Agreement dated [•] between our Company, the Lead brokers and the Lead Managers.
6. Tripartite agreement dated June 17, 2016 among our Company, the Registrar and CDSL.
7. Tripartite agreement dated June 16, 2016 among our Company, the Registrar and NSDL.

### **MATERIAL DOCUMENTS**

1. Memorandum and Articles of Association of our Company, as amended to date.
2. Certificate of Incorporation of our Company dated May 30, 2008, issued by Registrar of Companies, Maharashtra at Mumbai.
3. Certificate of Registration as an HFC from the NHB dated March 18, 2010 issued by National Housing Bank u/s 29A of the National Housing Bank, 1987.
4. Copy of shareholders resolution dated September 30, 2015, under section 180(1)(a) and section 180 (1) (c) of the Companies Act, 2013 on overall borrowing limits of the Board of Directors of our Company.
5. Copy of the resolution by the Board of Directors dated May 11, 2016, approving the issue of NCDs.
6. Copy of the resolution passed by Securities IPO Committee at its meeting held on June 17, 2016 approving the Draft Prospectus.
7. Consents of the Directors, our Company Secretary and Compliance Officer, Lead Managers, Lead Brokers, Legal Advisor to the Issue, Bankers to the Issue, Registrar to the Issue, the Debenture Trustee for the NCDs and Credit Rating Agencies to include their names in this Draft Prospectus, in their respective capacities.
8. Consent of the Statutory Auditors of our Company, for inclusion of their name and the report on the Reformatted Financial Statements in the form and context in which they appear in this Draft Prospectus and their statement on tax benefits mentioned herein.
9. The Examination report dated June 17, 2016 in relation to the Reformatted Financial Statements included therein.
10. Statement of tax benefits dated June 17, 2016 issued by our Statutory Auditors.
11. Annual Report of our Company for the last five Fiscals.
12. In-principle listing approval from BSE and NSE by their letter no. [•] dated [•] and letter no. [•] dated [•] respectively.
13. Due Diligence Certificate dated [•] filed by the Lead Managers with SEBI.

**Any of the contracts or documents mentioned above may be amended or modified at any time, without reference to the Debentureholders, in the interest of our Company in compliance with applicable laws.**



## **DECLARATION**

We, the undersigned, Directors of the Company, hereby certify and declare that all relevant provisions of the Companies Act 1956, as amended, the Companies Act, 2013, as amended, and rules prescribed thereunder to the extent to the extent applicable on this date, the guidelines issued by the Government of India and the regulations/ guidelines/ circulars issued by the Reserve Bank of India and the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as applicable, including the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended, have been complied with and no statement made in this Draft Prospectus is contrary to the applicable provisions of the Companies Act, 1956, relevant provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made there under, regulations or guidelines or circulars issued, as the case may be. We further certify that all the disclosures and statements made in this Draft Prospectus are true and correct and do not omit disclosure of any material fact which may make the statements made therein, in light of circumstances under which they were made, misleading and that this Draft Prospectus does not contain any mis-statements.

**Signed by the Directors of our Company**

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**Mr. Vineet Mahajan**

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**Mr. Shiva Kumar**

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**Mr. Shalinee Mimani**

---

**Mr. Uday Dutt**

---

**Mr. P N Venkatachalam**

---

**Mr. Krishnaswamy Siddharth**

Date: June 17, 2016

Place: Mumbai

## **ANNEXURE A – CREDIT RATING AND RATIONALE**

Please refer the next page for the credit rating and rationale.

CARE/HO/RL/2016-17/1325

Mr. Anil Kothuri,  
MD & CEO,  
Edelweiss Housing Finance Limited,  
Edelweiss House, Off CST Road,  
Kalina, Mumbai – 400 098

May 31, 2016

**Confidential**

Dear Sir,

**Credit rating for Non-convertible Debentures**

Please refer to your request for revalidation of the rating assigned to long-term Non-Convertible Debenture issue aggregating to Rs.700 crore of Edelweiss Housing Finance Limited.

2. The following ratings have been reviewed:

Instrument	Amount (Rs. crore)	Amount utilized* (Rs. crore)	Rating <sup>1</sup>	Remarks
Retail Non-Convertible Debentures	500 (Rupees Five Hundred Crore only)	-	CARE AA [Double A]	Reaffirmed
Proposed Non-convertible Debentures	200 (Rupees Two Hundred Crore only)	-	CARE AA [Double A]	Reaffirmed
	700 (Rupees Seven Hundred Crore only)	-		

\*as on March 31, 2016

3. Please arrange to get the rating revalidated, in case the proposed issue is not made within six months from the date of this letter.
4. Please inform us the details of issue [date of issue, name of investor, amount issued, interest rate, date of maturity, etc.] as soon as it has been placed.

<sup>1</sup>Complete definitions of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications.

5. CARE reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.
6. CARE reserves the right to suspend/withdraw/revise the rating assigned on the basis of new information or in the event of failure on the part of the company to furnish such information, material or clarifications as may be required by CARE. CARE shall also be entitled to publicize/disseminate such suspension / withdrawal / revision in the assigned rating in any manner considered appropriate by it, without reference to you.
7. Users of this rating may kindly refer our website [www.careratings.com](http://www.careratings.com) for latest update on the outstanding rating.
8. CARE ratings are **not** recommendations to buy, sell, or hold any securities.

If you need any clarification, you are welcome to approach us in this regard.

Thanking you,



[Karan Ved]

Analyst

[karan.ved@careratings.com](mailto:karan.ved@careratings.com)



[Vishal Sanghavi]

Senior Manager

[vishal.sanghavi@careratings.com](mailto:vishal.sanghavi@careratings.com)

Yours faithfully,

Encl: As above

**Disclaimer**

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

JUNE 10, 2016

## CARE REAFFIRMS THE RATING TO ASSIGNED PROPOSED NCD PROGRAMME OF EDELWEISS HOUSING FINANCE LIMITED

### Ratings

Facilities	Amount (Rs. crore)	Ratings	Remarks
Retail Non-Convertible Debentures	500 (Rupees Five Hundred crore only)	CARE AA (Double A)	Reaffirmed
Proposed Non-Convertible Debentures	200 (Rupees Two Hundred crore only)	CARE AA (Double A)	Reaffirmed
<b>Total</b>	<b>700</b> (Rupees Seven Hundred crore only)		

Edelweiss Financial Services Ltd (EFSL – rated ‘CARE AA’), the flagship company of the Edelweiss group, owns 100% in most of its subsidiaries and the management/line functions for these businesses is common with significant operational and financial integration among them. Accordingly, CARE has considered a consolidated view of EFSL for arriving at the rating.

### Rating Rationale

The rating of Edelweiss Housing Finance Limited (EHFL) factors in the diversified business profile of EFSL (consolidated basis), good asset quality and comfortable liquidity profile. The rating also takes into account the well-qualified and experienced management team, established institutional equity broking business and good retail distribution network. The rating is, however, constrained by substantial proportion of revenue from the capital markets related activities which has an inherent volatility, client concentration risk in its wholesale loan portfolio, increasing gearing levels, risk associated with relatively new businesses and competitive scenario in the capital markets. The performance of EFSL’s new businesses, competitive position in the capital market businesses, asset quality, concentration levels in its wholesale lending portfolio and gearing levels are the key rating sensitivities.

### Background

Previously known as Edelweiss Capital Ltd, EFSL was incorporated in 1995 by Mr Rashesh Shah and Mr Venkat Ramaswamy. EFSL is registered as a Category I Merchant Banker with SEBI and is the parent company of the Edelweiss group. The company on a stand-alone basis is primarily engaged in investment banking services and provides development, managerial and financial support to the businesses of the Edelweiss group entities. The Edelweiss group offers a range of products and services, spanning varied asset classes and diversified consumer segments. The businesses of Edelweiss are organized around five broad lines – credit including housing finance, commodities, financial markets, asset management and life insurance. In addition, the Balance-sheet Management Unit (BMU) attends to the balance sheet and liquidity management. The Edelweiss group consists of 56 subsidiaries and 7 associate companies and employs 4,800 professionals across 240 offices and branches spread across 120 major cities of India. Edelweiss group has 3 active Non-Banking Finance Companies (NBFC) and 1 Housing Finance Company (HFC) to carry out its lending business.

Edelweiss Financial Services Ltd (EFSL) and Edelweiss Commodities Services Ltd (100% subsidiary EFSL) own 100% shareholding of Edelweiss Housing Finance Limited (EHFL). EHFL is registered with the National Housing Bank (NHB) as a Housing Finance Company and offers housing loans and loan against property.



During FY16 (refers to the period April 1 to March 31), EFSL reported a consolidated PAT of Rs. 414 crore (after minority interest) on a total income of Rs. 5,268 crore as compared with PAT of Rs. 329 crore on total income of Rs. 3,894 crore during FY15. As on March 31, 2016, consolidated tangible net-worth (excluding minority interest) stood at Rs. 3,495 crore.

During FY16, EHFL reported a PAT of Rs. 38 crore on a total income of Rs. 273 crore as compared to PAT of Rs. 21 crore on total income of Rs. 180 crore during FY15. As on March 31, 2016, tangible net-worth was Rs. 336 crore.

**Analyst Contact**

Name: Mr Vishal Sanghavi

Tel: 022-6754 5430

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**\*\*For detailed Rationale Report and subscription information, please contact us at [www.careratings.com](http://www.careratings.com)**

*CARE has classified instruments rated by it on the basis of complexity. This classification is available at [www.careratings.com](http://www.careratings.com). Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.*

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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ICRA Limited

CONFIDENTIAL

Ref: 2016-16/MUMR/0309

June 14, 2016

Mr. Anil Kothuri  
CEO & President-Retail Finance  
Edelweiss House, 4th Floor,  
Off C.S.T. Road, Kalina  
Mumbai- 400 098

Dear Sir,

Re : Revalidation of Credit Rating for the Retail Non Convertible Debenture programme of Rs. 500 crore of Edelweiss Housing Finance Limited

This is with reference to your email dated June 14, 2016 for re-validating the rating for the captioned programme.

We hereby confirm that the "[ICRA]AA" rating with stable outlook assigned to the captioned programme and last communicated to you vide our letter dated May 13, 2016, stands. Instruments with this rating are considered to have high degree of safety regarding timely payment of financial obligations. Such instruments carry very low credit risk.

The other terms and conditions for the credit rating of the aforementioned instrument shall remain the same vide our letter Ref: 2016-17/MUM/0199 dated May 13, 2016.

With kind regards,

Yours faithfully,  
For ICRA Limited

  
KARTHIK SRINIVASAN  
Senior Vice President &  
Co-Head Financial Sector Ratings

  
KALPESH GADA  
Senior Vice president

3rd Floor, Electric Mansion,  
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**RATING • RESEARCH • INFORMATION**



## Edelweiss Housing Finance Limited

Instrument/Facility	Amount in INR Crores	Rating Action (May 2016)
Retail Non Convertible Debenture Programme	500.00	[ICRA]AA (stable) assigned

ICRA has assigned the rating of [ICRA]AA (stable) to Rs 500 cr Retail Non Convertible Debenture Programme of Edelweiss Housing Finance Limited (EHFL).

ICRA also has ratings of [ICRA]AA on the Rs 500 Crore Non Convertible Debenture Programme, Rs 100 crore Subordinated Debt and on Rs 1700 cr bank lines of Edelweiss Housing Finance Limited (EHFL). ICRA also has a rating of [ICRA]A1+ on the Rs 1000 crore CP of EHFL. All long term ratings carry a stable outlook.

While arriving at the ratings, ICRA has taken a consolidated view on credit profile of key Edelweiss group companies (collectively referred to as Edelweiss Group) owing to common promoters and senior management team, shared brand name, and strong financial and operation synergies shared across the group companies. The ratings factor in Edelweiss Group's diversified business revenues constituted by its financing, commodities trading and broking operations, strong presence in institutional broking and investment banking, group's robust risk management systems and adequate capitalisation profile backed by strong network (Rs. 3858 crore as on December 31, 2015, for Edelweiss Group consolidated including minority interest). The ratings are further supported by steady improvement in the non capital markets related business with improved seasoning of the financing business. ICRA also takes note of the group's improving liquidity profile with high liquid treasury assets and improving diversification in the resources profile. However, the rating strengths are partially offset by the concentration of the financing business in wholesale and builder loan segment (~60% of the portfolio as on Dec 31, 2015) and moderate profitability indicators (PAT/ATA of 1.26% and RONW of 9.41% in FY15 and 10.98% of RONW (ex- insurance) in FY15). ICRA also takes note that the group has been able to maintain its Gross NPAs below 1.5% over the last few years. Although the dependence on capital market related businesses is coming down, the group's revenue and profitability indicators may get impacted by the cyclical nature of domestic capital markets, prospects which continue to remain uncertain in the current operating environment. While ICRA has also taken note of the group's diversification into various businesses such as retail capital markets, insurance, commodities etc., these businesses are in the early stages in the life cycle, and correspondingly depress the profitability indicators of the group in the short term. Going forward, ICRA expects financial, managerial and operational support would continue to be available to all the key group companies of Edelweiss Group. The ratings would be sensitive to Edelweiss' ability to profitably manage its relatively new lines of business, along with maintaining superior asset quality through business cycles.<sup>1</sup>

### Edelweiss Group

Edelweiss Financial Services Ltd (EFSL), the holding company of the Edelweiss group of companies, was incorporated in 1995 by first generation entrepreneurs to offer investment-banking services primarily to the technology companies. Currently, Edelweiss group is involved in the wholesale financing, commodity trading, corporate debt syndication and debt restructuring, equity broking - both institutional and retail, corporate finance advisory services, wealth advisory and asset management. The group has forayed into housing finance in FY11 and into life insurance business in FY12. At consolidated level, EFSL reported a consolidated net profit (after tax and minority interest) of Rs 329 crore in FY 15 as compared to a PAT of Rs 220 crores in FY14.

### Recent Results

EFSL reported a PAT of Rs 106 crore on a total income of Rs 1,361 crore in Q3FY16 compared to a PAT of Rs 83 crore on a total income of Rs 968 crore in Q3FY15

**May 2016**

<sup>1</sup> For detailed rationale, please refer rationale released in December 2015

*For further details please contact:*

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**BWR/NCD/HO/ERC/MM/0086/2016-17**  
June 01, 2016

CIN: U67190KA2007PTC043591

**Mr. S Ranganathan**  
President and CFO  
**Edelweiss Housing Finance Limited**  
Edelweiss House  
Off CST Road, Kalina  
Mumbai-400098

Dear Sir,

**Sub:** Rating of Proposed Secured Long Term Retail Non-Convertible Debentures (NCD) issue up to ₹ 500 Crores of Edelweiss Housing Finance Limited (EHFL)

**Ref:** i) Your email request dated May 19, 2016  
ii) Our Rating Letter BWR/BNG/RL/2015-16/0378 dated December 29, 2015

Thank you for giving us an opportunity to undertake the Rating process for the **Proposed Secured Long Term Retail NCD** issue of **Edelweiss Housing Finance Limited**. Based on the information and clarifications provided by your company, terms of issue shared with us, as well as information available in public sources, Brickwork Ratings is pleased to inform you that **Edelweiss Housing Finance Limited's Proposed Secured Long Term Retail NCD** issue up to ₹ 500 Crores has been assigned a rating of **BWR AA+** (Pronounced as BWR Double A Plus) with **Stable Outlook**.

Instruments with this rating are considered to have **high degree** of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.

In view of this letter, our previous letter **BWR/BNG/RL/2015-16/0378** dated December 29, 2015 conveying rating of BWR AA+ (Stable) for Proposed Secured Long Term NCD issue up to ₹ 700 Cr through Private Placement stands cancelled.

The Rating is valid for one year from the date of this letter subject to the terms and conditions that were agreed in your mandate dated December 24, 2015 and other correspondence, if any, and Brickwork Ratings' standard disclaimer appended below.

**Brickwork Ratings India Pvt. Ltd.**

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**Edelweiss Housing Finance Limited**

Brickwork Ratings would conduct surveillance every year till maturity/redemption of the instrument. Please note that Brickwork Ratings would need to be kept informed of any information/development that may affect your Company's finances/performance without any delay.

Please let us have your acceptance of the above Rating within two days of the date of this letter. Kindly note that unless acceptance is received by us, the rating is not valid and should not be used for any purpose whatsoever.

Best Regards,

  
MSR Manjunatha  
Director-Ratings



**Note: In case of all accepted Ratings, respective Rating Rationale is published on Brickwork Ratings website. Interested persons are well advised to refer to our website [www.brickworkratings.com](http://www.brickworkratings.com), if they are unable to view the rationale, they are requested to inform us on [brickworkhelp@brickworkratings.com](mailto:brickworkhelp@brickworkratings.com)**

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## Rating Rationale

**Brickwork Ratings assigns the rating of 'BWR AA+' for the proposed Long Term Secured Retail NCD issue up to ₹ 500 Cr and reaffirms the existing ratings of various debt issues of Edelweiss Housing Finance Limited**

Brickwork Ratings (BWR) has assigned the **Rating<sup>1</sup>** of '**BWR AA+**' (Pronounced BWR Double A Plus) with **Stable Outlook** for the proposed Long Term Secured Retail Non-Convertible Debenture issue up to ₹500 Crores of Edelweiss Housing Finance Limited ('EHFL' or 'the Company'). Instruments with this rating are considered to have **high degree** of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.

Other outstanding Ratings<sup>1</sup> that are *reviewed and reaffirmed* for Edelweiss Housing Finance Limited are as per table below:

Facility	Limits (₹ Cr)	Tenure	Rating	Rating History (Feb 2016)
Secured NCD	200 (reduced from 700)	Long Term	BWR AA+ Outlook: Stable	BWR AA+ Outlook: Stable
Secured NCD	50		BWR AA+ Outlook: Stable	BWR AA+ Outlook: Stable

BWR has principally relied upon the audited financial results of the Company up to FY16, projected financials, publicly available information and information/clarifications provided by the Company's Management.

The rating has factored, inter alia, EHFL's strong parentage (Edelweiss Group), experienced & professional management in place, significant growth in business due to expansion of operations and growth of loan book while maintaining the asset quality, comfortable capitalization, and strong credit appraisal, loan monitoring & recovery policy and financial flexibility. The rating is, however, constrained by the unseasoned nature of loan portfolio, increasing gearing at Group level and competition from banks and NBFCs to Housing Finance Sector, in general.

### Background

Edelweiss Housing Finance Limited (EHFL), incorporated in 2008, is a housing finance company registered under NHB and is engaged in providing medium and small ticket housing loans along with Loan Against Property. EHFL is a part of Edelweiss group which offers large range of financial products and services spanning across varied asset classes and diversified consumer segments like Credit, Agency Business, Life Insurance and Balance Sheet Management.

<sup>1</sup> Please refer to [www.brickworkratings.com](http://www.brickworkratings.com) for definition of the Ratings



Edelweiss Financial Services Limited (previously known as Edelweiss Capital Limited) was incorporated in 1995 by Mr. Rashesh Shah and Mr. Venkat Ramaswamy, focusing on financial services in India, is the parent company of the Edelweiss group. EFSL is registered as a Category I Merchant Banker with SEBI. The company on a stand-alone basis is primarily engaged in investment banking services and provides development, managerial and financial support to the businesses of the Edelweiss group entities

As of March 31, 2016, EFSL (22.4%) and Edelweiss Commodities Services Limited, a 100% subsidiary of EFSL, (77.6%) had 100% shareholding in EHFL.

### **Management Profile**

The Board of Directors consists of three Directors and two Independent Directors. The company also has well qualified and experienced professionals looking after credit, risk, marketing, audit and other support functions.

### **Business Volumes**

The Company's Loan Portfolio Outstanding increased from ₹ 1,508 Crores as of March 31, 2015 to ₹ 2,384 Crores as of March 31, 2016, a Y-o-Y growth of 58%. The average ticket size in Residential Mortgages is around ₹ 45 Lacs, in Small ticket housing loans it is ₹ 12 Lacs and in LAP around ₹ 1 Crores; average tenure of Home loans is 15 years and for LAP around 7 years.

### **Asset Quality**

As of March 31, 2016, Gross NPA of the Company stood at 1.17% compared to 0.99% as of March 31, 2015. Net NPA was at 0.83% compared to 0.60%. The NPA is recognized for assets at 90 dpd. Provision Coverage ratio, though low at 29%, is considered adequate taking into account mortgaged backing for the loans.

### **Capital adequacy**

EHFL's Tangible Net Worth was at ₹ 338.19 Crores as of March 31, 2016. Its capital adequacy in the form of CRAR stood at 19.40% as of March 31, 2016 compared to 29.13% as of March 31, 2015, which is well above the NHB's minimum stipulated requirement of 12% for Housing Finance Companies. Company's Tier I CRAR stood at 16.21% compared to 24.47%.

### **Liquidity**

The entire business of the Group is run and integrated under the flagship Company Edelweiss Financial Services Limited (EFSL) and the borrowings for the Group as of March 31, 2016 aggregated ₹ 27,773 Crores are by way of Bank borrowings: ₹ 8,888 Crores, Mutual Funds: ₹ 9,112 Crores, CBLO: ₹ 4,740 Crores, Structured Products: ₹ 2,131 Crores, Corporate borrowings: ₹ 1,213 Crores and Retail Bonds: ₹ 1,689 Crores. The Company has a comfortable liquidity position as the tenure of its lending are well matched by the tenure of its liabilities.

### **Earnings Quality**

For FY16, Total Operating Income for the Company stood at ₹ 272.8 Crores compared to ₹ 179.7 Crores in FY15, a y-o-y growth of ~52%, while Net Operating Income increased from ₹ 73.3

Crores in FY15 to ₹ 135.9 Crores in FY16, a growth of ~85%. Net Interest margin continue to be in the range of 1 to 2 %. PAT stood at ₹ 38.2 Crores for FY16 compared to ₹ 21.1 Crores for FY15.

### Rating Outlook

The outlook is expected to be stable over the current year, based on the support of the Promoter Group. Going forward the ability of the Company to grow profitably, prudently manage the asset quality as the portfolio gets seasoned, maintain healthy capitalization level and to cope with the changing and competitive nature of the finance industry would be the key rating sensitivities.

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## **ANNEXURE B – DEBENTURE TRUSTEE CONSENT LETTER**

Please refer the next page for the consent letter issued by the debenture trustee.

**1. Consent letter from the Debenture Trustee to the Issue****15<sup>th</sup> June, 2016****Edelweiss Housing Finance Limited**Edelweiss House, 4th Floor,  
Off C.S.T. Road, Kalina,  
Mumbai 400 098

Dear Sir/ Madam,

**Sub: Proposed public issue ("Issue") of secured non-convertible debentures ("NCDs") by Edelweiss Housing Finance Limited ("Company")**

We, the undersigned, hereby consent to be named as the Debenture Trustee to the Issue pursuant to Regulation 4(4) of the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 as amended and to our name being inserted as the Debenture Trustee to the Issue in the Draft Prospectus to be filed with the BSE Limited and National Stock Exchange of India Limited ("Stock Exchanges") for the purpose of receiving public comments and to be forwarded to Securities and Exchange Board of India ("SEBI") and the Prospectus to be filed with the Registrar of Companies, Maharashtra, Mumbai ("RoC"), Stock Exchanges and to be forwarded to SEBI in respect of the Issue and in all related advertisements and in all the subsequent periodical communications to be sent to the holders of the NCDs issued pursuant to this Issue. The following details with respect to us may be disclosed:

Name: M/s.IDBI Trusteeship Services Limited

Address: Asian Building, Ground Floor, 17, R.Kamani Marg, Ballard Estate, Mumbai – 400001.

Tel: 022-40807003

Fax: 022-66311776

Email: [sgunware@idbitrustee.com](mailto:sgunware@idbitrustee.com), [naresh.sachwani@idbitrustee.com](mailto:naresh.sachwani@idbitrustee.com), [meeraiyarr@idbitrustee.com](mailto:meeraiyarr@idbitrustee.com)Website: [www.idbitrustee.co.in](http://www.idbitrustee.co.in)

Contact Person: Mr.Shivaji Gunware, Mr.Naresh Sachwani, Ms.Meera Iyarr

Investor Grievance e-mail: [response@idbitrustee.com](mailto:response@idbitrustee.com)

SEBI Registration No: IND000000460

We confirm that we are registered with the SEBI and that such registration is valid as on date of this letter. We enclose a copy of our registration certificate and declaration regarding our registration with SEBI in the required format [As enclosed in Annexure A]. We also certify that we have not been prohibited from SEBI to act as an intermediary in capital market issues. [Enclose a copy of the registration certificate and declaration in the required format]. We also authorize you to deliver a copy of this letter of consent to the RoC, pursuant to the provisions of Section 26 of the Companies Act, 2013 and other applicable laws or any other regulatory authority as required by law.

We also agree to keep strictly confidential, until such time as the proposed transaction is publicly announced by the company in the form of a press release, (i) the nature and scope of this transaction; and (ii) Our knowledge of the proposed transaction of the Company.



We undertake that we shall immediately intimate the Company and the Lead Managers of the Issue of any changes in the aforesaid details until the listing and trading of the NCDs on the Stock Exchanges. In absence of any such communication from us, the above information should be taken as updated information until the listing and trading of NCD on the Stock Exchanges.

Yours Sincerely,

**For IDBI Trusteeship Services Limited**

  
**Authorised Signatory**



**Name: Ms.Meera Iyarr**

**Designation: Manager – Legal & Operations**

*[Number of Copies: five original copies]*

*Annexure A*