

INDEPENDENT AUDITOR'S REPORT

To the Members of Edel Finance Company Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying Standalone financial statements of Edel Finance Company Limited ("the Company"), which comprise the Balance sheet as at March 31, 2021, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the Standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its loss including other comprehensive loss its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Emphasis of matter

We draw attention to Note 59 to the Standalone financial statements, which describes the economic and social disruption as a result of COVID-19 pandemic of the Company's business and financial metrics including impairment of carrying value of investments in group companies which is dependent on uncertain future developments. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone financial statements for the year ended March 31, 2021. These matters were addressed in the context of our audit of the Standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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



S.R. BATLIBOI & Co. LLP

Chartered Accountants

| Key audit matters | How our audit addressed the key audit matter |
|---|--|
| <p>(a) Impairment of investments in subsidiary and other group companies (as described in Note 13, 13A, 13B & 13C of the Standalone financial statements)</p> <p>The Company is a Core Investment Company (CIC) registered with the Reserve Bank of India (RBI) and has investments in subsidiary amounting to Rs. 12,354.98 million in form of equity shares of Rs. 2,854.97 million, compulsorily convertible preference shares of Rs. 500.00 million and compulsorily convertible debentures of Rs. 9,000.01 million. The Company has also invested in form of equity shares of Rs. 1,590.14 million in other group companies. These investments are valued at cost and are required to be assessed for impairment in accordance with Ind AS 36, when any indicators of impairment are observed.</p> <p>In carrying out such impairment assessment, a significant judgement of the management is involved in estimating the investee company's "value in use", with in accordance with Ind AS 36. Estimation of the value in use requires the management to apply appropriate assumptions with respect to the growth rates for future cash flow projections of the investee company and discount rates for determining present value of such cash flows.</p> <p>We have identified impairment testing of investments in subsidiary and other group companies as a key audit matter due to the high degree of management's judgement involved in estimation of the recoverable amount of such investments, the inherent uncertainty relating to the assumptions supporting such estimates and the significance of the investments to the overall Standalone financial statements.</p> | <p>Our audit procedures included considering the appropriateness of the processes laid down by the management for assessment of impairment in the value of investments in subsidiary and other group companies combined with procedures performed as follows:</p> <ul style="list-style-type: none">• We considered management's assessment of impairment from the management experts wherever considered necessary and assessed whether any impairment indicators existed for investment in individual subsidiary and other group companies.• We traced the net-worth of the individual subsidiary and other group companies to their audited financial statements.• We assessed information used to determine the key assumptions, including growth rates and discount rates.• We assessed the disclosures relating to investments in subsidiary and other group companies included in the Standalone financial statements in accordance with the requirements of Ind AS. |
| <p>(b) Information technology (IT) systems and controls</p> <p>The reliability and security of IT systems play a key role in the business operations and financial accounting and reporting process of the Company. Since large volume of transactions are processed daily, the IT controls are required to ensure that applications process data as expected and that changes are made in an appropriate manner. Any gaps in the IT control environment could result in a material misstatement of the financial accounting and reporting records.</p> <p>Therefore, due to the pervasive nature and complexity of the IT environment, the assessment of the general IT controls and the application controls specific to the accounting and preparation of the financial information is considered to be a key audit matter.</p> | <p>We performed the following procedures for testing IT general controls and for assessing the reliability of electronic data processing, assisted by specialized IT auditors:</p> <ul style="list-style-type: none">• The aspects covered in the IT General Control audit were (i) User Access Management (ii) Program Change Management (iii) Other related ITGCs - to understand the design and test the operating effectiveness of such controls;• Assessed the changes that were made to the key systems during the audit period and assessing changes that have impact on financial reporting; |



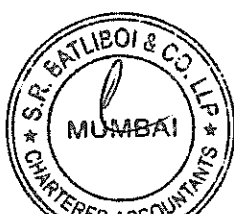
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| Key audit matters | How our audit addressed the key audit matter |
|--|---|
| | <ul style="list-style-type: none">• Tested the periodic review of access rights. We inspected requests of changes to systems for appropriate approval and authorization.• Performed tests of controls (including other compensatory controls wherever applicable) on the IT application controls and IT dependent manual controls in the system.• Tested the design and operating effectiveness of compensating controls, where deficiencies were identified and, where necessary, extended the scope of our substantive audit procedures. |
| (c) Merger of Edelweiss Finvest Limited with the Company (as described in Note 49 of the Standalone financial statements) | |
| <p>The Company ("EFCL" or "transferee") completed the merger of Edelweiss Finvest Limited ("EFL" or "transferor") on February 22, 2021, pursuant to a scheme of merger by absorption under Sections 230 to 232 of the Companies Act, 2013 presented to the National Company Law Tribunal ("NCLT") (the "Scheme"), the final order of which was received on March 31, 2021.</p> <p>NCLT stipulated that upon implementation of the Scheme, EFCL shall account for the amalgamation with EFL in the books of accounts in accordance with "Pooling of Interest Method" of accounting as laid down in Appendix C of Ind AS- 103 (Business Combinations of entities under common control) notified under Section 133 of the Companies Act, 2013, under the Companies (Indian Accounting Standard) Rules, 2015, as amended from time to time.</p> <p>Considering the materiality of the absorbed business to the overall assets of the merged entities significant audit attention has been required to assess the appropriateness of the accounting treatment applied for the above transaction in the Standalone financial statements of the Company. Accordingly, we have considered this area as a key audit matter.</p> | <ul style="list-style-type: none">• Performed inquiries with the managements of EFCL to understand the business rationale for such absorption and assessed whether application of Scheme of NCLT is appropriate.• Reviewed the NCLT order, valuation report for shares and other relevant documents provided to us by the management to corroborate our understanding of the merger with the inquiries referred above and assessed whether all significant terms and conditions stipulated therein have been considered for accounting using 'pooling of interest' method.• Reviewed the forms filed with the Registrar of Companies and approvals sought from RBI by the Company to give the effect of the merger order issued by the NCLT.• Evaluated the competence, capability and objectivity of the professional valuer engaged by the Company in accordance with Standard on Auditing (SA) 500.• Reviewed calculations performed by the management to determine capital reserve arising on merger, as stipulated under Ind AS 103, including arithmetical accuracy thereof.• Assessed whether the disclosures made in the Standalone financial statements of the Merged entity i.e. EFCL with respect to such absorption are in accordance with the requirements of Ind AS. |

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board report, but does not include the Standalone financial statements and our auditor's report thereon, which we obtained prior to the date of this auditors report, and the Annual report, which is expected to be made available to us after that date.



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

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

When we read the Annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

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

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

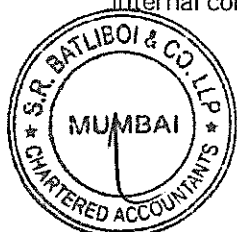
Those Charged with Governance are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

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

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

- Identify and assess the risks of material misstatement of the Standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Standalone financial statements, including the disclosures, and whether the Standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

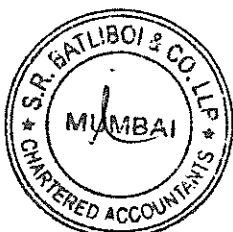
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone financial statements for the financial year ended March 31, 2021 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), Issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;



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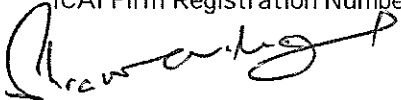
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- (d) In our opinion, the aforesaid Standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Standalone financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- (g) In our opinion, the managerial remuneration for the year ended March 31, 2021 has been paid/provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its Standalone financial statements – Refer Note 41 to the Standalone financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For S. R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005



per Shrawan Jalan

Partner

Membership Number: 102102

UDIN: 21102102AAAAKX5775

Mumbai

Date: June 11, 2021



S.R. BATLIBOI & Co. LLP

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

Re: Edel Finance Company Limited

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.
- (ii) The Company's business does not involve inventories and, accordingly, the requirements under clause 3(ii) of the Order are not applicable to the Company and hence not commented upon.
- (iii) (a) The Company has granted loans to five parties covered in the register maintained under section 189 of the Act. In our opinion and according to the information and explanations given to us, the terms and conditions of the grant of such loans are not prejudicial to the Company's interest.
- (b) The Company has granted loans to five parties covered in the register maintained under section 189 of the Act. The schedule of repayment of principal and payment of interest has been stipulated for the loans granted and the repayment/receipts are regular.
- (c) There are no amounts of loans granted to companies, firms or other parties listed in the register maintained under section 189 of the Act which are overdue for more than ninety days.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 and 186 of the Act are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under section 148(1) of the Act, for the services of the Company.
- (vii) (a) Undisputed statutory dues including provident fund, income-tax, goods and service tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities. As informed, the provisions relating to employee's state insurance, service tax, wealth tax, sales tax, value added tax, excise duty and customs duty are currently not applicable to the Company.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income-tax, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. As informed, the provisions relating to employee's state insurance, service tax, wealth tax, sales tax, value added tax, excise duty and customs duty are currently not applicable to the Company.
- (c) According to the records of the Company, the dues outstanding of income-tax, service tax and cess on account of any dispute, are given below. As informed, the provisions relating to employee's state insurance, service tax, wealth tax, sales tax, value added tax, excise duty and customs duty are currently not applicable to the Company.



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| Name of the Statute | Nature of dues | Amount under dispute (Rs. in millions) [#] | Amount paid (Rs. in millions) * | Period to which it relates | Forum where dispute is pending |
|----------------------|----------------|---|---------------------------------|----------------------------|--|
| Income Tax Act, 1961 | Income Tax | 123.97 | 37.68 | AY 2014-15 | The Commissioner of Income Tax (Appeals) |
| Income Tax Act, 1961 | Income Tax | 12.57 | - | AY 2015-16 | The Commissioner of Income Tax (Appeals) |
| Income Tax Act, 1961 | Income Tax | 127.57 | - | AY 2017-18 | The Commissioner of Income Tax (Appeals) |
| Income Tax Act, 1961 | Income Tax | 596.83 | - | AY 2018-19 | The Commissioner of Income Tax (Appeals) |

* Paid under protest

includes interest

- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowings to a financial institution or bank or dues to debenture holders.
- (ix) In our opinion and according to the information and explanations given by the management, the Company has not raised any money by way of initial public offer/ further public offer/ debt instruments and term loans, hence reporting under clause (ix) is not applicable to the company and hence not commented upon.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the Standalone financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid/provided in accordance with the requisite approvals mandated by the provisions of section 197, read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the notes to the Standalone financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence reporting requirement under clause 3(xiv) are not applicable to the company and, hence not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with the directors as referred to in section 192 of the Act.



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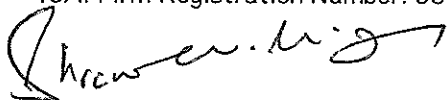
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- (xvi) According to the information and explanations given to us, we report that the Company has registered as required, under section 45-IA of the Reserve Bank of India Act, 1934.

For S. R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005



per Shrawan Jalan

Partner

Membership Number: 102102

UDIN: 21102102AAAAKX5775

Mumbai

Date: June 11, 2021



S.R. BATLIBOI & CO. LLP

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Annexure 2 referred to in paragraph 2 (f) under the heading "Report on other legal and regulatory requirements" of our report of even date

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

We have audited the internal financial controls over financial reporting of Edel Finance Company Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the Standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

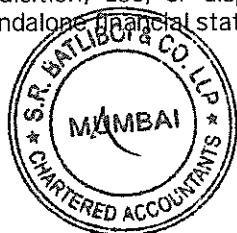
Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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



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Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

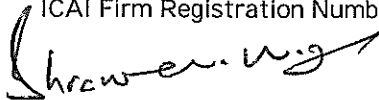
Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S. R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005



per Shrawan Jalan

Partner

Membership Number: 102102

UDIN: 21102102AAAKX5775

Mumbai

Date: June 11, 2021



Edel Finance Company Limited

Balance Sheet as at March 31, 2021

(Currency: Indian rupees in million)

ASSETS

Financial assets

| | Note | As at March 31, 2021 | As at March 31, 2020 |
|--------------------------------------|------|-------------------------|-------------------------|
| (a) Cash and cash equivalents | 8 | 1,200.58 | 1,416.56 |
| (b) Derivative financial instruments | 9 | - | 1,563.67 |
| (c) Securities held for trading | 10 | - | 5,070.58 |
| (d) Receivables | | | |
| (i) Trade receivables | 11 | 52.95 | 2.60 |
| (ii) Other receivables | 11 | - | 2.78 |
| (e) Loans | 12 | 8,445.73 | 8,028.17 |
| (f) Investments | 13 | 20,040.21 | 10,327.45 |
| (g) Other financial assets | 14 | 48.02 | 535.88 |
| | | 29,787.49 | 26,947.69 |

Non-financial assets

| | | | |
|-----------------------------------|----|---------------|---------------|
| (a) Current tax assets (net) | 15 | 330.50 | 158.30 |
| (b) Deferred tax assets (net) | 16 | 290.78 | 261.19 |
| (c) Property, Plant and Equipment | 17 | 3.18 | 4.09 |
| (d) Other Intangible assets | 17 | 1.74 | 4.05 |
| (e) Other non-financial assets | 18 | 4.78 | 150.11 |
| | | 630.98 | 577.74 |

TOTAL ASSETS

| | |
|------------------|------------------|
| 30,418.47 | 27,525.43 |
|------------------|------------------|

LIABILITIES AND EQUITY

Liabilities

Financial liabilities

| | | | |
|---|----|------------------|------------------|
| (a) Derivative financial instruments | 9 | - | 236.46 |
| (b) Trade payables | | | |
| (i) total outstanding dues of micro enterprises and small enterprises | | - | - |
| (ii) total outstanding dues of creditors other than micro enterprises and small enterprises | 19 | 40.89 | 228.51 |
| (c) Debt securities | 20 | 10,665.81 | 13,160.17 |
| (d) Borrowings (other than debt securities) | 21 | 7,136.05 | 1,849.11 |
| (e) Subordinated liabilities | 22 | 161.12 | 161.09 |
| (f) Other financial liabilities | 23 | 16.22 | 0.48 |
| | | 18,020.09 | 15,635.82 |

Non-financial liabilities

| | | | |
|-------------------------------------|----|--------------|---------------|
| (a) Current tax liabilities (net) | 24 | 18.16 | 163.23 |
| (b) Provisions | 25 | 1.03 | 7.69 |
| (c) Other non-financial liabilities | 26 | 19.34 | 66.99 |
| | | 38.53 | 237.91 |

Equity

| | | | |
|---|----|------------------|------------------|
| (a) Equity share capital | 27 | 5,566.75 | 5,332.37 |
| (b) Instruments entirely equity in nature | 28 | 1,650.00 | - |
| (c) Other equity | 29 | 5,143.10 | 6,319.33 |
| | | 12,359.85 | 11,651.70 |

TOTAL LIABILITIES AND EQUITY

| | |
|------------------|------------------|
| 30,418.47 | 27,525.43 |
|------------------|------------------|

The accompanying notes are an integral part of the financial statements

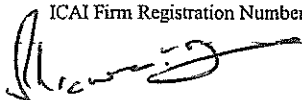
1 to 61

As per our report of even date attached

For S. R. Battiboi & Co. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005



per Shrawan Jalan

Partner

Membership No: 102102


For and on behalf of the Board of Directors



S. Ranganathan

Director

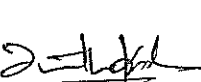
DIN : 00125493



Atul Ambavat

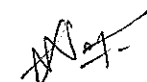
Director

DIN : 00195875



Ananthakrishnan S

Company Secretary



Sunil Nagrani

Chief Financial Officer

Mumbai June 11, 2021

Mumbai June 11, 2021



Edel Finance Company Limited

Statement of Profit and Loss for the year ended March 31, 2021

(Currency: Indian rupees in million)

| | Note | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|--|------|--------------------------------------|--------------------------------------|
| Revenue from operations | | | |
| Interest income | 30 | 1,325.62 | 1,946.93 |
| Dividend income | 31 | - | 0.71 |
| Fee income | 32 | 22.31 | 41.27 |
| Net gain on fair value changes | 33 | 528.68 | 1,095.17 |
| Other income | 34 | 1.23 | 4.06 |
| Total Revenue | | 1,877.84 | 3,088.14 |
| Expenses | | | |
| Finance costs | 35 | 1,986.18 | 1,947.94 |
| Impairment on financial instruments | 36 | 793.28 | 520.44 |
| Employee benefits expense | 37 | 34.07 | 112.22 |
| Depreciation, amortisation and impairment | 17 | 3.22 | 3.09 |
| Other expenses | 38 | 545.14 | 521.57 |
| Total expenses | | 3,361.89 | 3,105.26 |
| Loss before tax | | (1,484.05) | (17.12) |
| Tax expenses | | | |
| (1) Current tax | | | |
| a) Current Tax | 39 | - | 276.76 |
| b) Adjustment in respect of current income tax of prior years | 39 | (212.90) | (60.39) |
| | | (212.90) | 216.37 |
| (2) Deferred tax expense / (credit) (net) | 39 | (29.59) | (142.70) |
| Total Tax | | (242.49) | 73.67 |
| Loss for the year | | (1,241.56) | (90.79) |
| Other comprehensive income / (loss) | | | |
| (a) Items that will not be reclassified to profit or loss | | | |
| Remeasurement gain / (loss) on defined benefit plans (OCI) | | (0.41) | 2.29 |
| Income tax - OCI - that will not be reclassified | | - | (0.57) |
| Total | | (0.41) | 1.72 |
| Total comprehensive loss | | (1,241.97) | (89.07) |
| Earnings per equity share (Face value of Rs. 100 each): | | | |
| (1) Basic (INR) | 40 | (22.73) | (1.70) |
| (2) Diluted (INR) | 40 | (22.73) | (1.70) |

The accompanying notes are an integral part of the financial statements

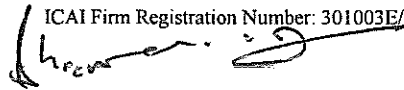
1 to 61

As per our report of even date attached

For S. R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

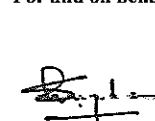


per Shrawan Jalan

Partner

Membership No: 102102

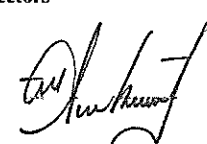
For and on behalf of the Board of Directors



S. Ranganathan

Director

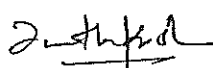
DIN : 00125493



Atul Ambavat

Director

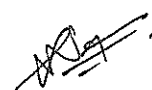
DIN : 00195875



Ananthakrishnan S

Company Secretary

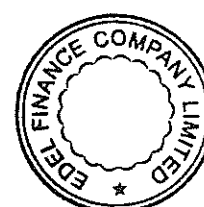
Mumbai June 11, 2021



Sunil Nagrani

Chief Financial Officer

Mumbai June 11, 2021



Edel Finance Company Limited

Statement of Cash flows for the year ended March 31, 2021

(Currency: Indian rupees in million)

| | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|--|--------------------------------------|--------------------------------------|
| A Cash flow from operating activities | | |
| Loss before tax | (1,484.05) | (17.12) |
| <i>Adjustments to reconcile loss before tax to net cash flows:</i> | | |
| Depreciation and amortisation | 3.22 | 3.09 |
| Impairment on financial instruments (net) | 793.28 | 520.44 |
| Fair value of financial instruments (net) | 26.88 | 1,027.09 |
| Provision for gratuity and compensated absences | (7.07) | (4.93) |
| Interest on income tax refund | - | (0.05) |
| Profit on sale of of fixed assets (net) | (0.01) | |
| Working capital changes (net) | (667.75) | 1,528.52 |
| <i>Increase / (Decrease) for working capital changes (net)</i> | | |
| Trade and other receivables | (52.53) | (6.87) |
| Securities held for trading | 5,070.58 | (4,594.03) |
| Other financial assets | 2,051.23 | (944.86) |
| Loans | (1,046.62) | 14,878.77 |
| Investments | (9,792.17) | (4,658.91) |
| Other non financial assets | 26.47 | (45.85) |
| Trade payables | (175.22) | (96.97) |
| Non financial liabilities | (47.65) | 19.48 |
| Other financial liability | 93.43 | 295.74 |
| | (4,540.23) | 6,375.02 |
| Income taxes paid | (104.34) | (139.01) |
| Net cash (used in) / generated from operating activities - A | (4,644.57) | 6,236.01 |
| B Cash flow from investing activities | | |
| Purchase of property, plant and equipment and intangible assets | (0.11) | (1.40) |
| Sale of property, plant and equipment and intangible assets | 0.12 | 0.03 |
| Net cash generated from/ (used in) investing activities - B | 0.01 | (1.37) |
| C Cash flow from financing activities | | |
| Proceeds from issuance of Share capital (including Securities Premium) | 1,950.12 | - |
| Decrease in debt securities (refer note 1 below) | (2,818.64) | (9,765.03) |
| Increase in borrowings other than debt securities (refer note 1 below) | 5,297.10 | 275.65 |
| Net cash generated from / (used in) financing activities - C | 4,428.58 | (9,489.38) |
| Net decrease in cash and cash equivalents (A+B+C) | (215.98) | (3,254.74) |
| Cash and cash equivalent as at the beginning of the year | 1,416.56 | 4,671.30 |
| Cash and cash equivalent as at the end of the year | 1,200.58 | 1,416.56 |



Edel Finance Company Limited

Statement of Cash flows for the year ended March 31, 2021

(Currency: Indian rupees in million)

Cash Flow Statement (continued)

Notes:

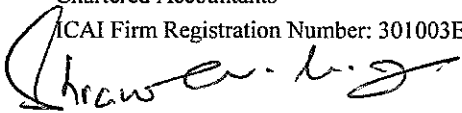
- 1 Cash receipts and payments for transaction with group companies in which the turnover is quick, the amounts are large, and the maturities are short are presented on net basis in accordance with Ind AS-7 Statement of Cash Flows
- 2 Above Cash Flow Statement has been prepared under indirect method as set out in Ind AS 7 prescribed under the Companies Act (Indian Accounting Standard) Rules, 2015 under the companies Act, 2013.
- 3 Refer note 43 for disclosure relating to changes in liabilities arising from financing activities.

As per our report of even date attached

For S. R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

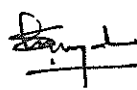


per Shrawan Jalan

Partner

Membership No: 102102

For and on behalf of the Board of Directors



S. Ranganathan

Director

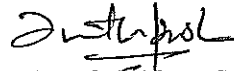
DIN : 00125493



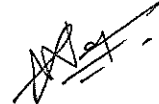
Atul Ambavat

Director

DIN : 00195875



Ananthakrishnan S
Company Secretary



Sunil Nagrani
Chief Financial Officer

Mumbai June 11, 2021

Mumbai June 11, 2021



Edel Finance Company Limited

Statement of Changes in Equity for the year ended March 31, 2021

(Currency: Indian rupees in million)

A. Equity Share Capital

| | For the year ended March 31, 2021 | | | For the year ended March 31, 2020 | | |
|--|-----------------------------------|------------------------|----------------------------------|-----------------------------------|------------------------|----------------------------------|
| | Outstanding as on April 1, 2020 | Issued during the year | Outstanding as on March 31, 2021 | Outstanding as on April 1, 2019 | Issued during the year | Outstanding as on March 31, 2020 |
| Issued, subscribed and paid up (Equity shares of Rs.100 each, fully paid-up) | 5,332.37 | 234.38 | 5,566.75 | 1,000.00 | 4,332.37 | 5,332.37 |

B. Other Equity

| | Capital Reserves | Capital redemption reserve | Securities Premium | Statutory Reserve | Retained Earnings | Deemed Capital Contribution - Equity | Deemed Capital Contribution - Preference Shares | Impairment Reserve | Total Attributable to equity holders |
|--|------------------|----------------------------|--------------------|-------------------|-------------------|--------------------------------------|---|--------------------|--------------------------------------|
| Balance as at April 1, 2019 | - | 84.34 | 4,592.08 | 1,151.61 | 4,802.64 | 2.25 | - | - | 10,632.92 |
| Loss for the year | - | - | - | - | (90.79) | - | - | - | (90.79) |
| Other comprehensive income | - | - | - | - | 1.72 | - | - | - | 1.72 |
| | - | 84.34 | 4,592.08 | 1,151.61 | 4,713.57 | 2.25 | - | - | 10,543.85 |
| Reserve created on account of merger | (3,999.11) | - | - | - | - | - | - | - | (3,999.11) |
| Premium received on issue of debentures | - | - | (172.44) | - | - | - | - | - | (172.44) |
| Transfer to statutory reserve | - | - | - | 86.98 | (86.98) | - | - | - | 0.00 |
| Deemed distribution during the year | - | - | - | - | - | - | (52.97) | - | (52.97) |
| Balance as at March 31, 2020 | (3,999.11) | 84.34 | 4,419.64 | 1,238.59 | 4,626.59 | 2.25 | (52.97) | - | 6,319.33 |
| Loss for the year | - | - | - | - | (1,241.56) | - | - | - | (1,241.56) |
| Other comprehensive loss | - | - | - | - | (0.41) | - | - | - | (0.41) |
| | (3,999.11) | 84.34 | 4,419.64 | 1,238.59 | 3,384.62 | 2.25 | (52.97) | - | 5,077.36 |
| Premium received on issue of equity shares | - | - | 65.74 | - | - | - | - | - | 65.74 |
| Transfer to impairment reserve | - | - | - | - | (32.27) | - | - | 32.27 | 0.00 |
| Balance as at March 31, 2021 | (3,999.11) | 84.34 | 4,485.38 | 1,238.59 | 3,352.35 | 2.25 | (52.97) | 32.27 | 5,143.10 |

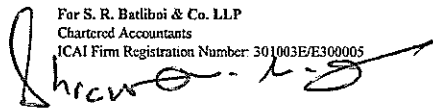
As per our report of even date attached.

The accompanying notes 1 to 61 are an integral part of the financial statements

For S. R. Batliboi & Co. LLP

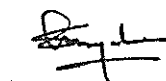
Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005



per Shrawan Jalan
Partner
Membership No: 102102

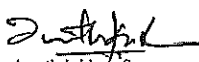
For and on behalf of the Board of Directors



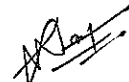
S. Ranganathan
Director
DIN : 00125495



Atul Ambavat
Director
DIN : 00195875



Ananthakrishnan S
Company Secretary



Sunil Nagrani
Chief Financial Officer

Mumbai June 11, 2021

Mumbai June 11, 2021



Edel Finance Company Limited

Notes to the financial statements for the year ended March 31, 2021

1. Corporate information:

Edel Finance Company Limited ('the Company') a public limited company domiciled and incorporated under the provisions applicable in India under the Companies Act, 1956. The Company was incorporated on October 16, 1989 and is wholly owned subsidiary of Edelweiss Financial Services Limited.

The Company was primarily engaged in the business of lending and investment and is registered with the Reserve Bank of India ('RBI') as a Systematically Important Non-Deposit taking Non-Banking Financial Company (NBFC-ND-SI). Company got converted to Core Investment Company as NBFC-CIC-ND-SI on 09th October, 2018.

2. Basis of preparation:

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

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

3. Presentation of financial statements:

The Company presents its balance sheet in order of liquidity in compliance with the Division III of the Schedule III to the Companies Act, 2013. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in "Note 44-Maturity Analysis of assets and liabilities".

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

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

Derivative assets and liabilities with master netting arrangements [e.g. ISDAs (International Swaps and Derivatives Association)] are only presented net when they satisfy the eligibility of netting for all of the above criteria and not just in the event of default.

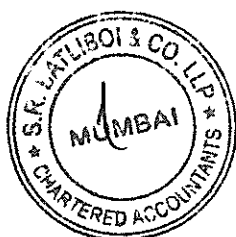
4. Significant accounting policies

4.1 Recognition of interest income and dividend income

4.1.1 Effective interest rate (EIR):

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

The EIR is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Company recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the financial asset. Hence, it recognises the effect of potentially different interest rates charged



at various stages, and other characteristics of the product life cycle including prepayments penalty interest and charges.

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

4.1.2 Interest income:

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

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

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

4.1.3 Dividend income:

The Company recognised dividend income when the Company's right to receive the payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

4.1.4 Fee and Commission Income:

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

4.1.5 Other Income

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

4.2 Financial instruments:

4.2.1 Date of recognition:

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

4.2.2 Initial measurement of financial instruments:

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

4.2.3 Day 1 profit and loss:

When the transaction price of the financial instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Company recognises the difference between the transaction price and fair value in net gain on fair value changes. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair



value is deferred and is only recognised in profit or loss when the inputs become observable, or when the instrument is derecognised.

4.2.4 Classification & measurement categories of financial assets and liabilities:

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

Financial assets carried at amortised cost (AC)

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

Sale that occur for below reason are considered as consistent with business model whose objective is to hold financial assets in order to collect contractual cash flows

- If those sales are infrequent (even if significant in value) or insignificant in value both individually and in aggregate (even if frequent).
- If such sales are made close to maturity of financial asset and proceeds from sale approximate the collection of the remaining contractual cash flow
- Selling a financial asset because of significant increase in credit risk.

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

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

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

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

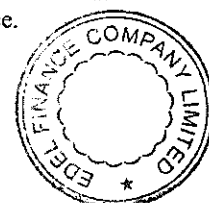
4.3 Financial assets and liabilities:

4.3.1 Amortized cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.



4.3.2 Financial assets held for trading:

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

4.3.3 Investment in equity instruments:

The Company subsequently measures all equity investments (other than subsidiaries, associates, and other group companies) at fair value through profit or loss, unless the management has elected to classify irrevocably some of its strategic equity investments to be measured at FVTOCI, when such instruments meet the definition of Equity under Ind AS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by-instrument basis. Investments in subsidiaries and associates are carried at cost as permitted under Ind AS 27 (Consolidated and Separate Financial Statements). The investment in other group companies are carried at cost. (subsidiaries, associates, and other group companies).

4.3.4 Financial liabilities:

All financial liabilities are measured at amortised cost except loan commitments, financial guarantees, and derivative financial liabilities.

4.3.5 Derivative financial instruments:

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate, market risks.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss.

4.3.6 Debt securities and other borrowed funds:

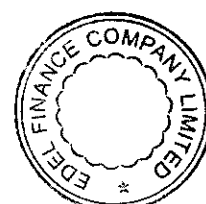
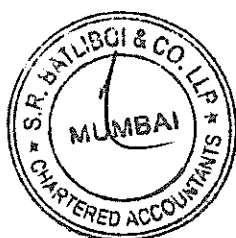
The Company measures debt issued and other borrowed funds at Amortised cost at each reporting date. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the EIR.

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

4.3.7 Financial assets and financial liabilities at fair value through profit or loss:

Financial assets and financial liabilities in this category are those that are not held for trading and have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under Ind AS 109. Management only designates an instrument at FVTPL upon initial recognition when one of the following criteria are met. Such designation is determined on an instrument-by-instrument basis.

- The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis; Or



- The liabilities are part of a group of financial liabilities, which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; Or
- The liabilities containing one or more embedded derivatives, unless they do not significantly modify the cash flows that would otherwise be required by the contract, or it is clear with little or no analysis when a similar instrument is first considered that separation of the embedded derivative(s) is prohibited.

Financial assets and financial liabilities at FVTPL are recorded in the balance sheet at fair value. Changes in fair value are recorded in profit and loss with the exception of movements in fair value of liabilities designated at FVTPL due to changes in the Company's own credit risk. Such changes in fair value are recorded in the Own credit reserve through OCI and do not get recycled to the profit or loss. Interest earned or incurred on instruments designated at FVTPL is accrued in interest income or finance cost, respectively, using the EIR, taking into account any discount/premium and qualifying transaction costs being an integral part of instrument. Interest earned on assets mandatorily required to be measured at FVTPL is recorded using contractual interest rate.

4.3.8 Financial liabilities and equity instruments

Financial instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

4.4 Reclassification of financial assets and liabilities

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

4.5 Derecognition of financial Instruments:

4.5.1 Derecognition of financial asset

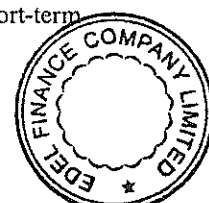
A financial asset (or, where applicable a part of a financial asset or a part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Company also derecognises the financial asset if it has both transferred the financial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

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

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

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

- The Company has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term



Edel Finance Company Limited

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advances with the right to full recovery of the amount lent plus accrued interest at market rates.

- The Company cannot sell or pledge the original asset other than as security to the eventual recipients.

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

A transfer only qualifies for derecognition if either:

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

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

The Company also derecognises a financial asset, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new financial asset, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised financial assets are classified as Stage 1 for ECL measurement purposes, unless the new financial asset is deemed to be POCI.

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

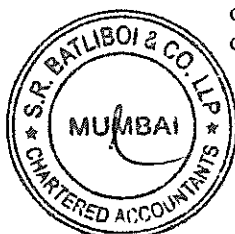
4.5.2 Derecognition of financial liabilities

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

4.6 Impairment of financial assets:

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

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



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Simplified approach

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

General approach

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

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

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

Company categories its financial assets as follows:

Stage 1 assets:

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

Stage 2 assets:

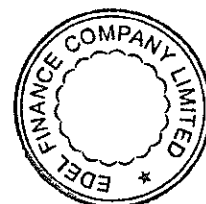
Stage 2 Assets includes financial instruments that have had a significant increase in credit risk since initial recognition. For these assets lifetime ECL (resulting from default events possible within 12 months from reporting date) are recognised.

Stage 3 assets:

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

The ongoing assessment of whether a significant increase in credit risk has occurred for working capital facilities is similar to other lending products. The interest rate used to discount the ECLs for working capital facilities is based on the average effective interest rate that is expected to be charged over the expected period of exposure to the facilities.

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



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Notes to the financial statement for the year ended March 31, 2021

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

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

4.7 Collateral valuation:

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

To the extent possible, the Company uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market value are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as mortgage brokers, or based on housing price indices.

4.8 Write-offs:

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

4.9 Determination of fair value:

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

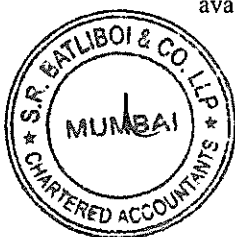
- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

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

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

Level 1 financial instruments:

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



Level 2 financial instruments:

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

Level 3 financial instruments:

Those that include one or more unobservable input that is significant to the measurement as whole.

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

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

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

4.10 Operating leases:

Company as a lessee:

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

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

Right of use assets

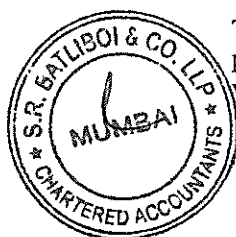
The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The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

Lease liability

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

Short term lease:

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



4.11 Earnings per share:

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

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

4.12 Foreign currency transaction:

The Standalone Financial Statements are presented in Indian Rupees which is also functional currency of the Company. Transactions in currencies other than Indian Rupees (i.e. foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

4.13 Retirement and other employee benefit:

4.13.1 Provident fund:

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

4.13.2 Gratuity:

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

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

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

4.13.3 Compensated absences:

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



4.13.4 Employee Stock Option Plans (ESOPs) / Stock Appreciation Rights (SARs):

The Holding Company (Edelweiss Financial Services Limited ("EFSL")) has Employee Stock Option Plans and Stock Appreciation Rights in force. Based on such schemes, parent entity has granted an ESOP/SAR option to acquire equity shares of EFSL that would vest in a graded manner to company's employees. Based on group policy / arrangement, EFSL has charged the fair value of such stock options, Company has accepted such cross charge and recognised the same under the employee cost.

4.14 Property, plant and equipment:

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

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are recognized in profit or loss during the reporting period, in which they are incurred.

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

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

| Nature of assets | Estimated useful lives |
|---|------------------------|
| Building (other than factory building) | 60 years |
| Vehicles | 8 years |
| Office equipment | 5 years |
| Computers - servers and networks | 6 years |
| Computers - end user devices, such as desktops, laptops, etc. | 3 years |

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

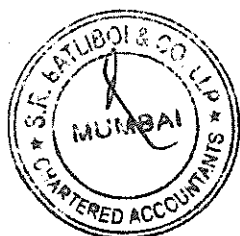
The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

4.15 Intangible assets:

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

4.16 Impairment of non-financial assets:

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired based on internal/external factors. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of



cash generating unit which the asset belongs to is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the statement of profit and loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the impairment is reversed subject to a maximum carrying value of the asset before impairment.

4.17 Provisions and other contingent liabilities:

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

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

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

4.18 Income tax expenses:

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

4.18.1 Current tax:

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

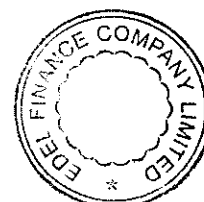
4.18.2 Deferred tax:

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

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

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

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



Edel Finance Company Limited

Notes to the financial statement for the year ended March 31, 2021

4.18.3 Current and deferred tax for the year:

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

4.19 Cash and cash equivalents:

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

5. Significant accounting judgements, estimates and assumptions :

In the application of the Company's accounting policies, which are described in note 4, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies:

The following are the critical judgements, apart from those involving estimations, that the management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

5.1 Business model assessment :

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

5.2 Significant increase in credit risk:

ECL is measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. In assessing whether the credit risk of an asset has significantly increased the Company takes into account qualitative and quantitative reasonable and supportable forward-looking information.

Key sources of estimation uncertainty:

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



5.3 Fair value of financial instruments:

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility.

5.4 Effective Interest Rate (EIR) Method:

The Company's EIR methodology, as explained in Note 4.1.1, recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle including prepayments and penalty interest and charges.

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

5.5 Impairment of Financial assets:

The measurement of impairment losses across all categories of financial assets except assets valued at fair value through Profit & Loss account (FVTPL) requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

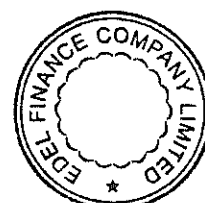
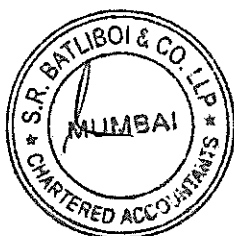
The Company's ECL calculations are outputs of models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- PD calculation includes historical data, assumptions and expectations of future conditions.
- The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a life-time expected credit loss and the qualitative assessment
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL models, including the various formulas and the choice of inputs
- Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EAD and LGD
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models

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

5.6 Impairment of Non-Financial assets:

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



Edel Finance Company Limited

Notes to the financial statement for the year ended March 31, 2021

5.7 Provisions and contingent liabilities:

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

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

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

5.8 Provisions for Income Taxes:

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

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

5.9 Asset liability management:

Management has made an assessment of its ability to continue and is satisfied that it has the resources to continue in business for the foreseeable future.

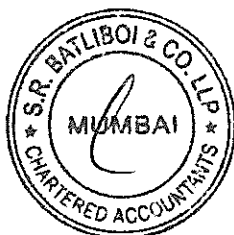
6. Standards issued but not yet effective :

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

7. Subsequent events :

7.1 Merger of Edelweiss Finvest Limited

Company received the certified true copy of the merger order on March 31, 2021. The Company has filed the notice of order with Ministry of Corporate Affairs to give effect to the scheme on April 09, 2021. Accordingly merged financials are prepared from April 01, 2019, as per requirements of Ind AS 103- "Business combinations".



Edel Finance Company Limited

Notes to the financial statements for the year ended March 31, 2021

(Currency: Indian rupees in million)

8. Cash and cash equivalents

Cash in hand

Cash in hand

As at

March 31, 2021

As at

March 31, 2020

-

0.01

Balances with banks

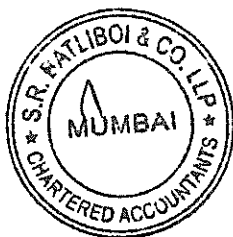
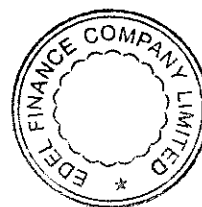
- in current accounts

1,200.58

1,416.55

1,200.58

1,416.56



Edel Finance Company Limited

Notes to the financial statements for the year ended March 31, 2021

(Currency: Indian rupees in million)

9. Derivative financial instruments

The Company enters into derivatives for risk management purposes. These include hedges that either meet the hedge accounting requirements or hedges that are economic hedges, but the Company has elected not to apply hedge accounting requirements.

As at March 31, 2021 outstanding derivative financial instruments position is Nil.

The table below shows the fair values of derivative financial instruments recorded as assets or liabilities together with their notional amounts / units held as at March 31, 2020.

| Particulars | March 31, 2020 | | | | | | | |
|---|----------------|----------|-----------------|------------------|--------------|----------|-----------------|----------------------|
| | Unit | Currency | Notional amount | Fair value Asset | Unit | Currency | Notional amount | Fair value liability |
| (i) Equity linked derivatives | | | | | | | | |
| Stock Futures | No of Shares | INR | 497,353 | 13.60 | No of Shares | INR | 825,774 | 10.14 |
| Less: amounts offset | | | | (13.60) | | | | (10.14) |
| (Refer Note 9.A) | | | | | | | | |
| Subtotal(i) | | | | - | | | | - |
| (ii) Index linked derivatives | | | | | | | | |
| Index Futures | Index Units | INR | 27,630 | 3.42 | Index Units | INR | 29,325 | 22.32 |
| Options purchased | Index Units | INR | 415,650 | 172.01 | | | | |
| Options sold (written) | | | | - | Index Units | INR | 99,300 | 127.41 |
| Less: amounts offset | | | | (3.42) | | | | (22.32) |
| (Refer Note 9.A) | | | | | | | | |
| Subtotal(ii) | | | | 172.01 | | | | 127.41 |
| (iii) Embedded derivatives | | | | | | | | |
| In market linked debentures* | | | | 1,391.66 | | | | 109.05 |
| Subtotal(iii) | | | | 1,391.66 | | | | 109.05 |
| Total Derivative Financial Instruments | | | | 1,563.67 | | | | 236.46 |

Note: The notional/units held indicate the value of transactions outstanding at the year end and are not indicative of either the market risk or credit risk.

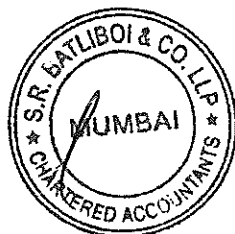
*An embedded derivative is a component of a hybrid instrument that also includes a non-derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. Refer Note 4.3.5 and 4.3.6 for further details.

Hedging activities and derivatives

The Company is exposed to certain risks relating to its ongoing business operations. The primary risks managed using derivative instruments are interest rate risk and equity index risk. The Company's risk management strategy and how it is applied to manage risk are explained in Note 48.

Derivatives designated as hedging instruments

The Company has not designated any derivatives as hedging instruments



Edel Finance Company Limited

Notes to the financial statements for the year ended March 31, 2021

(Currency: Indian rupees in million)

9.A Offsetting

The tables below summarise the financial assets and liabilities subject to offsetting, enforceable master netting and similar agreements, as well as financial collateral received to mitigate credit exposures for these financial assets, and whether offset is achieved in the balance sheet:

Financial Assets subject to offsetting, netting arrangements

| As at March 31, 2021 | Offsetting recognised in balance sheet | | Netting potential not recognised in balance sheet | | Assets not subject to netting arrangements | Total Assets | Maximum Exposure to Risk |
|---------------------------|--|---------------|---|---|--|--------------|--------------------------|
| | Gross asset before offset | Amount offset | Net asset recognised on the balance sheet | Assets after consideration of netting potential | | | |
| Margin placed with broker | 0.24 | - | 0.24 | - | - | 0.24 | 0.24 |

Financial Liabilities subject to offsetting, netting arrangements

| As at March 31, 2021 | Offsetting recognised in balance sheet | | Netting potential not recognised in balance sheet | | Liabilities not subject to netting arrangements | Total Liabilities | Maximum Exposure to Risk |
|------------------------|--|---------------|---|--|---|-------------------|--------------------------|
| | Gross Liabilities before offset | Amount offset | Net Liabilities recognised on the balance sheet | Liabilities after consideration of netting potential | | | |
| Derivative Liabilities | - | - | - | - | - | - | - |

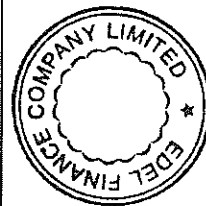
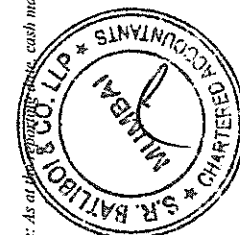
Financial Assets subject to offsetting, netting arrangements

| As at March 31, 2020 | Offsetting recognised in balance sheet | | Netting potential not recognised in balance sheet | | Assets not subject to netting arrangements | Total Assets | Maximum Exposure to Risk |
|----------------------------|--|---------------|---|---|--|--------------|--------------------------|
| | Gross asset before offset | Amount offset | Net asset recognised on the balance sheet | Assets after consideration of netting potential | | | |
| Derivative Assets | 17.02 | (17.02) | - | - | 1,563.67 | 1,563.67 | 1,563.67 |
| Margin placed with broker* | 516.36 | (15.44) | 500.92 | 500.92 | - | 500.92 | 500.92 |

Financial Liabilities subject to offsetting, netting arrangements

| As at March 31, 2020 | Offsetting recognised in balance sheet | | Netting potential not recognised in balance sheet | | Liabilities not subject to netting arrangements | Total Liabilities | Maximum Exposure to Risk |
|------------------------|--|---------------|---|--|---|-------------------|--------------------------|
| | Gross Liabilities before offset | Amount offset | Net Liabilities recognised on the balance sheet | Liabilities after consideration of netting potential | | | |
| Derivative Liabilities | 159.87 | (32.46) | 127.41 | 127.41 | 109.05 | 236.46 | 236.46 |

*Note: As at the reporting date, cash margin received that has been offset against the gross derivative assets. Also, cash margin paid that has been offset against the gross derivative liabilities.



Edel Finance Company Limited

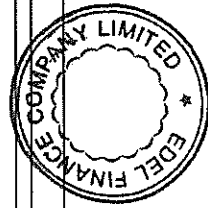
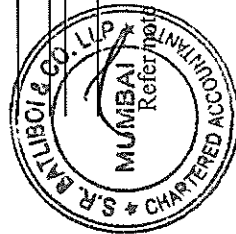
Notes to the financial statements for the year ended March 31, 2021

(Currency: Indian rupees in million)

10. Securities held for trading:

| | As at March 31, 2021 | | | As at March 31, 2020 | | |
|---|------------------------|----------|--------|------------------------|----------|-----------------|
| | Face Value (in Rs.) | Quantity | Amount | Face Value (in Rs.) | Quantity | Amount |
| <i>At fair value through profit and loss account</i> | | | | | | |
| Debt Securities | | | | | | |
| 10.70% Devan Housing Finance Limited 10.06.2021 Bonds | - | - | - | 1,000,000 | 100 | 30.41 |
| 8.90% Devan Housing Finance Corporation Limited 04.06.2021 Bonds | - | - | - | 1,000 | 300,000 | 81.25 |
| 9.00% Devan Housing Finance Corporation Limited 04.06.2021 Bonds | - | - | - | 1,000 | 446,000 | 104.11 |
| 9.60% SREI Equipment Finance Limited 25.05.2028 Bonds | - | - | - | 1,000 | 432,006 | 400.21 |
| 8.85% Indiabulls Commercial Credit Limited 28.03.2028 Bonds | - | - | - | 100,000 | 125 | 5.33 |
| 9.75% Edelweiss Retail Finance Limited Perpetual Bonds | - | - | - | 1,000,000 | 71 | 40.35 |
| 2.00% Edelweiss Asset Reconstruction Company Limited 07.10.2028 Bonds | - | - | - | 657,526 | 257 | 222.57 |
| 2.00% Edelweiss Asset Reconstruction Company Limited 27.04.2027 NCD | - | - | - | 889,867 | 1,243 | 857.55 |
| 2.00% Edelweiss Asset Reconstruction Company Limited 28.03.2027 NCD | - | - | - | 682,056 | 1,923 | 1,975.85 |
| 2.00% Edelweiss Asset Reconstruction Company Limited 28.08.2027 Bonds | - | - | - | 975,850 | 980 | 1,167.54 |
| 2.00% Edelweiss Asset Reconstruction Company Limited 23.07.2023 NCD | - | - | - | 1,000,000 | 10 | 10.23 |
| Edelweiss Asset Reconstruction Company Limited - NLD | - | - | - | 100,000 | 107 | 15.26 |
| Total Debt Securities (A) | | | - | | | 4,910.66 |
| Equity Instruments (Quoted) | | | | | | |
| Ajanta Pharma Limited | - | - | - | 2 | 5 | 0.01 |
| Fortis Healthcare Limited | - | - | - | 10 | 22,000 | 2.69 |
| IndoStar Capital Finance Limited | - | - | - | 10 | 51,275 | 12.73 |
| Ingersoll Rand (India) Limited | - | - | - | 10 | 15,320 | 9.46 |
| Tata Consumer Products Limited | - | - | - | 1 | 423,900 | 124.99 |
| Tata Steel Bsl Limited | - | - | - | 2 | 190,585 | 3.14 |
| WABCO India Limited | - | - | - | 5 | 1,125 | 6.90 |
| Total Equity Instruments (B) | | | - | | | 159.92 |
| Total (A+B) | | | - | | | 5,070.58 |

Refer to Note 47 - Fair value measurement for valuation methodologies for securities held for trading



Edel Finance Company Limited

Notes to the financial statements for the year ended March 31, 2021

(Currency: Indian rupees in million)

| | | As at March 31, 2021 | As at March 31, 2020 |
|---|----------------|-------------------------|-------------------------|
| 11. Receivables | | | |
| a) Trade receivables | | | |
| Receivables considered good - unsecured S | | 52.95 | 2.60 |
| Receivables - credit impaired | | 1.64 | 73.70 |
| | | <u>54.59</u> | <u>76.30</u> |
| Allowance for expected credit losses | | | |
| Receivables - credit impaired | | (1.64) | (73.70) |
| Trade receivables (a) | (a) | <u>52.95</u> | <u>2.60</u> |
| b) Other receivables | | | |
| Receivables considered good - unsecured S | | - | 2.78 |
| | | <u>-</u> | <u>2.78</u> |
| Less : Allowance for expected credit losses | | - | - |
| Other receivables (b) | (b) | <u>-</u> | <u>2.78</u> |
| Total receivables (a+b) | (a + b) | <u>52.95</u> | <u>5.38</u> |

S Includes receivables from companies in the same group. The Company has no history of defaults and expects no default on these receivables, accordingly no allowance for ECL has been recognised on these receivables.

c) Reconciliation of impairment allowance on trade receivables:

| | As at March 31, 2021 | As at March 31, 2020 |
|---|-------------------------|-------------------------|
| Impairment allowance measured as per simplified approach | | |
| Impairment allowance - opening balance | 73.70 | 56.49 |
| Add/ (less): asset originated or acquired (net) | (72.06) | 17.21 |
| Impairment allowance - closing balance | <u>1.64</u> | <u>73.70</u> |

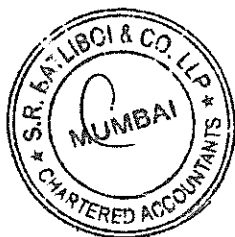
Notes:

- 1) No trade or other receivables are due from directors or other officers of the company either severally or jointly with any other person
- 2) No trade or other receivables are due from firms or private companies in which directors is partner, a director or a member.

d) Trade receivables days past due

| As at March 31, 2021 | Current | 1-90 days | 91-180 days | 181-360 days | > 360 days | Total |
|--|----------|--------------|-------------|--------------|------------|--------------|
| ECL Rates | 0% | 0% | 100% | 100% | 100.0% | |
| Estimated total gross carrying amount at default * | - | 52.95 | 0.01 | - | 1.63 | 54.59 |
| ECL - Simplified approach | - | - | 0.01 | - | 1.63 | 1.64 |
| Net carrying amount | - | 52.95 | - | - | - | 52.95 |
| As at March 31, 2020 | Current | 1-90 days | 91-180 days | 181-360 days | > 360 days | Total |
| ECL Rates | 0% | 0% | 0% | 0% | 100.0% | |
| Estimated total gross carrying amount at default * | - | 2.60 | - | - | 73.70 | 76.30 |
| ECL - Simplified approach | - | - | - | - | 73.70 | 73.70 |
| Net carrying amount | - | 2.60 | - | - | - | 2.60 |

*Includes receivables from stock exchanges / clearing house. The Company has no history of defaults and expects no default on these receivables, accordingly no allowance for ECL has been recognised on these receivables



Edel Finance Company Limited

Notes to the financial statements for the year ended March 31, 2021

(Currency: Indian rupees in million)

12. Loans (at amortised cost)

Term Loans;

Corporate credit

8,447.25

3,233.73

Retail credit

-

5,142.30

Total gross

8,447.25

8,376.03

Less: Impairment loss allowance

(1.52)

(347.86)

(Refer note 12.A)

Total net

8,445.73

8,028.17

Collateral :

Secured by

Secured by tangible assets (property including land & building)

-

2,218.18

Secured by inventories, unlisted securities, project receivables & other marketable securities

-

4,285.34

Unsecured

8,447.25

1,872.51

Total gross

8,447.25

8,376.03

Less: Impairment loss allowance

(1.52)

(347.86)

(Refer note 12.A)

Total net

8,445.73

8,028.17

Loans in India

Public sector

-

-

Others

8,447.25

8,376.03

Total gross

8,447.25

8,376.03

Less: Impairment loss allowance

(1.52)

(347.86)

(Refer note 12.A)

Total net

8,445.73

8,028.17



Edel Finance Company Limited

Notes to the financial statements for the year ended March 31, 2021

(Currency: Indian rupees in million)

12.A Credit quality of assets

The table below shows the credit quality and the maximum exposure to credit risk based on the Company's year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Company's internal grading for stage classification are explained in Note 48.D.1 and policies on ECL allowances are set out in Note 4.6

a) Credit quality of assets

| | As at March 31, 2021 | | | | As at March 31, 2020 | | | |
|-----------------------|----------------------|---------|---------|----------|----------------------|----------|---------|----------|
| | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total |
| Performing | | | | | | | | |
| High grade | 8,447.25 | - | - | 8,447.25 | 5,140.94 | - | - | 5,140.94 |
| Standard grade | - | - | - | - | - | 2,426.15 | - | 2,426.15 |
| Non-performing | | | | | | | | |
| Individually impaired | - | - | - | - | - | - | 808.94 | 808.94 |
| | 8,447.25 | - | - | 8,447.25 | 5,140.94 | 2,426.15 | 808.94 | 8,376.03 |

b) Reconciliation of changes in gross carrying amount and corresponding ECL allowances for loans and advances to corporate and retail customers:

The following disclosure provides stage wise reconciliation of the Company's gross carrying amount and ECL allowances for loans and advances to corporates and retail customers. The transfers of financial assets represents the impact of stage transfers upon the gross carrying amount and associated allowance for ECL. The net remeasurement of ECL arising from stage transfers represents the increase or decrease due to these transfers.

The 'New assets originated / repayments received (net)' represent the gross carrying amount and associated allowance ECL impact from transactions within the Company's lending portfolio.

Reconciliation / movement for the year ended March 31, 2021

| Particulars | Non Credit Impaired | | | | Credit Impaired | | Total | |
|---|-----------------------|-------------------|-----------------------|-------------------|-----------------------|-------------------|-----------------------|-------------------|
| | Stage 1 | | Stage 2 | | Stage 3 | | Gross carrying Amount | Allowance for ECL |
| | Gross Carrying Amount | Allowance for ECL | Gross carrying Amount | Allowance for ECL | Gross carrying Amount | Allowance for ECL | | |
| Opening Balance | 5,140.94 | 0.57 | 2,426.15 | 158.90 | 808.94 | 188.39 | 8,376.03 | 347.86 |
| Transfer of financial assets: | | | | | | | | |
| Stage 2 to Stage 3 | | | (1,462.08) | (73.10) | 1,462.08 | 73.10 | - | - |
| Remeasurement of ECL arising from transfer of stage (net) | - | - | - | - | - | - | - | - |
| New assets originated / repayments received (net) | 3,336.69 | 0.99 | (440.94) | (0.08) | (552.47) | (0.14) | 2,343.28 | 0.77 |
| Loan purchased (Credit Impaired) | - | - | - | - | 396.50 | - | 396.50 | - |
| Loan sale to other financial institutions | - | - | - | - | (2,108.39) | (259.63) | (2,108.39) | (259.63) |
| Amounts written off | (30.38) | (0.04) | (523.13) | (85.72) | (6.66) | (1.72) | (560.17) | (87.48) |
| Closing Balance | 8,447.25 | 1.52 | - | - | - | - | 8,447.25 | 1.52 |

Note:

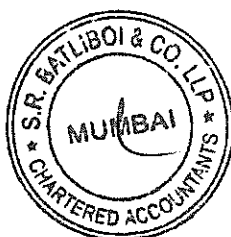
During the year ended March 31, 2021, the Company has sold financial assets aggregating to Rs.766.20 millions to Edelweiss Asset Reconstruction Company ('EARC'). Edelweiss Rural and Corporate Services Limited (ERCSL), a fellow subsidiary, on March 31, 2021, have guaranteed shortfall in realisation of the Guaranteed Cash Inflows over actual Cash Inflows.

12.A Credit quality of assets (continued)

Reconciliation / movement for the year ended March 31, 2020

| Particulars | Non Credit Impaired | | | | Credit Impaired | | Total | |
|---|-----------------------|-------------------|-----------------------|-------------------|-----------------------|-------------------|-----------------------|-------------------|
| | Stage 1 | | Stage 2 | | Stage 3 | | Gross carrying Amount | Allowance for ECL |
| | Gross Carrying Amount | Allowance for ECL | Gross carrying Amount | Allowance for ECL | Gross carrying Amount | Allowance for ECL | | |
| Opening Balance | 18,919.94 | 273.03 | 4,828.65 | 155.66 | 111.13 | 52.96 | 23,859.72 | 481.65 |
| Transfer of Financial Assets: | | | | | | | | |
| Stage 2 to Stage 1 | 589.74 | 0.33 | (589.74) | (0.33) | - | - | - | - |
| Stage 1 to Stage 2 | (59.50) | - | 59.50 | - | - | - | - | - |
| Stage 1 to Stage 3 | (2.88) | - | (7.13) | - | 10.01 | - | - | - |
| Remeasurement of ECL arising from transfer of stage (net) | - | (0.30) | - | 0.30 | - | - | - | - |
| New assets originated / repayments received (net) * | (512.33) | (1.60) | 2,012.16 | 158.60 | 796.60 | 176.83 | 2,296.43 | 333.83 |
| Loan purchased (Credit Impaired) | - | - | - | - | 4,870.24 | - | 4,870.24 | - |
| Loan sale to other financial institutions | (13,794.03) | (270.89) | (3,877.29) | (155.33) | (4,979.04) | (41.40) | (22,650.36) | (467.62) |
| ECL Allowance - Closing Balance | 5,140.94 | 0.57 | 2,426.15 | 158.90 | 808.94 | 188.39 | 8,376.03 | 347.86 |

* Includes loans which were disbursed and subsequently classified as stage 2 / stage 3 within the same year.



Edel Finance Company Limited

Notes to the financial statements for the year ended March 31, 2021

(Currency: Indian rupees in million)

13. Investments

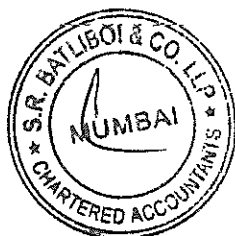
13.A Summary of Investments

| As at March 31, 2021 | At fair value | | | | Subtotal 5 = (2+3+4) | At cost (fellow subsidiaries) (6) | Total (7)= (1+5+6) |
|------------------------------------|--------------------------|--------------------|-----------------|--|-------------------------|--------------------------------------|-----------------------|
| | At Amortised cost (1) | Through OCI (2) | Through P&L (3) | Designated at fair value through Profit or loss (4) | | | |
| Equity instruments | - | - | - | - | - | 13,945.12 | 13,945.12 |
| Debt Securities | - | - | 6,095.09 | - | 6,095.09 | - | 6,095.09 |
| TOTAL - Gross (A) | - | - | 6,095.09 | - | 6,095.09 | 13,945.12 | 20,040.21 |
| (i) Investments outside India | - | - | - | - | - | - | - |
| (ii) Investment in India | - | - | 6,095.09 | - | 6,095.09 | 13,945.12 | 20,040.21 |
| Total (B) | - | - | 6,095.09 | - | 6,095.09 | 13,945.12 | 20,040.21 |
| Less: Allowance for impairment (C) | - | - | - | - | - | - | - |
| Total Net (A-C) | - | - | 6,095.09 | - | 6,095.09 | 13,945.12 | 20,040.21 |

| As at March 31, 2020 | At fair value | | | | Subtotal 5 = (2+3+4) | At cost (fellow subsidiaries) (6) | Total (7)= (1+5+6) |
|--|--------------------------|--------------------|-----------------|--|-------------------------|--------------------------------------|-----------------------|
| | At Amortised cost (1) | Through OCI (2) | Through P&L (3) | Designated at fair value through Profit or loss (4) | | | |
| Equity instruments | - | - | 214.10 | - | 214.10 | 4,590.14 | 4,804.24 |
| Preference Shares | 447.61 | - | 36.99 | - | 36.99 | - | 484.60 |
| Security receipts (Refer below note 3) | - | - | 2,703.45 | - | 2,703.45 | - | 2,703.45 |
| Units of AIF | - | - | 2,163.64 | - | 2,163.64 | - | 2,163.64 |
| Units of venture fund | - | - | 119.02 | - | 119.02 | - | 119.02 |
| Warrants | - | - | 52.50 | - | 52.50 | - | 52.50 |
| TOTAL - Gross (A) | 447.61 | - | 5,289.70 | - | 5,289.70 | 4,590.14 | 10,327.45 |
| (i) Investments outside India | - | - | - | - | - | - | - |
| (ii) Investment in India | 447.61 | - | 5,289.70 | - | 5,289.70 | 4,590.14 | 10,327.45 |
| Total (B) | 447.61 | - | 5,289.70 | - | 5,289.70 | 4,590.14 | 10,327.45 |
| Less: Allowance for impairment (C) | - | - | - | - | - | - | - |
| Total Net (A-C) | 447.61 | - | 5,289.70 | - | 5,289.70 | 4,590.14 | 10,327.45 |

Notes:

- Please refer note 13.B & 13.C- Investment details for further details
- Please refer note 47 - Fair value measurement for valuation methodology
- During the year ended March 31, 2020, the Company has sold financial assets aggregating to Rs.4850.90 millions (net of provisions & losses) to various asset reconstructions company trusts ('ARC Trusts') and has acquired security receipts (SR) from ARC Trusts amounting to Rs.2677.77 millions. The Board approved committee approved such sale of financial assets to ARC Trusts. Ind AS 109 - Financial Instruments, prescribed under section 133 of the Companies Act, 2013, requires substantial risks and rewards to be transferred for the purpose of de-recognition of such financial assets from the Company's financial statements. Edelweiss Financial Services Limited (EFSL), holding company, and Edelweiss Rural and Corporate Services Limited (ERCSL), a fellow subsidiary, on March 31, 2020, have guaranteed significant risks and assumed significant rewards in respect of an aggregate value of financial assets of Rs 1688.31 millions sold to ARC Trusts. As a result, these financial assets are de-recognized in Company's financial statements. Further, as the risks and rewards continues in ERCSL and EFSL, these continue to be accounted as financial assets in the consolidated financial statements of the Group and the respective consequent expected credit loss will be recorded in the consolidated financial statements of EFSL or ERCSL.



Edel Finance Company Limited

Notes to the financial statements for the year ended March 31, 2021

(Currency: Indian rupees in million)

13. Investments (continued)

13.B Investments in preference shares measured at amortised cost:

i) Credit quality of assets:

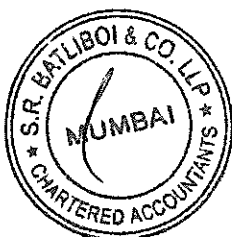
The table below shows the credit quality and the maximum exposure to credit risk based on the Company's year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Company's internal grading for stage classification are explained in Note 48.D.1 and policies on ECL allowances are set out in Note 4.6

| Particulars | March 31, 2021 | | | | March 31, 2020 | | | |
|-------------|----------------|----------|-----------|-------|----------------|----------|-----------|--------|
| | Stage I | Stage II | Stage III | Total | Stage I | Stage II | Stage III | Total |
| Performing | - | - | - | - | 447.61 | - | - | 447.61 |
| High grade | - | - | - | - | 447.61 | - | - | 447.61 |

ii) Reconciliation of changes in gross carrying amount for investments in preference shares:

| Particulars | March 31, 2021 | | | | March 31, 2020 | | | |
|---|----------------|----------|-----------|----------|----------------|----------|-----------|--------|
| | Stage I | Stage II | Stage III | Total | Stage I | Stage II | Stage III | Total |
| Gross carrying amount - opening balance | 447.61 | - | - | 447.61 | - | - | - | - |
| Assets acquired or recognised | - | - | - | - | 447.03 | - | - | 447.03 |
| Unwinding of discount (recognised in interest income) | 52.39 | - | - | 52.39 | 0.58 | - | - | 0.58 |
| Changes to contractual cash flows due to modifications not resulting in derecognition | - | - | - | - | - | - | - | - |
| Assets derecognised or matured | (500.00) | - | - | (500.00) | - | - | - | - |
| Closing balance | - | - | - | - | 447.61 | - | - | 447.61 |

Please refer note 13.C- Investment details for further details



Edel Finance Company Limited

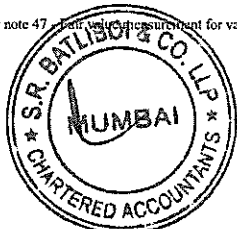
Notes to the financial statements for the year ended March 31, 2021

(Currency: Indian rupees in million)

13. Investments (continued)
13.C Scrip wise details of Investments

| | As at March 31, 2021 | | | As at March 31, 2020 | | |
|---|----------------------|------------|-----------|----------------------|------------|-----------|
| | Face Value (Rs.) | Quantity | Amount | Face Value (Rs.) | Quantity | Amount |
| Equity Instruments (Fully paid up) | | | | | | |
| <i>At fair value through profit and loss account</i> | | | | | | |
| <i>Unquoted</i> | | | | | | |
| Tamilnad Mercantile Bank Limited | - | - | - | 10 | 36,072 | 2.54 |
| Metropolitan Stock Exchange Of India Limited | - | - | - | 1 | 37,020,000 | 51.78 |
| Gentrust Consumer Durables Private Limited | - | - | - | 10 | 2,913 | 52.78 |
| Fincare Business Services Limited | - | - | - | 10 | 2,503,580 | 107.00 |
| Total (A) | | | - | | | 214.10 |
| Equity Instruments (Fully paid up) | | | | | | |
| <i>At Cost</i> | | | | | | |
| Fellow Subsidiaries | | | | | | |
| Edelweiss Retail Finance Limited | 10 | 3,000,000 | 264.00 | 10 | 3,000,000 | 264.00 |
| ECL Finance Limited | - | - | - | 1 | 84,388,184 | 1,800.00 |
| Edelweiss Rural & Corporate Services Limited | 10 | 39,775,367 | 2,854.97 | 10 | 7,058,823 | 1,200.00 |
| Edelweiss Housing Finance Limited | 100 | 10,000,000 | 1,000.00 | 100 | 10,000,000 | 1,000.00 |
| Edelweiss Asset Reconstruction Company Limited | 10 | 15,254,550 | 326.14 | 10 | 15,254,550 | 326.14 |
| Investment in Compulsory Convertible Pref Shares | | | | | | |
| Investments in Compulsory Convertible Pref Shares - ERCSL | 100 | 1,359,955 | 500.00 | - | - | - |
| Investment in Compulsory Convertible Debenture | | | | | | |
| 0.01% Un-Secured Compulsory Convertible Debenture Edelweiss Rural & Corporate Services Limited | 1,000 | 9,000,000 | 9,000.01 | - | - | - |
| Total (B) | | | 13,945.12 | | | 4,590.14 |
| Preference Shares (Fully paid up) | | | | | | |
| <i>At fair value through profit and loss account</i> | | | | | | |
| Zero coupon Series D non-cumulative compulsorily convertible preference shares of Bright Lifecare Private Limited | - | - | - | 7,664 | 5,219 | 36.99 |
| <i>At Amortised Cost</i> | | | | | | |
| 12% Non Cumulative Optionally convertible Preference shares of Edelweiss Rural & Corporate Services Limited | - | - | - | 10.00 | 500,000 | 447.61 |
| Total (C) | | | - | | | 484.60 |
| Securities Receipts | | | | | | |
| <i>At fair value through profit and loss account</i> | | | | | | |
| EARC Trust SC 297 - Series I | - | - | - | 1.00 | 338,621 | 5.98 |
| EARC Trust SC 337 | - | - | - | 1.00 | 47,325 | 0.05 |
| EARC Trust SC 391 | - | - | - | 1,000.00 | 73,950 | 62.24 |
| EARC SAF -3 Trust - Series I | - | - | - | 89.71 | 19,000 | 19.72 |
| Edelweiss ARF-I Trust Scheme-2 | - | - | - | 1,000 | 31,324 | - |
| Edelweiss ARF-I Trust Scheme-3 | - | - | - | 1,000 | 43,899 | 0.04 |
| Edelweiss ARF-I Trust Scheme-4 | - | - | - | 1,000 | 32,679 | 0.03 |
| Edelweiss ARF-I Trust Scheme-5 | - | - | - | 1,000 | 35,370 | 0.04 |
| RARE ARC 050 Trust | - | - | - | 1,000.00 | 1,241,000 | 1,054.85 |
| RARE ARC 047 Trust | - | - | - | 1,000.00 | 1,168,665 | 770.00 |
| ACRE 100 Trust | - | - | - | 1,000.00 | 790,500 | 790.50 |
| Total (D) | | | - | | | 2,703.45 |
| Units of AIF | | | | | | |
| <i>At fair value through profit and loss account</i> | | | | | | |
| Edelweiss Private Equity Tech fund | - | - | - | 100,000 | 569 | 136.73 |
| Edelweiss Value and Growth Fund | - | - | - | 100,000 | 1,953 | 325.50 |
| Facring Capital India Evolving Fund II | - | - | - | 1,000 | 37,690 | 39.38 |
| Paragon Partners Growth Fund - I | - | - | - | 100 | 888,580 | 135.64 |
| Edelweiss Crossover Opportunities Fund | - | - | - | 1,043 | 272,537 | - |
| Edelweiss Stressed and Troubled Assets Revival Fund | - | - | - | 10,000 | 3,000 | 12.05 |
| Edelweiss Real Estate Opportunities Fund | - | - | - | 10,000 | 45,068 | 550.86 |
| Edelweiss Credit Opportunities Fund | - | - | - | 1,000 | 230,761 | 226.61 |
| Edelweiss Infrastructure Yield Plus Fund | - | - | - | 10,000 | 59,000 | 702.57 |
| Edelweiss India Special Situations Fund | - | - | - | 10,000 | 13,816 | 34.30 |
| Total (E) | | | - | | | 2,163.64 |
| Units of venture fund | | | | | | |
| <i>At fair value through profit and loss account</i> | | | | | | |
| KAE Capital Fund (India) | - | - | - | 100,000 | 41 | 8.94 |
| KAE Capital Fund II (India) | - | - | - | 100,000 | 558 | 110.08 |
| Total (F) | | | - | | | 119.02 |
| Debt Securities | | | | | | |
| <i>At fair value through profit and loss account</i> | | | | | | |
| 9.75% Edelweiss Retail Finance Limited Perpetual Bonds | 1,000,000 | 71 | 60.22 | - | - | - |
| Ecap Equities Limited- NLD | 100,000 | 45,852 | 6,019.84 | - | - | - |
| Edelweiss Asset Reconstruction Company Limited - NLD | 100,000 | 107 | 15.03 | - | - | - |
| Total (G) | | | 6,095.09 | | | - |
| Others - Warrants | | | | | | |
| <i>At fair value through profit and loss account</i> | | | | | | |
| Mangal Royal Jewels Private Limited | - | - | - | 10 | 6,000,000 | 21.00 |
| Shree Mangal Abhushan Private Limited | - | - | - | 10 | 1,500,000 | 5.25 |
| Shree Mangal Jewels Private Limited | - | - | - | 10 | 7,500,000 | 26.25 |
| Bharti Shipyard Limited (Rs 5.5 paid up) | - | - | - | 10 | 2,647,313 | - |
| Total (H) | | | - | | | 52.50 |
| Total (A+B+C+D+E+F+G+H) | | | 20,040.21 | | | 10,327.45 |

Refer note 47 - Fair value measurement for valuation methodologies for investments



Edel Finance Company Limited

Notes to the financial statements for the year ended March 31, 2021

(Currency: Indian rupees in million)

14. Other financial assets

Deposits placed with/ for exchange/ depositories
Margin placed with broker (refer note 9.A)
Accrued interest on margin
Advances recoverable in cash or in kind or for value to be received

| | As at March 31, 2021 | As at March 31, 2020 |
|---|-------------------------|-------------------------|
| Deposits placed with/ for exchange/ depositories | 0.95 | - |
| Margin placed with broker (refer note 9.A) | 0.24 | 500.92 |
| Accrued interest on margin | - | 18.23 |
| Advances recoverable in cash or in kind or for value to be received | 46.83 | 16.73 |
| | 48.02 | 535.88 |

15. Current tax assets (net)

Advance income taxes (Net of provision for tax)

| | | |
|--|---------------|---------------|
| Advance income taxes (Net of provision for tax) | 330.50 | 158.30 |
| | 330.50 | 158.30 |

16. Deferred tax assets (net)

Deferred tax assets / (Liabilities)

Loans / Security Receipts

Provision for expected credit loss

0.38 234.74

Receivables

Provision for expected credit loss

0.41 18.55

Investments and other financial instruments

Long term capital loss

- 21.51

Unused tax loss

Accumulated losses

252.26 -

Employee benefit obligations

Disallowances under section 43B of the Income Tax Act, 1961

0.26 1.94

Borrowings

Adjustment of effective interest rate on borrowings

- (0.03)

Property, plant and equipment and intangibles

Difference between book and tax depreciation

(0.01) (0.30)

Investments and other financial instruments

Unrealised (gain) / loss on derivative transactions (net)

- 39.80

Unrealised (gain) / loss on investments (net)

6.77 (54.97)

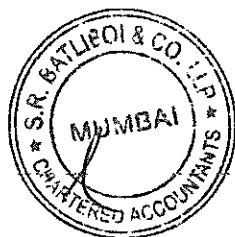
Share issue expenses and other expenses

- 0.47

Others

30.71 (0.52)

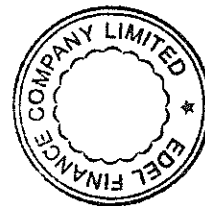
| | | |
|--|---------------|---------------|
| | 290.78 | 261.19 |
|--|---------------|---------------|



Notes to the financial statements for the year ended March 31, 2021

17. Property, plant and equipment and intangible assets

\$ Charge against secured redeemable non-convertible debentures (Refer note 20.A)

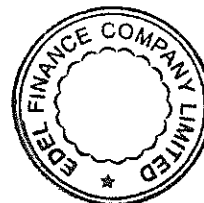


Edel Finance Company Limited

Notes to the financial statements for the year ended March 31, 2021

(Currency: Indian rupees in million)

| | As at March 31, 2021 | As at March 31, 2020 |
|---|-------------------------|-------------------------|
| 18. Other non-financial assets | | |
| (Unsecured considered good, unless stated otherwise) | | |
| Input tax credit | 1.58 | 77.67 |
| Capital Advances | - | 70.00 |
| Prepaid expenses | 0.24 | 0.01 |
| Vendor Advances | 2.45 | 1.77 |
| Advances to employees | 0.48 | 0.01 |
| Advances recoverable in cash or in kind or for value to be received | - | 0.01 |
| Deposits - others | 0.03 | 0.03 |
| Contribution to Gratuity Fund | - | 0.61 |
| | 4.78 | 150.11 |
| 19. Trade Payables | | |
| Payable to : | | |
| Trade payables to non-related parties | 15.32 | 37.70 |
| (includes sundry creditors, provision for expenses, customer payables and net payable for settlement to clearing house) | | |
| Trade payables to related parties | 25.57 | 190.81 |
| | 40.89 | 228.51 |
| 19.A Details of dues to micro and small enterprises | | |
| Trade Payables includes Rs.Nil (March 31, 2020 : Rs.Nil) payable to "Suppliers" registered under the Micro, Small and Medium Enterprises Development Act, 2006. No interest has been paid / is payable by the Company during the year to "Suppliers" registered under this act. The aforementioned is based on the responses received by the Company to its inquiries with suppliers with regard to applicability under the said Act. | | |
| 20. Debt securities | | |
| At amortised cost | | |
| (Refer note 20.A and 20.B) | | |
| <u>Secured</u> | | |
| Benchmark linked debentures | 8,334.89 | 10,138.76 |
| <u>Unsecured</u> | | |
| Benchmark linked debentures | 2,330.92 | 3,021.41 |
| | 10,665.81 | 13,160.17 |
| Debt Securities in India | 10,665.81 | 13,160.17 |
| Debt Securities outside India | - | - |
| | 10,665.81 | 13,160.17 |



Edel Finance Company Limited

Notes to the financial statements for the year ended March 31, 2021

(Currency: Indian rupees in million)

20 Debt securities (continued)

20.A Details of debt securities :

Benchmark linked debentures

Benchmark linked debentures are secured by way of a pari passu mortgage and charge over the mortgage premises, a charge on the receivable and investment and corporate guarantee from the ultimate holding company.

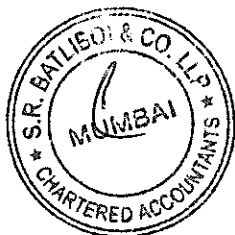
In case of benchmark linked debentures, the interest rate is linked to the performance of the underlying indices and is fluctuating in nature.

Certain benchmark linked debentures have a clause for an early redemption event which is automatically triggered on the achievement of pre determined benchmark index level (s).

20.B Maturity profile of debt securities are set out below:

| Maturity Month | Secured Benchmark Linked Debentures Amount outstanding as at | | Unsecured Benchmark Linked Debentures Amount outstanding as at | |
|-----------------------|---|------------------|---|-----------------|
| | March 31, 2021 | March 31, 2020 | March 31, 2021 | March 31, 2020 |
| May-2020 | - | 119.00 | - | - |
| Jun-2020 | - | 544.40 | - | - |
| Jul-2020 | - | 1,124.50 | - | - |
| Aug-2020 | - | 108.00 | - | 380.00 |
| Sep-2020 | - | 325.50 | - | 10.00 |
| Oct-2020 | - | 45.50 | - | 32.50 |
| Nov-2020 | - | - | - | 10.00 |
| Dec-2020 | - | 10.00 | - | 20.00 |
| Jan-2021 | - | - | - | - |
| Mar-2021 | - | 10.00 | - | - |
| Jul-2021 | 404.30 | 404.30 | - | - |
| Sep-2021 | 887.10 | 887.10 | - | - |
| Oct-2021 | - | - | 280.00 | 280.00 |
| Dec-2021 | 12.50 | 12.50 | - | - |
| Jan-2022 | 27.50 | 27.50 | 28.50 | 28.50 |
| Feb-2022 | 768.90 | 768.90 | 10.00 | 10.00 |
| Mar-2022 | 1,143.00 | 1,143.00 | - | - |
| Apr-2022 | 15.00 | 15.00 | - | - |
| May-2022 | 271.50 | 271.50 | - | - |
| Jun-2022 | 2,348.60 | 2,348.60 | - | - |
| Aug-2022 | 47.90 | 47.90 | - | - |
| Sep-2022 | 10.00 | 10.00 | - | - |
| Dec-2022 | 2.50 | 2.50 | - | - |
| Dec-2023 | 7.50 | 7.50 | - | - |
| Jan-2024 | 33.50 | 33.50 | - | - |
| Feb-2024 | 4.70 | 4.70 | - | - |
| Mar-2024 | 300.00 | 300.00 | - | - |
| Jun-2027 | 170.00 | 170.00 | - | - |
| Jan-2027 | - | - | 40.00 | 40.00 |
| Jan-2028 | - | - | 1,874.00 | 1,924.00 |
| | 6,454.50 | 8,741.40 | 2,232.50 | 2,735.00 |
| Associated accruals * | 1,880.39 | 1,397.36 | 98.42 | 286.41 |
| Total | 8,334.89 | 10,138.76 | 2,330.92 | 3,021.41 |

* Interest accrued but not due is payable on maturity of debentures.



Edel Finance Company Limited

Notes to the financial statements for the year ended March 31, 2021

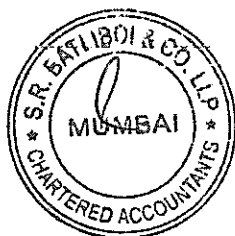
(Currency: Indian rupees in million)

| | As at March 31, 2021 | As at March 31, 2020 |
|---|-------------------------|-------------------------|
| 21. Borrowings other than Debt Securities | | |
| <i>At amortised cost</i> | | |
| <u>Secured</u> | | |
| Term loan from bank | - | 219.36 |
| (First Pari Passu charge on the current assets of the Company which includes trade and other receivables, loans and cash and cash equivalents with Letter of Comfort) | | |
| (Refer note 21.A) | | |
| <u>Unsecured</u> | | |
| Loan and advances from related parties | 7,136.05 | 1,629.75 |
| [Repayable on demand, carry interest - 11.34%-15.20% p.a. (Previous year - 12.10% to 17.90%p.a.)] | | |
| | 7,136.05 | 1,849.11 |
| Borrowings in India | 7,136.05 | 1,849.11 |
| Borrowings outside India | - | - |
| | 7,136.05 | 1,849.11 |

21.A Details of Borrowings other than Debt Securities

| Maturity Month | Loan from banks - Amount outstanding as at | |
|-----------------------|--|----------------|
| | March 31, 2021 | March 31, 2020 |
| Rate of interest | 11.00% p.a. | 11.00% p.a. |
| Jun-2020 | - | 25.00 |
| Sep-2020 | - | 25.00 |
| Dec-2020 | - | 25.00 |
| Mar-2021 | - | 25.00 |
| Jun-2021 | - | 25.00 |
| Sep-2021 | - | 25.00 |
| Dec-2021 | - | 25.00 |
| Jun-2022 | - | 25.00 |
| Mar-2022 | - | 25.00 |
| | - | 225.00 |
| Associated accruals * | - | (5.64) |
| Total | - | 219.36 |

* Associated accruals include interest accrued & effective interest rate amortisation. Interest accrued but not due is payable on next interest payment date.



Edel Finance Company Limited

Notes to the financial statements for the year ended March 31, 2021

(Currency: Indian rupees in million)

| | As at March 31, 2021 | As at March 31, 2020 |
|--|-------------------------|-------------------------|
| 22. Subordinated Liabilities | | |
| <i>At amortised cost</i> | | |
| <i>(Refer note 22.A)</i> | | |
| <u>Unsecured</u> | | |
| Subordinated debentures | | |
| Privately placed redeemable non-convertible debentures | 161.12 | 161.09 |
| | 161.12 | 161.09 |
| Subordinated liabilities in India | 161.12 | 161.09 |
| Subordinated liabilities outside India | - | - |
| | 161.12 | 161.09 |

22.A Maturity profile and rate of interest of subordinated liabilities are set out below:

| Maturity Month | Unsecured subordinated liabilities - Interest Rate 11.00% p.a. Amount outstanding as at | |
|------------------------|--|----------------|
| | March 31, 2021 | March 31, 2020 |
| Jul-2025 | 150.00 | 150.00 |
| | 150.00 | 150.00 |
| Add: interest accrued* | 11.12 | 11.09 |
| Total | 161.12 | 161.09 |

* Interest accrued but not due is payable on next interest payment date.

23. Other financial liabilities

| | | |
|-------------------------------|--------------|-------------|
| Other payables | 13.99 | 0.03 |
| Accrued salaries and benefits | 2.23 | 0.45 |
| | 16.22 | 0.48 |

24. Current tax liabilities (net)

| | | |
|---|--------------|---------------|
| Provision for taxation (Net of advance tax) | 18.16 | 163.23 |
| | 18.16 | 163.23 |

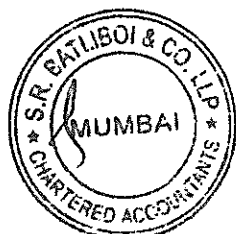
25. Provisions

| | | |
|---------------------------------|-------------|-------------|
| Provision for employee benefits | | |
| Gratuity (Refer note 37.A) | 0.78 | 6.55 |
| Compensated leave absences | 0.25 | 1.14 |
| | 1.03 | 7.69 |

26. Other non-financial liabilities

| | | |
|-------------------------|--------------|--------------|
| Statutory liabilities* | 19.34 | 37.40 |
| Advances from customers | - | 26.74 |
| Others | - | 2.85 |
| | 19.34 | 66.99 |

* Includes withholding taxes, profession tax and other statutory dues payables



Edel Finance Company Limited

Notes to the financial statements for the year ended March 31, 2021

(Currency: Indian rupees in million)

27. Equity share capital

Authorised :

Equity Shares of Rs.100 each

Preference shares of Rs. 100 each

| As at March 31, 2021 | | As at March 31, 2020 | |
|----------------------|------------------|----------------------|------------------|
| No of shares | Amount | No of shares | Amount |
| 225,000,000 | 22,500.00 | 275,000,000 | 27,500.00 |
| 50,000,000 | 5,000.00 | - | - |
| 275,000,000 | 27,500.00 | 275,000,000 | 27,500.00 |

Issued, Subscribed and Paid up:

Equity Shares of Rs.100 each

Shares pending allotment

(As per scheme of merger transferee Company has issued 130 equity shares of Rs. 100 each for every 100 equity share of the transferor Company of Rs. 10 each)

| | | | |
|-------------------|-----------------|-------------------|-----------------|
| 55,667,388 | 5,566.75 | 10,000,000 | 1,000.00 |
| - | - | 43,323,638 | 4,332.37 |
| 55,667,388 | 5,566.75 | 53,323,638 | 5,332.37 |

27.A Reconciliation of number of shares

Outstanding at the beginning of the year

Shares issued on account of merger

Additional equity shares issued during the year

Outstanding at the end of the year

| As at March 31, 2021 | | As at March 31, 2020 | |
|----------------------|-----------------|----------------------|-----------------|
| No of shares | Amount | No of shares | Amount |
| 53,323,638 | 5,332.37 | 10,000,000 | 1,000.00 |
| - | - | 43,323,638 | 4,332.37 |
| 2,343,750 | 234.38 | - | - |
| 55,667,388 | 5,566.75 | 53,323,638 | 5,332.37 |

Notes:

Company has allotted 43,323,638 fully paid-up equity shares of Rs.100 each aggregating to Rs. 4,332.37 million to Edelweiss Financial Services Limited as part of consideration other than cash on account of merger with Edelweiss Finvest Limited. The Appointed Date of the merger was April 1, 2019.

During the financial year 2020-21 the Company has issued 2,343,750 fully paid-up equity shares of Rs.100 each aggregating to Rs. 234.38 million at a premium of Rs. 28 per share to Edelweiss Financial Services Limited.

27.B Terms/rights attached to equity shares :

The Company has only one class of equity shares having a par value of Rs. 100/-. Each holder of equity shares is entitled to one vote per share held.

In the event of liquidation of the Company, the equity shareholders will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts, if any, in proportion to the number of equity shares held by the shareholders.

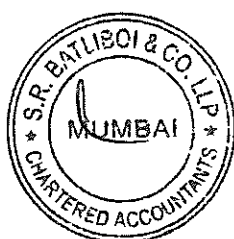
27.C Shares held by holding/ultimate holding company and/or their subsidiaries/associates

Holding company

Edelweiss Financial Services Limited*

| As at March 31, 2021 | | As at March 31, 2020 | |
|----------------------|----------------|----------------------|----------------|
| No of shares | % holding | No of shares | % holding |
| 55,667,388 | 100% | 53,323,638 | 100% |
| 55,667,388 | 100.00% | 53,323,638 | 100.00% |

* including 6 shares held by Nominees of EFSL



Edel Finance Company Limited

Notes to the financial statements for the year ended March 31, 2021

(Currency: Indian rupees in million)

27.D Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

| | As at March 31, 2021 | | As at March 31, 2020 | |
|---------------------------------------|----------------------|----------------|----------------------|----------------|
| | No of shares | % holding | No of shares | % holding |
| Edelweiss Financial Services Limited* | 55,667,388 | 100.00% | 53,323,638 | 100.00% |
| | 55,667,388 | 100.00% | 53,323,638 | 100.00% |

* including 6 shares held by Nominees of EFSL

27.E There are no shares reserved for issue under options and contracts / commitments for the sale of shares / disinvestment.

28. Instruments entirely equity in nature

| | As at March 31, 2021 | | As at March 31, 2020 | |
|--|----------------------|-----------------|----------------------|----------|
| | No of shares | Amount | No of shares | Amount |
| Compulsory Convertible Preference Shares (CCPS) (16,500,000 CCPS - 0.01% Compulsory Convertible Preference Shares ("CCPS") of face value of Rs. 100/-) | 16,500,000 | 1,650.00 | - | - |
| | 16,500,000 | 1,650.00 | - | - |

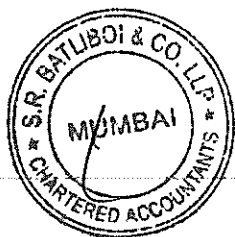
28 A. Reconciliation of number of shares

| | As at March 31, 2021 | | As at March 31, 2020 | |
|--|----------------------|-----------------|----------------------|----------|
| | No of shares | Amount | No of shares | Amount |
| Outstanding at the beginning of the year | - | - | - | - |
| Additional shares issued during the year | 16,500,000 | 1,650.00 | - | - |
| Outstanding at the end of the year | 16,500,000 | 1,650.00 | - | - |

Terms of Compulsory Convertible Preference Shares ("CCPS")

The Company has issued and allotted 65,00,000 0.01% CCPS on March 9, 2021 convertible into Equity shares on March 8, 2026 at a ratio of 1:1

The Company has issued and allotted 1,00,00,000 0.01% CCPS on March 20, 2021 convertible into Equity shares on March 19, 2026 at a ratio of 1:1



Edel Finance Company Limited

Notes to the financial statements for the year ended March 31, 2021

(Currency: Indian rupees in million)

29. Other Equity

| | As at March 31, 2021 | As at March 31, 2020 |
|--|-------------------------|-------------------------|
| a. Capital redemption reserve | 84.34 | 84.34 |
| b. Capital Reserve | (3,999.11) | (3,999.11) |
| c. Securities premium reserve | 4,485.38 | 4,419.64 |
| d. Statutory reserve | 1,238.59 | 1,238.59 |
| e. Retained earnings | 3,352.35 | 4,626.59 |
| f. Deemed capital contribution - Equity | 2.25 | 2.25 |
| g. Deemed Distribution - Preference Capital (Holder) | (52.97) | (52.97) |
| h. Impairment reserve | 32.27 | - |
| | 5,143.10 | 6,319.33 |

29.A Nature and purpose of Reserves

a. Capital redemption reserve

The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

b. Capital Reserve

Capital reserve is created on merger of Edelweiss Finvest Limited in Edel Finance Company Limited.

c. Securities premium reserve

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

d. Statutory reserve

Reserve created under 45-IC(1) in The Reserve Bank of India Act, 1934 a sum not less than twenty per cent of its net profit every year as disclosed in the profit and loss account and before any dividend is declared.

e. Retained earnings

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

f. Deemed capital contribution - Equity

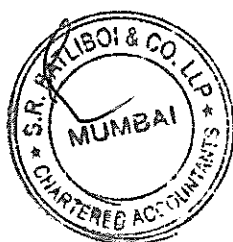
Deemed capital contribution relates to share options granted to eligible employees of the Company by the parent company under its employee share option plan.

g. Deemed Distribution - Preference Capital (Holder)

Represent discount on fair value of investment at the date of the investment in group company's preference shares as required under Ind AS 109. This amount will get amortise in Statement of profit and loss over maturity of such preference share.

h. Impairment reserve

As per the RBI circular RBI/2019-20/170 dated 13th March, 2020, where impairment allowance under Ind AS 109 is lower than the provisioning required under IRACP (including standard asset provisioning), NBFCs (CICs) shall appropriate the difference from their net profit or loss after tax to a separate 'Impairment Reserve'. Further, no withdrawals shall be permitted from this reserve without prior permission from the RBI.



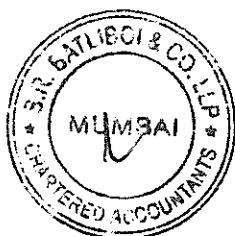
Edel Finance Company Limited

Notes to the financial statements for the year ended March 31, 2021

(Currency: Indian rupees in million)

29.B Movement in other equity

| | As at March 31, 2021 | As at March 31, 2020 |
|---|-------------------------|-------------------------|
| a. Capital redemption reserve | | |
| Opening balance | 84.34 | 84.34 |
| Add/(less): Additions during the year | - | - |
| | <u>84.34</u> | <u>84.34</u> |
| b. Capital Reserve | | |
| Opening balance | (3,999.11) | - |
| Add/(less): Additions during the year | - | (3,999.11) |
| | <u>(3,999.11)</u> | <u>(3,999.11)</u> |
| c. Securities premium reserve | | |
| Opening balance | 4,419.64 | 4,592.08 |
| Add/(less): Premium Received on issue of Debentures | - | (172.44) |
| Add/(less): Premium Received on issue of equity shares | 65.74 | - |
| | <u>4,485.38</u> | <u>4,419.64</u> |
| d. Statutory reserve | | |
| Opening balance | 1,238.59 | 1,151.61 |
| Add: Reserve created during the year | - | 86.98 |
| | <u>1,238.59</u> | <u>1,238.59</u> |
| e. Retained earnings | | |
| Opening balance | 4,626.59 | 4,802.64 |
| Less: Loss for the year | (1,241.56) | (90.79) |
| Add/(less): Other comprehensive income/(loss) | (0.41) | 1.72 |
| | <u>3,384.62</u> | <u>4,713.57</u> |
| Amount available for appropriation | | |
| Appropriations: | | |
| Transfer to statutory reserve | - | (86.98) |
| Transfer to impairment reserve | (32.27) | - |
| | <u>(32.27)</u> | <u>(86.98)</u> |
| | <u>3,352.35</u> | <u>4,626.59</u> |
| f. Deemed capital contribution - Equity | | |
| Opening balance | 2.25 | 2.25 |
| Add/(less): ESOPs charged during the year | - | - |
| | <u>2.25</u> | <u>2.25</u> |
| g. Deemed Distribution - Preference Capital (Holder) | | |
| Opening balance | (52.97) | - |
| Add/(less): Additions during the year | - | (52.97) |
| | <u>(52.97)</u> | <u>(52.97)</u> |
| h. Impairment reserve | | |
| Opening balance | - | - |
| Add/(less): Additions during the year | 32.27 | - |
| | <u>32.27</u> | <u>-</u> |
| Total = (a+b+c+d+e+f+g+h) | <u>5,143.10</u> | <u>6,319.33</u> |



Edel Finance Company Limited

Notes to the financial statements for the year ended March 31, 2021

(Currency: Indian rupees in million)

30. Interest Income

on financial assets measured at amortised cost

| | | |
|---------------------------------------|--------|----------|
| Interest on loans | 882.56 | 1,173.19 |
| Interest on fixed deposits with banks | 0.31 | 5.15 |
| Interest income on preference shares | 52.39 | 0.58 |
| Other interest Income | | |
| On margin with brokers | 5.58 | 123.48 |
| On others | 15.68 | - |

on financial assets measured at fair value through profit or loss

| | | |
|------------------------------------|--------|--------|
| Interest income on debt securities | 369.10 | 644.53 |
|------------------------------------|--------|--------|

| | |
|-----------------|-----------------|
| 1,325.62 | 1,946.93 |
|-----------------|-----------------|

31. Dividend Income

| | | |
|---|---|------|
| Dividend on securities held for trading | - | 0.71 |
|---|---|------|

| | |
|----------|-------------|
| - | 0.71 |
|----------|-------------|

32. Fee income

| | | |
|---------------------------|-------|-------|
| Processing and other fees | 22.31 | 41.27 |
|---------------------------|-------|-------|

| | |
|--------------|--------------|
| 22.31 | 41.27 |
|--------------|--------------|

33. Net gain on fair value changes

Net gain/ (loss) on financial instruments at fair value through profit or loss

| | | |
|--|--------|---------|
| On investments and securities held for trading | 296.49 | (81.12) |
| On derivatives financial instrument | 226.15 | 843.06 |
| On security receipts | 6.04 | 333.23 |

| | |
|---------------|-----------------|
| 528.68 | 1,095.17 |
|---------------|-----------------|

Fair value changes

| | | |
|------------|---------|------------|
| Realised | 555.59 | 2,122.26 |
| Unrealised | (26.91) | (1,027.09) |

| | |
|---------------|-----------------|
| 528.68 | 1,095.17 |
|---------------|-----------------|

34. Other income

| | | |
|-------------------------------|------|------|
| Miscellaneous income | 1.11 | 0.55 |
| Interest on Income Tax Refund | 0.12 | 3.51 |

| | |
|-------------|-------------|
| 1.23 | 4.06 |
|-------------|-------------|



Edel Finance Company Limited

Notes to the financial statements for the year ended March 31, 2021

(Currency: Indian rupees in million)

| | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|--------------------------------------|--------------------------------------|
| 35. Finance costs | | |
| On financial liabilities measured at amortised cost | | |
| Interest on borrowings other than debt securities | 172.98 | 279.13 |
| Interest on debt securities | 1,785.37 | 1,521.42 |
| Interest on subordinated liabilities | 16.53 | 16.51 |
| Other finance cost and bank charges | 11.30 | 130.88 |
| | 1,986.18 | 1,947.94 |
| 36 Impairment on financial instruments | | |
| On financial instruments measured at amortised cost | | |
| Expected credit loss | | |
| Loans and financial instruments | (218.66) | 451.02 |
| Loss on Sale of financial instruments | 1,006.99 | 20.13 |
| Trade receivables | 4.95 | 49.29 |
| | 793.28 | 520.44 |
| 37. Employee benefits expense | | |
| Salaries and wages (refer note 38.D) | 34.07 | 100.86 |
| Contribution to provident and other funds | 2.38 | 6.40 |
| Expense on Employee Stock Option Scheme (ESOP) (refer note below) | (3.11) | 3.21 |
| Staff welfare expenses | 0.73 | 1.75 |
| | 34.07 | 112.22 |

Notes:

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

37.A Employee Benefits

a) Defined contribution plan - Provident funds

The Company recognised Rs. 1.86 million (Previous year : Rs. 4.59 million) for provident fund and other contributions in the Statement of profit and loss.

b) Defined benefit plan - Gratuity

In accordance with the Payment of Gratuity Act, 1972, the Company provides for gratuity, a non-contributory defined benefit arrangement providing lump-sum gratuity benefits expressed in terms of final monthly salary and year of service, covering all employees. The plan provides a lump sum payment to vested employees at retirement or termination of employment in accordance with the rules laid down in the Payment of Gratuity Act, 1972.

The most recent actuarial valuation of the present value of the defined benefit obligation for gratuity were carried out as at March 31, 2021. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

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



Edel Finance Company Limited

Notes to the financial statements for the year ended March 31, 2021

(Currency: Indian rupees in million)

37.A Employee Benefits (continued)

b) Defined benefit plan - Gratuity

i) Movement in defined benefit liability

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

| Particulars | Defined benefit obligation | |
|-------------------------------------|----------------------------|----------------|
| | March 31, 2021 | March 31, 2020 |
| Opening Balance | 8.10 | 12.66 |
| Current service cost | 0.38 | 1.30 |
| Interest cost | 0.13 | 0.51 |
| | <u>8.61</u> | <u>14.47</u> |
| Other comprehensive Income | | |
| Remeasurement loss (gain): | | |
| Actuarial loss (gain) arising from: | | |
| Experience | (0.39) | (0.63) |
| Financial assumptions | 0.09 | 0.50 |
| Demographic assumptions | (0.19) | - |
| | <u>(0.49)</u> | <u>(0.13)</u> |
| Others | | |
| Transfer In/ (Out) | (5.87) | (5.26) |
| Benefits paid | (0.10) | (0.97) |
| Closing Balance | <u>2.15</u> | <u>8.10</u> |

ii) Components of defined benefit plan cost:

| Particulars | For the year ended | |
|--|--------------------|----------------|
| | March 31, 2021 | March 31, 2020 |
| Recognised in Statement of profit or loss | | |
| Current service cost | 0.38 | 1.30 |
| Interest cost | 0.01 | 0.51 |
| Total | <u>0.39</u> | <u>1.81</u> |
| Recognised in other comprehensive income | | |
| Remeasurement of net defined benefit liability/(asset) | (0.49) | (0.13) |
| Total | <u>(0.49)</u> | <u>(0.13)</u> |

iii) Reconciliation of Fair Value of Plan Assets

| | As at March 31, 2021 | As at March 31, 2020 |
|--|-------------------------|-------------------------|
| Fair Value of Plan Assets at start of the year | 2.16 | 2.15 |
| Contributions by Employer | 0.10 | 0.97 |
| Benefits Paid | (0.10) | (0.97) |
| Interest Income on Plan Assets | 0.12 | 0.14 |
| Re-measurements | - | - |
| Return on plan assets excluding amount included in net interest on the net defined benefit liability/(asset) | 0.32 | (0.13) |
| Effect of acquisition/ (divestiture) | - | - |
| Changes in foreign exchange rates | - | - |
| Fair Value of Plan Assets at end of the year | <u>2.60</u> | <u>2.16</u> |
| Actual Return on Plan Assets | 0.44 | 0.02 |
| Expected Employer Contributions for the coming year | - | - |

iv) Net Liability/ (Asset) recognised in the Balance Sheet

| | As at March 31, 2021 | As at March 31, 2020 |
|---|-------------------------|-------------------------|
| Present Value of DBO | 2.17 | 8.11 |
| Fair Value of Plan Assets | 2.61 | 2.17 |
| Liability/ (Asset) recognised in the Balance Sheet | <u>(0.44)</u> | <u>5.94</u> |
| Funded Status [Surplus/(Deficit)] | 0.44 | (5.94) |
| Amount not recognized as asset [Effect of limiting net assets to asset ceiling] | 1.21 | - |
| Of which, Short term Liability | 0.16 | (5.94) |
| Experience Adjustment on Plan Liabilities: (Gain)/Loss | (0.39) | (0.63) |

v) Percentage Break-down of Total Plan Assets

| | As at March 31, 2021 | As at March 31, 2020 |
|---|-------------------------|-------------------------|
| Equity instruments | 0% | 0% |
| Debt instruments | 0% | 0% |
| Real estate | 0% | 0% |
| Derivatives | 0% | 0% |
| Investment Funds with Insurance Company | 100% | 100% |
| Of which, Unit Linked | 85.6% | 83.7% |
| Of which, Traditional/ Non-Unit Linked | 14.3% | 16.1% |
| Asset-backed securities | 0% | 0% |
| Structured debt | 0% | 0% |
| Cash and cash equivalents | 0.1% | 0.2% |
| Total | <u>100.00%</u> | <u>100.00%</u> |



Edel Finance Company Limited

Notes to the financial statements for the year ended March 31, 2021

(Currency: Indian rupees in million)

37.A Employee Benefits (continued)

b) Defined benefit plan - Gratuity

vi) Movement in Other Comprehensive Income

| | As at March 31, 2021 | As at March 31, 2020 |
|--|-------------------------|-------------------------|
| Balance at start of year (Loss)/ Gain | 0.40 | 1.90 |
| Re-measurements on DBO | | |
| a. Actuarial (Loss)/ Gain from changes in demographic assumptions | 0.19 | - |
| b. Actuarial (Loss)/ Gain from changes in financial assumptions | (0.09) | (0.50) |
| c. Actuarial (Loss)/ Gain from experience over the past year | 0.39 | 0.63 |
| Re-measurements on Plan Assets | | |
| Return on Plan assets, excluding amount included in net interest on the net defined benefit liability/ (asset) | 0.32 | (0.13) |
| Changes in the effect of limiting a net defined benefit asset to the asset ceiling excluding amount included in net interest on the net defined benefit liability/ (asset) | (1.21) | 2.28 |
| Balance at end of year (Loss)/ Gain | 0.00 | 4.18 |

vii) Movement in Surplus/ (Deficit)

| | As at March 31, 2021 | As at March 31, 2020 |
|-------------------------------------|-------------------------|-------------------------|
| Surplus/ (Deficit) at start of year | (5.93) | (12.65) |
| Net (Acquisition)/ Divestiture | - | - |
| Net Transfer (In)/ Out | 5.87 | 5.27 |
| Movement during the year | - | - |
| Current Service Cost | (0.38) | (1.29) |
| Past Service Cost | - | - |
| Net Interest on net DBO | (0.01) | (0.52) |
| Changes in Foreign Exchange Rates | - | - |
| Re-measurements - (Losses)/ Gains | (0.41) | 2.29 |
| Contributions/ Benefits | 0.10 | 0.97 |
| Surplus/ (Deficit) at end of year | (0.76) | (5.93) |

Actuarial assumptions:

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

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|--|-------------------------|-------------------------|
| Discount Rate | 5.00% | 5.90% |
| Salary Growth Rate | 7.00% | 7.00% |
| Withdrawal/Attrition Rate (based on categories) | 25% | 13% - 25% |
| Interest Rate on Net DBO (% p.a.) | 5.90% | 7.00% |
| Mortality Rate | IALM 2012-14 | IALM 2012-14 |
| Expected weighted average remaining working lives of employees | 3 | 4 |

Notes:

a) The discount rate are based on the benchmark yields available on Government Bonds at the valuation date with terms matching that of the liabilities.

b) The estimates of future salary increases takes into account the inflation, seniority, promotion and other relevant factors.

c) Assumptions regarding future mortality experience are set in accordance with the statistics published by the Life Insurance Corporation of India.

Sensitivity analysis:

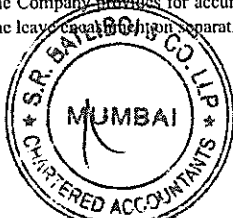
Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

| | As at March 31, 2021 | | As at March 31, 2020 | |
|-----------------------------|----------------------|----------|----------------------|----------|
| | Increase | Decrease | Increase | Decrease |
| Salary Growth Rate (+/- 1%) | 0.09 | (0.08) | 0.48 | (0.45) |
| Discount Rate (+/- 1%) | (0.09) | 0.10 | (0.45) | 0.50 |
| Withdrawal Rate (+/- 1%) | - | - | (0.03) | 0.03 |

The above sensitivity analysis have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the reporting date. In practice, generally it does not occur. When we change one variable, it affects to others. In calculating the sensitivity, project unit credit method at the end of the reporting period has been applied.

c) Compensated absences :

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



Edel Finance Company Limited

Notes to the financial statements for the year ended March 31, 2021

(Currency: Indian rupees in million)

| | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|--|--------------------------------------|--------------------------------------|
| 38. Other expenses | | |
| Advertisement and business promotion | 0.09 | 3.31 |
| Auditors' remuneration (refer note 38.A) | 2.15 | 2.36 |
| Commission and brokerage | 8.91 | 50.78 |
| Communication | 0.08 | 0.67 |
| Directors' sitting fees | 0.90 | 1.22 |
| Insurance | 0.12 | 0.01 |
| Legal and professional fees | 238.98 | 247.91 |
| Printing and stationery | 0.04 | 0.12 |
| Rates and taxes | 0.02 | 72.09 |
| Rent (refer note 38.C and 38.D) | 7.83 | 19.97 |
| Repairs and maintenance (refer note 38.D) | - | 0.17 |
| Electricity charges (refer note 38.D) | - | 0.01 |
| Computer expenses | 1.42 | - |
| Computer software | 0.32 | 1.17 |
| Corporate social responsibility -Donation (refer note 38.B) | 35.00 | - |
| Corporate guarantee commission | 8.58 | - |
| Clearing & custodian charges | 38.12 | 8.83 |
| Rating support fees (refer note 38.D) | 3.66 | 1.09 |
| Membership and subscription | - | 0.03 |
| Mutual Fund Expenses | 0.01 | - |
| Office expenses (refer note 38.D) | 8.72 | 0.69 |
| ROC Expenses | 0.02 | 0.02 |
| Securities transaction tax | 18.34 | - |
| Seminar & Conference | - | 0.02 |
| Goods & Service tax expenses | 161.53 | 79.13 |
| Stamp duty | 3.16 | 20.68 |
| Stock exchange expenses | 3.17 | - |
| Travelling and conveyance | 0.01 | 1.01 |
| Miscellaneous expenses | 3.79 | 0.95 |
| Others | 0.17 | 0.07 |
| Housekeeping and security charges (refer note 38.D) | - | 9.26 |
| | 545.14 | 521.57 |
| 38.A Auditors' remuneration: | | |
| As a Auditor | | |
| Audit fees | 0.39 | 1.18 |
| Limited Review | 1.05 | 0.97 |
| Certification | 0.65 | 0.10 |
| Reimbursement of expenses | 0.06 | 0.11 |
| | 2.15 | 2.36 |
| 38.B Details of CSR Expenditure: | | |
| Gross Amount required to be spent by the Company as per the provisions of Section 135 of Companies Act 2013. | 34.98 | 33.70 |
| Amount Spent (paid in cash) | | |
| i) Construction/ acquisition of any assets | - | - |
| ii) On purpose other than (i) above | 35.00 | - |
| Amount Spent (yet to be paid in cash) | | |
| i) Construction/ acquisition of any assets | - | - |
| ii) On purpose other than (i) above | - | - |
| | 35.00 | - |
| Amount paid to EdelGive Foundation (refer note 45 related party disclosure) | 35.00 | - |
| Paid to external parties | - | - |
| | 35.00 | - |

The Company is a wholly owned subsidiary of Edelweiss Financial Services Limited. Edelweiss group is conscious of its Corporate Social Responsibility and, had accordingly established a CSR arm, "EdelGive Foundation" in the year 2008. As an amount of Rs. 308.14 million (representing more than 2% of the consolidated profit of the group) was spent by the group as a whole towards CSR activities during the year ended March 31, 2020, the Company has not incurred the prescribed CSR expenditure on a standalone basis during the year ended March 31, 2020.

38.C Operating leases

The Company has not taken premises on operating lease. Rental expenses for the year ended March 31, 2021 aggregated to Rs. 7.83 million (Previous year: Rs. 19.97 million) which has been included under the head other expenses – Rent in the Statement of profit and loss are allocations from the fellow subsidiaries.

38.D Cost sharing

Edelweiss Financial Services Limited, being the holding company along with fellow subsidiaries incurs expenditure like Group mediclaim, insurance, rent, electricity charges etc. which is for the common benefit of itself and its certain subsidiaries, fellow subsidiaries including the Company. This cost so expended is reimbursed by the Company on the basis of number of employees, time spent by employees of other companies, actual identifications etc. On the same lines, employees' costs expended (if any) by the Company for the benefit of fellow subsidiaries is recovered by the Company. Accordingly, and as identified by the management, the expenditure heads in note 37 and 38 include reimbursements paid.



Edel Finance Company Limited

Notes to the financial statements for the year ended March 31, 2021

(Currency: Indian rupees in million)

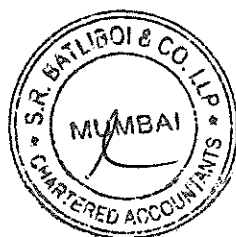
39. Income Tax

Component of income tax expenses

| | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|--|--------------------------------------|--------------------------------------|
| Current tax | - | 276.76 |
| Adjustment in respect of current income tax of prior years | (212.90) | (60.39) |
| Adjustment in respect of deferred tax | - | 4.34 |
| Deferred tax relating to temporary differences | (29.59) | (147.04) |
| Total tax charge for the year (refer note 39.A) | (242.49) | 73.67 |
| Current tax | (212.90) | 216.37 |
| Deferred tax (refer note 39.B) | (29.59) | (142.70) |

39.A The income tax expenses for the year can be reconciled to the accounting profit as follows:

| | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|--|--------------------------------------|--------------------------------------|
| Loss before taxes | (1,484.05) | (17.12) |
| Statutory Income Tax rate | 25.168% | 25.168% |
| Tax charge at statutory rate | (373.51) | (4.31) |
| Adjustment in respect of current income tax of prior year | (212.90) | (60.39) |
| Tax effect of : | | |
| Income / Items not subject to tax or chargeable at lower tax rate | | |
| Dividend Income | - | (0.18) |
| Non deductible expenses | | |
| Others | - | 4.41 |
| Impact of tax rate changes (between two accounting periods) | - | 26.23 |
| Others | | |
| Profit from EARC Trusts (taxed on realisation) | - | 0.08 |
| Effect of non-recognition of deferred tax asset on current-period losses | 160.98 | 85.14 |
| MAT reversal as per new tax regime | - | 3.39 |
| Share issue expenses and other expenses | - | 0.08 |
| Others | 182.94 | 19.22 |
| Current Tax Expenses Reported in Statement of Profit and Loss | (242.49) | 73.67 |
| Effective Income Tax Rate | 16.34% | -430.32% |



Edel Finance Company Limited

Notes to the financial statements for the year ended March 31, 2021

(Currency: Indian rupees in million)

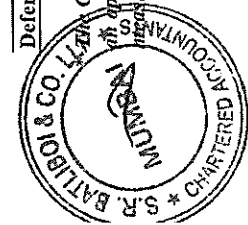
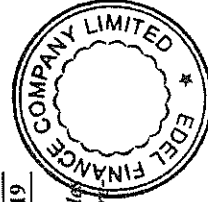
39.B Movement of Deferred Tax assets

Financial Year 2020-21

| | As on March 31, 2020 | Movement for the period (2020-21) | | | As on March 31, 2021 |
|---|----------------------|-----------------------------------|-------------------|----------------------------|----------------------|
| | | Recognised in profit or loss | Recognised in OCI | Recognised in other equity | |
| Deferred Tax Assets / (Liabilities) | | | | | |
| Employee benefits obligations | 1.35 | (1.09) | - | - | 0.26 |
| Effective interest rate on financial liabilities | (0.03) | 0.03 | - | - | - |
| Expected credit loss provision on Loans / SR's | 234.74 | (234.36) | - | - | 0.38 |
| Expected credit loss provision on Receivables | 18.55 | (18.14) | - | - | 0.41 |
| Unused tax losses | 21.51 | 230.75 | - | - | 252.26 |
| Property, plant and equipment & intangible assets | (0.30) | 0.29 | - | - | (0.01) |
| Fair valuation of financial assets | (54.97) | 61.74 | - | - | 6.77 |
| Fair valuation of derivatives | 39.80 | (39.80) | - | - | - |
| Others | 0.54 | 30.17 | - | - | 30.71 |
| Deferred Tax Asset (net) | 261.19 | 29.59 | - | - | 290.78 |

Financial Year 2019-20

| | As on April 1, 2019 | Movement for the period (2019-20) | | | As on March 31, 2020 |
|---|---------------------|-----------------------------------|-------------------|----------------------------|----------------------|
| | | Recognised in profit or loss | Recognised in OCI | Recognised in other equity | |
| Deferred Tax Assets / (Liabilities) * | | | | | |
| Employee benefits obligations | 5.21 | (3.29) | (0.57) | - | 1.35 |
| Effective interest rate on financial liabilities | 66.83 | (66.86) | - | - | (0.03) |
| Expected credit loss provision on Loans / SR's | 168.31 | 66.43 | - | - | 234.74 |
| Expected credit loss provision on Receivables | - | 18.55 | - | - | 18.55 |
| Unused tax losses | 24.78 | (3.27) | - | - | 21.51 |
| Property, plant and equipment & intangible assets | (0.48) | 0.18 | - | - | (0.30) |
| Fair valuation of financial assets | (125.50) | 70.53 | - | - | (54.97) |
| Fair valuation of derivatives | (21.67) | 61.47 | - | - | 39.80 |
| Others | 1.58 | (1.04) | - | - | 0.54 |
| Deferred Tax Asset (net) | 119.06 | 142.70 | (0.57) | - | 261.19 |



With effect from 1st April 2020, the Government of India, vide the Taxation Laws (Amendment) Ordinance 2019 (the Ordinance), inserted a new Section 115BAA in the Income tax Act, 1961, which provides an option to the Company for paying Income tax at reduced rates. Accordingly, the Company has recognised provision for income tax for the year ended March 31, 2020. The Company has also measured its deferred tax assets (net) basis the rate prescribed in the aforesaid section resulting in additional tax charge of Rs. 26.23 millions.

Edel Finance Company Limited
Notes to the financial statements for the year ended March 31, 2021

(Currency: Indian rupees in million)

40. Earnings per Share

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

Diluted earnings per share is calculated by dividing the profit attributable to equity shareholders of the Company with the weighted average number of equity shares outstanding during the period adjusted for assumed conversion of all dilutive potential equity shares.

| | | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|---------|--------------------------------------|--------------------------------------|
| Net profit attributable to equity holders of the Company | (A) | (1,241.56) | (90.79) |
| Weighted average number of shares | | | |
| - Number of equity shares outstanding at the beginning of the year | | 53,323,638 | 10,000,000 |
| - Number of equity shares issued during the year | | 2,343,750 | 43,323,638 |
| Total number of equity shares outstanding at the end of the year | | 55,667,388 | 53,323,638 |
| Total number of CCPS outstanding at the end of the year | | 16,500,000 | - |
| Weighted average number of equity shares outstanding during the year (based on the date of issue of shares) | (B) | 54,633,570 | 53,323,638 |
| Weighted average number of diluted equity shares outstanding during the year | (C) | 55,371,926 | 53,323,638 |
| Adjusted net profit for diluted EPS | (D) | (1,241.56) | (90.79) |
| Basic earnings per share (in rupees) | (A / B) | (22.73) | (1.70) |
| Diluted earnings per share (in rupees) | | (22.73) | (1.70) |

41. Contingent Liability & Commitment:
Contingent Liability

In the ordinary course of business, the Company faces claims and assertions by various parties. The Company assesses such claims and assertions and monitors the legal environment on an ongoing basis, with the assistance of external legal counsel, wherever necessary. The Company records a liability for any claims where a potential loss is probable and capable of being estimated and discloses such matters in its financial statements, if material. For potential losses that are considered possible, but not probable, the Company provides disclosure in the financial statements but does not record a liability in its accounts unless the loss becomes probable.

The Company believes that the outcome of these proceedings will not have a materially adverse effect on the Company's financial position and results of operations.

Details of contingent liability

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|--|-------------------------|-------------------------|
| Taxation matters of assessment year AY 2014-15 & AY 2015-16 in respect of which appeal is pending with tax authorities | 114.88 | 114.88 |

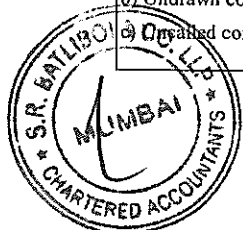
The Company has received demand notices from tax authorities on account of disallowance of expenditure for earning exempt income under Section 14A of Income Tax Act 1961 read with Rule 8D of the Income Tax Rules, 1962. The company has filed appeal/s and is defending its position. Based on the favourable outcome in Appellate proceedings in the past and as advised by the tax advisors, company is reasonably certain about sustaining its position in the pending cases, hence the possibility of outflow of resources embodying economic benefits on this ground is remote."

Commitment

To meet the financial needs of customers, the Company enters into various irrevocable commitments, which primarily consist of undrawn commitment to lend.

Details of commitment

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|-------------------------|-------------------------|
| a) Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for | - | - |
| b) Undrawn committed credit lines | - | 1,639.89 |
| c) Undrawn commitments on investments in AIF/ Venture Fund | - | 3,345.13 |



Edel Finance Company Limited

Notes to the financial statements for the year ended March 31, 2021

(Currency: Indian rupees in million)

42. Segment reporting

Primary Segment (Business segment)

The Company being CIC, has only capital business segment in the previous year i.e March 31, 2020. Due to Edelweiss Finvest Limited being merged with itself, the company has identified and disclosed segment information in accordance with the requirements of Ind AS 108 – Operating Segments. Information provided in segment is accurate and complete. The identified segments are i.e. Capital based business, Treasury business, Financing business & others.

| Segment | Activities covered |
|------------------------|---|
| Capital based business | Income from investments and dividend income |
| Treasury business | Income from Treasury operations |
| Financing business | Wholesale and retail financing |

Income for each segment has been specifically identified. Expenditure, assets and liabilities are either specifically identified with individual segments or have been allocated to segments on a systematic basis. Based on such allocations, segment disclosures relating to revenue, results, assets and liabilities have been prepared.

Secondary Segment

Since the business operations of the Company are primarily concentrated in India, the Company is considered to operate only in the domestic segment and therefore there is no reportable geographic segment.

Segment information as at and for the year ended March 31, 2021

| Particulars | Financing business | Capital based business | Treasury Business | Unallocated | Total |
|--|--------------------|------------------------|-------------------|---------------|-------------------|
| Revenue from operations | | | | | |
| Interest income | 877.64 | 73.32 | 374.66 | - | 1,325.62 |
| Other operating income | 23.40 | (0.73) | 529.55 | - | 552.22 |
| Total revenue from operations | 901.04 | 72.59 | 904.21 | - | 1,877.84 |
| Interest expenses | 1,041.11 | 151.31 | 793.76 | - | 1,986.18 |
| Other expenses | 1,164.92 | 25.46 | 185.33 | - | 1,375.71 |
| Total expenses | 2,206.03 | 176.77 | 979.09 | - | 3,361.89 |
| Segment profit/(loss) before taxation | (1,304.99) | (104.18) | (74.88) | - | (1,484.05) |
| Income tax expenses | - | - | - | (242.49) | (242.49) |
| Profit for the year | (1,304.99) | (104.18) | (74.88) | 242.49 | (1,241.56) |
| Other comprehensive income | 0.24 | (0.84) | 0.19 | - | (0.41) |
| Total comprehensive income | (1,304.75) | (105.02) | (74.69) | 242.49 | (1,241.97) |
| Segment assets | - | 29,748.35 | 54.14 | 615.98 | 30,418.47 |
| Segment liabilities | - | 18,040.48 | - | 18.14 | 18,058.62 |
| Capital expenditure | 0.03 | 0.06 | 0.02 | - | 0.11 |
| Depreciation and amortisation | 1.70 | 0.22 | 1.30 | - | 3.22 |
| Significant non-cash items (net) | (221.35) | (0.34) | 25.75 | - | (195.94) |



Edel Finance Company Limited

Notes to the financial statements for the year ended March 31, 2021

(Currency: Indian rupees in million)

42. Segment reporting (continued)

Segment information as at and for the year ended March 31, 2020

| Particulars | Financing business | Capital based business | Treasury Business | Unallocated | Total |
|--|--------------------|------------------------|-------------------|----------------|-------------------|
| Revenue from operations | | | | | |
| Interest income | 1,172.50 | 6.42 | 768.01 | - | 1,946.93 |
| Other operating income | 41.35 | 133.08 | 962.84 | 3.94 | 1,141.21 |
| Total revenue from operations | 1,213.85 | 139.50 | 1,730.85 | 3.94 | 3,088.14 |
| Interest expenses | 738.36 | 250.69 | 942.34 | 16.55 | 1,947.94 |
| Other expenses | 783.11 | 44.43 | 329.76 | 0.02 | 1,157.32 |
| Total expenses | 1,521.47 | 295.12 | 1,272.10 | 16.57 | 3,105.26 |
| Segment profit/(loss) before taxation | (307.62) | (155.62) | 458.75 | (12.63) | (17.12) |
| Income tax expenses | - | - | - | (73.67) | (73.67) |
| Profit for the year | (307.62) | (155.62) | 458.75 | (86.30) | (90.79) |
| Other comprehensive income | 0.07 | 1.56 | 0.09 | - | 1.72 |
| Total comprehensive income | (307.55) | (154.06) | 458.84 | (86.30) | (89.07) |
| Segment assets | 11,393.01 | 6,962.74 | 8,751.86 | 417.82 | 27,525.43 |
| Segment liabilities | 5,882.49 | 2,230.91 | 7,597.10 | 163.23 | 15,873.73 |
| Capital expenditure | 0.59 | 0.06 | 0.75 | - | 1.40 |
| Depreciation and amortisation | 1.19 | 0.38 | 1.52 | - | 3.09 |
| Significant non-cash items (net) | (497.25) | 0.31 | (1,023.19) | - | (1,520.13) |



Edel Finance Company Limited

Notes to the financial statements for the year ended March 31, 2021

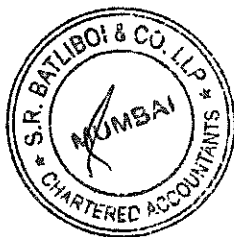
(Currency: Indian rupees in million)

43. Change in liabilities arising from financing activities

| Particulars | As at April 1, 2020 | Cash Flows | Changes in Fair value | Others (net)* | As at March 31, 2021 |
|---------------------------------------|------------------------|-----------------|--------------------------|---------------|-------------------------|
| Debt securities | 13,160.17 | (2,818.64) | - | 324.28 | 10,665.81 |
| Borrowings other than debt securities | 1,849.11 | 5,297.10 | - | (10.16) | 7,136.05 |
| Subordinated liabilities | 161.09 | - | - | 0.03 | 161.12 |
| | 15,170.37 | 2,478.46 | - | 314.15 | 17,962.98 |

| Particulars | As at April 1, 2019 | Cash Flows | Changes in Fair value | Others (net)* | As at March 31, 2020 |
|---------------------------------------|------------------------|-------------------|--------------------------|---------------|-------------------------|
| Debt securities | 22,275.76 | (9,765.03) | - | 649.44 | 13,160.17 |
| Borrowings other than debt securities | 1,546.35 | 275.65 | - | 27.11 | 1,849.11 |
| Subordinated liabilities | 161.17 | - | - | (0.08) | 161.09 |
| | 23,983.28 | (9,489.38) | - | 676.47 | 15,170.37 |

* Includes the effect of accrued but not paid interest on borrowing, securities premium on issue of debt securities



Edel Finance Company Limited

Notes to the financial statements for the year ended March 31, 2021

(Currency: Indian rupees in million)

44. Maturity Analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled. Derivatives (excluding embedded derivatives), securities held for trading have been classified to mature and/or be repaid within 12 months, regardless of the actual contractual maturities of the products. With regard to loans and advances to customers, the company uses the same basis of expected repayment behaviour as used for estimating the EIR.

| Particulars | As at March 31, 2021 | | | As at March 31, 2020 | | |
|---|----------------------|------------------|------------------|----------------------|------------------|------------------|
| | Within 12 months | After 12 months | Total | Within 12 months | After 12 months | Total |
| Financial Assets | | | | | | |
| Cash and cash equivalents | 1,200.58 | - | 1,200.58 | 1,416.56 | - | 1,416.56 |
| Derivative financial instruments | - | - | - | 1,563.67 | - | 1,563.67 |
| Securities held for trading | - | - | - | 5,070.58 | - | 5,070.58 |
| Trade receivables | 52.95 | - | 52.95 | 2.60 | - | 2.60 |
| Other receivables | - | - | - | 2.78 | - | 2.78 |
| Loans (on Gross Basis) | 8,447.25 | - | 8,447.25 | 4,200.85 | 4,175.18 | 8,376.03 |
| Investments | 2,357.70 | 17,682.51 | 20,040.21 | 447.61 | 9,879.84 | 10,327.45 |
| Other financial assets | 48.02 | - | 48.02 | 535.88 | - | 535.88 |
| Non-financial assets | | | | | | |
| Current tax assets (net) | - | 330.50 | 330.50 | - | 158.30 | 158.30 |
| Deferred tax assets (net) | - | 290.78 | 290.78 | - | 261.19 | 261.19 |
| Property, Plant and Equipment | - | 3.18 | 3.18 | - | 4.09 | 4.09 |
| Other Intangible assets | - | 1.74 | 1.74 | - | 4.05 | 4.05 |
| Other non- financial assets | 4.78 | - | 4.78 | 150.11 | - | 150.11 |
| Total Assets | 12,111.28 | 18,308.71 | 30,419.99 | 13,390.64 | 14,482.65 | 27,873.29 |
| Financial Liabilities | | | | | | |
| Derivative financial instruments | - | - | - | 236.46 | - | 236.46 |
| Trade payables | 40.89 | - | 40.89 | 228.51 | - | 228.51 |
| Debt securities | 4,492.32 | 6,173.49 | 10,665.81 | 3,647.48 | 9,512.69 | 13,160.17 |
| Borrowings (other than debt securities) | 7,136.05 | - | 7,136.05 | 1,729.75 | 119.36 | 1,849.11 |
| Subordinated Liabilities | 11.12 | 150.00 | 161.12 | 11.09 | 150.00 | 161.09 |
| Other financial liabilities | 16.22 | - | 16.22 | 0.48 | - | 0.48 |
| Non-financial liabilities | | | | | | |
| Current tax liabilities (net) | 18.16 | - | 18.16 | 163.23 | - | 163.23 |
| Provisions | 0.22 | 0.81 | 1.03 | 0.34 | 7.35 | 7.69 |
| Other non-financial liabilities | 19.34 | - | 19.34 | 66.99 | - | 66.99 |
| Total Liabilities | 11,734.32 | 6,324.30 | 18,058.62 | 6,084.33 | 9,789.40 | 15,873.73 |
| Net | 376.96 | 11,984.41 | 12,361.37 | 7,306.31 | 4,693.25 | 11,999.56 |



Edel Finance Company Limited

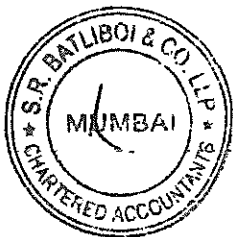
Notes to the financial statements for the year ended March 31, 2021

(Currency: Indian rupees in million)

45. Disclosure of Related Party Transactions pursuant to IND AS 24 "Related Party Transactions"

List of related parties and relationship:

| | | |
|---|--|--|
| Holding Company | Edelweiss Financial Services Limited | |
| Fellow subsidiaries with whom the transactions have taken place in current or previous year | Allium Finance Private Limited ECap Equities Limited ECL Finance Limited Edelcap Securities Limited EdelGive Foundation Edelweiss Alternative Asset Advisors Limited Edelweiss Asset Management Limited Edelweiss Asset Reconstruction Company Limited Edelweiss Broking Limited (till 26 March 2021) Edelweiss Custodial Services Limited (till 26 March 2021) Edelweiss Finance & Investments Limited (till 26 March 2021) Edelweiss Gallagher Insurance Brokers Limited Edelweiss General Insurance Company Limited Edelweiss Global Wealth Management Limited (till 26 March 2021) Edelweiss Housing Finance Limited Edelweiss Investment Advisors Limited Edelweiss Private Equity Tech fund Edelweiss Retail Finance Limited Edelweiss Rural & Corporate Services Limited Edelweiss Securities And Investments Private Limited Edelweiss Securities Limited (till 26 March 2021) Edelweiss Tokio Life Insurance Company Limited Edelweiss Value and Growth Fund India Credit Investment Fund II | |
| Associate Companies | Edelweiss Broking Limited (from 27 March 2021) Edelweiss Custodial Services Limited (from 27 March 2021) Edelweiss Finance & Investments Limited (from 27 March 2021) Edelweiss Securities Limited (from 27 March 2021) Edelweiss Global Wealth Management Limited (from 27 March 2021) | |
| Key Management Personnel (KMP) | Amit Dhawan (till 15 November 2020) Ravindra Dhibale Sheetal Gandhi (till 30 June 2019) Ritesh S Jain (from 27 December 2019 till 4 May 2020) Deepak Kundalia (from 1 October 2020) Niket Joshi (from 2 May 2018 till 10 July 2019) Nishant Salvi (from 6 January 2020 to 31 March 2020) Prachi Mathur (1 September 2020 till 31 January 2021) Ashish Kehair (from 23 May 2018) Puja D'souza Sunil Phartepkar (from 1 April 2021) Sanjay Shah (till 14 January 2020) Bharat Bakshi Kunnasagaran Chinniah (till 12 December 2019) Vinod Juncja Atul Ambavat | Managing Director & CEO Chief Financial Officer Chief Financial Officer Chief Financial Officer Chief Financial Officer Company Secretary Company Secretary Company Secretary Non-executive Director Non-executive Director Independent Director Independent Director Independent Director Independent Director Independent Director |



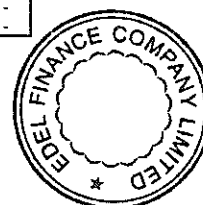
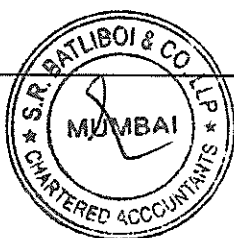
Edel Finance Company Limited

Notes to the financial statements for the year ended March 31, 2021

(Currency: Indian rupees in million)

45. Disclosure of Related Party Transactions pursuant to IND AS 24 "Related Party Transactions"

| Sr.No. | Nature of Transaction | Related Party Name | 2020-21 | 2019-20 |
|--------|--|--|-----------|-----------|
| | Transactions with related parties: | | | |
| (I) | Capital account transactions | | | |
| 1 | Issue of equity shares to (including securities premium) | Edelweiss Financial Services Limited | 300.00 | - |
| 2 | Issue of Compulsory Convertible Preference Shares to | Edelweiss Financial Services Limited | 1,650.00 | - |
| 3 | Purchase of ECL Finance equity shares | Edelweiss Rural & Corporate Services Limited | 4,906.17 | - |
| 4 | Sale of ECL Finance equity shares | Edelweiss Financial Services Limited | 6,706.17 | - |
| 5 | Investments in preference shares (Face Value) of | Edelweiss Rural & Corporate Services Limited | - | 500.00 |
| 6 | Redemption of preference shares (Face Value) of | Edelweiss Rural & Corporate Services Limited | 500.00 | - |
| 7 | Investments in units of | Edelweiss Value and Growth Fund | - | 0.03 |
| | | Edelweiss Private Equity Tech fund | - | 0.00 |
| 8 | Investments in Compulsory Convertible Preference Shares | Edelweiss Rural & Corporate Services Limited | 500.00 | - |
| 9 | Investments in Compulsory Convertible Debentures | Edelweiss Rural & Corporate Services Limited | 9,000.00 | - |
| 10 | Investment in equity shares | Edelweiss Rural & Corporate Services Limited | 1,654.97 | - |
| (II) | Current account transactions | | | |
| 1 | Short term loans taken from | Edelweiss Rural & Corporate Services Limited | 29,312.89 | 16,040.08 |
| | | ECap Equities Limited | 4,599.00 | - |
| | | Edelweiss Financial Services Limited | 4,110.00 | - |
| | Short term loans taken from (Max of debit/ credit) | Edelweiss Rural & Corporate Services Limited | 5,000.00 | - |
| | | ECap Equities Limited | 4,599.00 | - |
| | | Edelweiss Financial Services Limited | 2,110.00 | - |
| 2 | Short term loans repaid to | Edelweiss Rural & Corporate Services Limited | 24,676.53 | 13,960.19 |
| | | ECap Equities Limited | 5,799.00 | - |
| | | Edelweiss Financial Services Limited | 2,000.00 | - |
| | Short term loans repaid to (Max of debit/ credit) | Edelweiss Rural & Corporate Services Limited | 4,350.00 | - |
| | | ECap Equities Limited | 1,744.00 | - |
| | | Edelweiss Financial Services Limited | 2,000.00 | - |
| 3 | Short term loans given to | Edelweiss Rural & Corporate Services Limited | 5,304.52 | 95,350.27 |
| | | Edelweiss Broking Limited | 1,000.00 | - |
| | | ECap Equities Limited | 26,777.50 | 1,000.00 |
| | | Edelweiss Alternative Asset Advisors Limited | 500.00 | - |
| | | Edelweiss Securities And Investments Private Limited | 850.00 | - |
| | Short term loans given to (Max of debit/ credit) | Edelweiss Rural & Corporate Services Limited | 2,000.00 | - |
| | | Edelweiss Broking Limited | 1,000.00 | - |
| | | ECap Equities Limited | 6,014.00 | - |
| | | Edelweiss Alternative Asset Advisors Limited | 500.00 | - |
| | | Edelweiss Securities And Investments Private Limited | 850.00 | - |
| 4 | Short term loans given repaid by | Edelweiss Rural & Corporate Services Limited | 5,299.52 | 79,908.23 |
| | | Edelweiss Broking Limited | 1,000.00 | - |
| | | ECap Equities Limited | 19,512.80 | 990.00 |
| | | Edelweiss Alternative Asset Advisors Limited | 500.00 | - |
| | | Edelweiss Securities And Investments Private Limited | 700.00 | - |
| | Short term loans given repaid by (Max of debit/ credit) | Edelweiss Rural & Corporate Services Limited | 2,000.00 | - |
| | | Edelweiss Broking Limited | 500.00 | - |
| | | ECap Equities Limited | 2,270.00 | - |
| | | Edelweiss Alternative Asset Advisors Limited | 400.00 | - |
| | | Edelweiss Securities And Investments Private Limited | 700.00 | - |
| 5 | Redemption - Debentures by | Edelweiss Asset Reconstruction Company Limited | 403.23 | 411.46 |
| 6 | Buyback / redemption- benchmark linked debentures | ECap Equities Limited | 1,515.81 | 4,476.26 |
| 7 | Interest expense on loans taken from | Edelweiss Rural & Corporate Services Limited | 75.62 | 79.84 |
| | | ECap Equities Limited | 69.35 | 169.73 |
| | | Edelweiss Financial Services Limited | 7.87 | - |
| 8 | Interest expense on benchmark linked debentures | ECap Equities Limited | - | 2.08 |
| | | ECL Finance Limited | - | 1.67 |
| | | Edelweiss Rural & Corporate Services Limited | - | 0.71 |
| 9 | Other financial cost paid to | Edelweiss Asset Management Limited | - | 51.83 |
| | | Edelweiss Broking Limited | 37.25 | 1.91 |
| | | Edelweiss Alternative Asset Advisors Limited | - | 87.02 |
| | | Edelweiss Global Wealth Management Limited | 38.23 | - |
| | | ECL Finance Limited | 519.60 | - |
| | | Edelweiss Securities Limited | 1.04 | - |



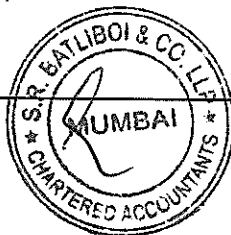
Edel Finance Company Limited

Notes to the financial statements for the year ended March 31, 2021

(Currency: Indian rupees in million)

45. Disclosure of Related Party Transactions pursuant to IND AS 24 "Related Party Transactions"

| Sr.No. | Nature of Transaction | Related Party Name | 2020-21 | 2019-20 |
|-------------------------------------|--|--|----------|-----------|
| Current account transactions | | | | |
| 10 | Interest expense on subordinate debt | Edelweiss Tokio Life Insurance Company Limited | - | 16.38 |
| | | ECap Equities Limited | 7.71 | - |
| | | ECL Finance Limited | 6.17 | - |
| | | Edelweiss Rural & Corporate Services Limited | 2.64 | - |
| 11 | Interest income on preference shares issued to | Edelweiss Rural & Corporate Services Limited | 52.39 | - |
| 12 | Interest income received from securities | Edelweiss Retail Finance Limited | 6.95 | 6.39 |
| | | Edelweiss Asset Reconstruction Company Limited | 318.99 | 579.13 |
| | | Edelweiss Rural & Corporate Services Limited | 2.62 | - |
| 13 | Interest income on short term loan from | ECap Equities Limited | 170.66 | 17.11 |
| | | Edelweiss Broking Limited | 43.00 | - |
| | | Edelweiss Rural & Corporate Services Limited | 26.89 | 72.12 |
| | | Edelweiss Alternative Asset Advisors Limited | 6.83 | - |
| | | Edelweiss Securities And Investments Private Limited | 0.10 | - |
| 14 | Interest income on margin from | Edelweiss Securities Limited | - | 3.38 |
| | | Edelweiss Custodial Services Limited | 5.58 | 120.09 |
| 15 | Interest income on debentures (CCD) | Edelweiss Rural & Corporate Services Limited | 0.01 | - |
| 16 | Enterprise service charges paid to | Edelweiss Financial Services Limited | - | 0.03 |
| | | Edelweiss Rural & Corporate Services Limited | - | 0.82 |
| 17 | Legal and professional fees paid to | Edelweiss Rural & Corporate Services Limited | - | 0.01 |
| | | Edelweiss Financial Services Limited | 0.00 | - |
| | | Edelweiss Alternative Asset Advisors Limited | 32.63 | - |
| 18 | Arranger fee paid to | Edelweiss Retail Finance Limited | - | 106.68 |
| 19 | Loan portfolio transferred to | ECL Finance Limited | - | 17,780.12 |
| 20 | Cost reimbursement received from (net) | Edelweiss Financial Services Limited | 3.11 | 1.67 |
| | | Edelweiss Rural & Corporate Services Limited | - | 1.11 |
| | | Edelweiss Broking Limited | - | 0.19 |
| | | Edelweiss Securities Limited | - | 3.84 |
| | | Edelweiss Custodial Services Limited | - | 0.01 |
| | | ECap Equities Limited | - | 0.02 |
| | | Edelweiss Asset Management Limited | - | 13.35 |
| | | Edelweiss Alternative Asset Advisors Limited | - | 28.41 |
| 21 | Cost reimbursements paid to (net) | Edelweiss Financial Services Limited | 0.70 | 0.14 |
| | | Edelweiss Securities Limited | 0.03 | 0.01 |
| | | ECap Equities Limited | 0.03 | - |
| | | Edelweiss Rural & Corporate Services Limited | 1.99 | 1.83 |
| | | Edelweiss Custodial Services Limited | 0.01 | 0.04 |
| | | Edelweiss Broking Limited | 1.01 | - |
| | | ECL Finance Limited | 0.00 | - |
| 22 | Equity investment purchased from | ECap Equities Limited | - | 205.20 |
| | | Edelweiss Rural & Corporate Services Limited | - | 51.78 |
| 23 | Equity investment sold to | ECap Equities Limited | 149.41 | - |
| | | Edelweiss General Insurance Company Limited | 106.21 | - |
| 24 | Other investment purchased from | ECap Equities Limited | 6,046.74 | 1,653.40 |
| | | Edelcap Securities Limited | - | 160.99 |
| 25 | Other investment sold to | ECap Equities Limited | 3,272.36 | - |
| 26 | Shared premises cost paid (net) | Edelweiss Securities Limited | 0.17 | 1.15 |
| | | ECap Equities Limited | 3.35 | 6.34 |
| | | Edelweiss Rural & Corporate Services Limited | 2.71 | 3.38 |
| | | Edelweiss Asset Management Limited | - | 0.08 |
| | | Edelweiss Broking Limited | 0.44 | 5.49 |
| | | Edelweiss Custodial Services Limited | 0.01 | 0.09 |
| | | ECL Finance Limited | 0.09 | - |
| 27 | Rating support fees paid to | Edelweiss Financial Services Limited | 0.07 | 0.24 |
| | | Edelweiss Rural & Corporate Services Limited | 0.12 | - |
| 28 | Corporate social responsibility | EdelGive Foundation | 35.00 | - |
| 29 | Corporate guarantee support fee paid to | Edelweiss Financial Services Limited | 2.33 | 5.75 |
| | | Edelweiss Rural & Corporate Services Limited | 8.58 | - |
| 30 | Commission and sub-brokerage paid to | Edelweiss Securities Limited | 5.11 | 57.47 |
| | | Edelweiss Global Wealth Management Limited | 6.67 | 33.95 |
| 31 | Loan purchased from | Edelweiss Rural & Corporate Services Limited | - | 2,039.40 |
| | | ECap Equities Limited | 396.50 | 4,704.70 |



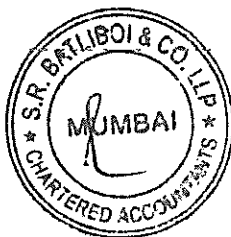
Edel Finance Company Limited

Notes to the financial statements for the year ended March 31, 2021

(Currency: Indian rupees in million)

45. Disclosure of Related Party Transactions pursuant to IND AS 24 "Related Party Transactions"

| Sr.No. | Nature of Transaction | Related Party Name | 2020-21 | 2019-20 |
|--|---|--|-----------|-----------|
| Current account transactions | | | | |
| 32 | Loans sold to | Edelweiss Asset Reconstruction Company Limited | 766.20 | - |
| | | India Credit Investment Fund II | 1,342.19 | - |
| 33 | Security Receipts Purchased from | Edelweiss Asset Reconstruction Company Limited | - | 3,288.14 |
| 34 | Security Receipts Sold to | Edelweiss Asset Reconstruction Company Limited | - | 4,038.80 |
| | | Allium Finance Private Limited | 88.38 | - |
| | | India Credit Investment Fund II | 1,835.34 | - |
| 35 | Clearing charges paid to | Edelweiss Custodial Services Limited | 37.89 | 8.73 |
| 36 | ESOP Cost | Edelweiss Securities Limited | - | 2.14 |
| | | ECL Finance Limited | - | 0.05 |
| 37 | Remuneration to Key Management Personnel (Refer note 1) | Amit Dhawan | 3.62 | 8.52 |
| | | Sheetal Gandhi | - | 1.77 |
| | | Ravindra Dhobale | - | 1.80 |
| | | Deepak Kundalia | 2.51 | - |
| 38 | Directors' sitting fees | Sanjay Shah | - | 0.32 |
| | | Bharat Bakshi | 0.36 | 0.32 |
| | | Kunnasagan Chinniah | - | 0.14 |
| | | Atul Ambavat | 0.18 | 0.22 |
| | | Vinod Juneja | 0.18 | 0.22 |
| | | Sunil Phartepkar | 0.30 | - |
| (III) Secondary market transactions | | | | |
| 1 | Sale of securities (Stock in trade) to | ECL Finance Limited | 460.04 | 665.86 |
| | | Edelweiss Finance & Investments Limited | 10.94 | 0.84 |
| | | Edelweiss Rural & Corporate Services Limited | - | 128.49 |
| | | ECap Equities Limited | 1,504.76 | - |
| | | Edelweiss Investment Advisors Limited | 1,633.94 | - |
| | | Edeleap Securities Limited | 563.93 | - |
| 2 | Purchase of securities (Stock in trade) from | ECL Finance Limited | - | 1,363.93 |
| | | Ecap Equities Limited | 559.82 | 97.49 |
| | | Edelweiss Finance & Investments Limited | - | 101.35 |
| | | Edelweiss Rural & Corporate Services Limited | - | 3,552.54 |
| | | Edelweiss Alternative Asset Advisors Limited | - | 0.93 |
| 3 | Amount paid to Broker for trading in cash segment | Edelweiss Securities Limited | 7,595.99 | 9,946.04 |
| 4 | Amount received from Broker for trading in cash segment | Edelweiss Securities Limited | 8,088.33 | 10,137.27 |
| 5 | Margin placed with broker | Edelweiss Custodial Services Limited | 11,981.72 | 37,158.33 |
| | | Edelweiss Securities Limited | - | 637.10 |
| | | Edelweiss Broking Limited | - | 1,537.60 |
| 6 | Margin withdrawn from broker | Edelweiss Custodial Services Limited | 12,329.36 | 37,478.36 |
| | | Edelweiss Securities Limited | - | 593.79 |
| | | Edelweiss Broking Limited | - | 1,537.67 |



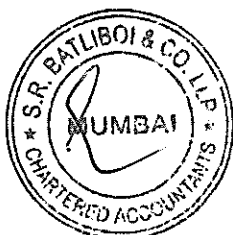
Edel Finance Company Limited

Notes to the financial statements for the year ended March 31, 2021

(Currency: Indian rupees in million)

45. Disclosure of Related Party Transactions pursuant to IND AS 24 "Related Party Transactions"

| Sr.No. | Nature of Transaction | Related Party Name | 2020-21 | 2019-20 |
|--------|--|--|----------|----------|
| (III) | Secondary market transactions | | | |
| 7 | Purchase of Property, Plant & Equipment | ECL Finance Limited | 0.00 | 0.60 |
| | | Edelweiss Alternative Asset Advisors Limited | - | 0.04 |
| | | Edelweiss Broking Limited | 0.01 | 0.13 |
| | | Edelweiss Custodial Services Limited | - | 0.01 |
| | | Edelweiss Financial Services Limited | 0.00 | 0.00 |
| | | Edelweiss Global Wealth Management Limited | - | 0.00 |
| | | Edelweiss Rural & Corporate Services Limited | - | 0.03 |
| | | Edelweiss Securities Limited | - | 0.48 |
| | | Edelweiss Gallagher Insurance Brokers Limited | 0.00 | - |
| 8 | Sale of Property, Plant & Equipment | ECL Finance Limited | - | 0.00 |
| | | Edelweiss Broking Limited | 0.01 | 0.02 |
| | | Edelweiss Rural & Corporate Services Limited | - | 0.00 |
| | | Edelweiss Securities Limited | 0.00 | - |
| | | Edelweiss Finance & Investments Limited | 0.09 | - |
| | | Edelweiss Custodial Services Limited | 0.01 | - |
| | | Edelweiss General Insurance Company Limited | 0.01 | - |
| (IV) | Balances with related parties | | | |
| 1 | Investments in equity shares | Edelweiss Retail Finance Limited | 264.00 | 264.00 |
| | | Edelweiss Asset Reconstruction Company Limited | 326.14 | 326.14 |
| | | Edelweiss Rural & Corporate Services Limited | 2,854.97 | 1,200.00 |
| | | ECL Finance Limited | - | 1,800.00 |
| | | Edelweiss Housing Finance Limited | 1,000.00 | 1,000.00 |
| 2 | Investments in compulsory convertible preferences shares | Edelweiss Rural & Corporate Services Limited | 500.00 | - |
| 3 | Investments in compulsory convertible debentures | Edelweiss Rural & Corporate Services Limited | 9,000.00 | - |
| 4 | Investments in units of | Edelweiss Private Equity Tech fund | - | 136.73 |
| | | Edelweiss Value and Growth Fund | - | 325.50 |
| 5 | Debenture and bonds (Investments) of | ECap Equities Limited | 6,019.84 | - |
| | | Edelweiss Retail Finance Limited | 58.40 | - |
| | | Edelweiss Asset Reconstruction Company Limited | 15.03 | - |
| 6 | Subordinate debt issued to | Edelweiss Tokio Life Insurance Company Limited | - | 150.00 |
| | | ECap Equities Limited | 70.00 | - |
| | | ECL Finance Limited | 56.00 | - |
| | | Edelweiss Rural & Corporate Services Limited | 24.00 | - |
| 7 | Benchmark debentures held by | ECap Equities Limited | - | 70.00 |
| | | ECL Finance Limited | - | 56.00 |
| | | Edelweiss Rural & Corporate Services Limited | - | 24.00 |
| 8 | Debenture and bonds (Securities held for Trading at fair value) of | Edelweiss Retail Finance Limited | - | 38.51 |
| | | Edelweiss Asset Reconstruction Company Limited | - | 4,248.02 |
| 9 | Investment in Preference Shares at Fair value held of | Edelweiss Rural & Corporate Services Limited | - | 447.61 |
| 10 | Interest accrued on benchmark linked debentured held by | ECap Equities Limited | - | 5.20 |
| | | ECL Finance Limited | - | 4.16 |
| | | Edelweiss Rural & Corporate Services Limited | - | 1.78 |
| 11 | Interest accrued on subordinate debt | Edelweiss Tokio Life Insurance Company Limited | - | 11.09 |
| | | ECap Equities Limited | 5.19 | - |
| | | ECL Finance Limited | 4.15 | - |
| | | Edelweiss Rural & Corporate Services Limited | 1.78 | - |
| 12 | Short term loans taken from | Edelweiss Rural & Corporate Services Limited | 5,000.00 | 363.63 |
| | | ECap Equities Limited | - | 1,200.00 |
| | | Edelweiss Financial Services Limited | 2,110.00 | - |
| 13 | Short term loans given to | Edelweiss Rural & Corporate Services Limited | 5.51 | 0.51 |
| | | ECap Equities Limited | 8,269.70 | 1,005.00 |
| | | Edelweiss Securities And Investments Private Limited | 150.00 | - |
| 14 | Trade Payables to | Edelweiss Financial Services Limited | 0.12 | 7.47 |
| | | Edelweiss Securities Limited | 0.00 | 27.46 |
| | | ECL Finance Limited | 13.79 | 119.17 |
| | | Edelweiss Custodial Services Limited | - | 0.01 |
| | | ECap Equities Limited | 0.17 | 0.63 |
| | | Edelweiss Alternative Asset Advisors Limited | 1.79 | 18.70 |
| | | Edelweiss Global Wealth Management Limited | 4.53 | 8.12 |
| | | Edelweiss Rural & Corporate Services Limited | 2.86 | 1.87 |
| | | Edelweiss Asset Management Limited | - | 6.20 |
| | | Edelweiss Broking Limited | 2.31 | 0.53 |



Edel Finance Company Limited

Notes to the financial statements for the year ended March 31, 2021

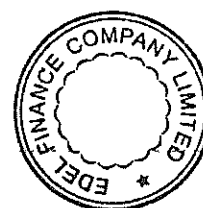
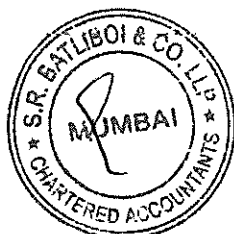
(Currency: Indian rupees in million)

45. Disclosure of Related Party Transactions pursuant to IND AS 24 "Related Party Transactions"

| Sr.No. | Nature of Transaction | Related Party Name | 2020-21 | 2019-20 |
|---|---|--|---------|----------|
| Balances with related parties (continued) | | | | |
| 15 | Other Payable | Edelweiss Financial Services Limited | 0.47 | - |
| | | Edelweiss Securities Limited | 4.93 | 2.27 |
| | | Edelweiss Asset Management Limited | - | 0.04 |
| | | ECL Finance Limited | 0.17 | 0.37 |
| | | Edelweiss Broking Limited | 1.19 | 2.57 |
| | | Edelweiss Alternative Asset Advisors Limited | - | 1.30 |
| | | Edelweiss Finance & Investments Limited | 5.38 | 0.74 |
| | | Allium Finance Private Limited | 1.50 | - |
| 16 | Trade Receivables from | Edelweiss Rural & Corporate Services Limited | - | 0.02 |
| | | Edelweiss Finance & Investments Limited | 0.00 | 2.38 |
| | | Edelweiss Broking Limited | - | 0.32 |
| | | Edelweiss Custodial Services Limited | 0.76 | - |
| | | Edelweiss Securities Limited | 53.82 | - |
| | | Edelweiss General Insurance Company Limited | 0.01 | - |
| 17 | Other Receivable | Edelweiss Rural & Corporate Services Limited | 0.65 | - |
| | | Edelweiss Financial Services Limited | 3.11 | - |
| | | ECL Finance Limited | 0.33 | - |
| | | India Credit Investment Fund II | 2.38 | - |
| 18 | Interest receivable-Accrued -Group Company | Edelweiss Rural & Corporate Services Limited | 4.54 | 3.77 |
| | | ECap Equities Limited | 11.43 | 6.25 |
| | | Edelweiss Broking Limited | 2.01 | - |
| | | Edelweiss Alternative Asset Advisors Limited | 3.97 | - |
| | | Edelweiss Securities And Investments Private Limited | 0.09 | - |
| | | Edelweiss Securities Limited | - | 0.63 |
| | | Edelweiss Custodial Services Limited | - | 17.60 |
| 19 | Interest payable -Accrued -Group company | Edelweiss Rural & Corporate Services Limited | 12.70 | 40.76 |
| | | ECap Equities Limited | 6.08 | 25.36 |
| | | Edelweiss Financial Services Limited | 7.28 | - |
| 20 | Interest receivable - accrued on debentures and bonds of | Edelweiss Retail Finance Limited | 1.82 | 1.83 |
| | | Edelweiss Asset Reconstruction Company Limited | - | 0.97 |
| | | Edelweiss Rural & Corporate Services Limited | 0.01 | - |
| 21 | ESOP cost payable | Edelweiss Financial Services Limited | - | 0.02 |
| 22 | ESOP cost receivable | Edelweiss Rural & Corporate Services Limited | - | 0.02 |
| 23 | Transfer of gratuity liability on account of employee transfer to | Edelweiss Housing Finance Limited | - | 0.01 |
| 24 | Transfer of gratuity liability on account of employee transfer from | Edelcap Securities Limited | - | 0.08 |
| | | Edelweiss Rural & Corporate Services Limited | - | 0.87 |
| | | ECL Finance Limited | - | 0.21 |
| 25 | Margin placed with broker | Edelweiss Custodial Services Limited | 0.02 | 347.65 |
| | | Edelweiss Securities Limited | 0.22 | 153.28 |
| 26 | Corporate Guarantee taken from | Edelweiss Rural & Corporate Services Limited | 766.20 | - |
| | | Edelweiss Financial Services Limited | - | 2,749.30 |

Notes

- Information relating to remuneration paid to key managerial person mentioned above excludes provision made for gratuity, leave encashment and provision made for bonus which are provided for group of employees on an overall basis. These are included on cash basis. Remuneration to KMP's shall be within the limit as prescribed by the Companies act.



Edel Finance Company Limited

Notes to the financial statements for the year ended March 31, 2021

(Currency: Indian rupees in million)

46. Capital Management

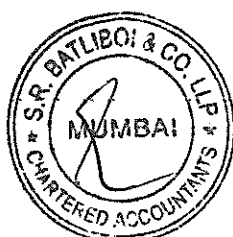
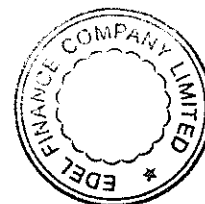
The Reserve Bank of India (RBI) sets and monitors capital adequacy requirements for the Company from time to time. The Core Investment Companies (Reserve Bank) Directions, 2016, stipulate that the Adjusted Net Worth of a CIC-ND-SI shall at no point in time be less than 30% its risk weighted assets on balance sheet and risk adjusted value of off-balance sheet items as on date of the last audited balance as at the end of the financial year.

The Core Investment Companies (Reserve Bank) Directions, 2016, further stipulate that the outside liabilities of a CIC-ND-SI shall at no point of time exceed 2.5 times its Adjusted Net Worth as on date of the last audited balance as at the end of the financial year.

The Company's policy is to maintain a strong capital base to maintain investor, creditor and shareholder confidence and to sustain the future development of the business. The impact of the level of capital on shareholders' returns is also recognised and the Company recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a stronger capital position.

Although maximisation of the return on risk-adjusted capital is the principal basis used in determining how capital is allocated within the Company to particular operations or activities, it is not the sole basis used for decision making. Account is also taken of synergies with other operations and activities, the availability of management and other resources, and the fit of the activity with the Company's longer-term strategic objectives. The Company's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors.

The Company has complied with minimum stipulated capital requirement which has been disclosed in note 50 in the financial statements.



Edel Finance Company Limited

Notes to the financial statements for the year ended March 31, 2021

(Currency: Indian rupees in million)

47. Fair Value measurement:

47.A Valuation Principles

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

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

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

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

Refer note 4.9 for more details on fair value hierarchy

47.B Valuation governance framework

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

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

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

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

As at March 31, 2021

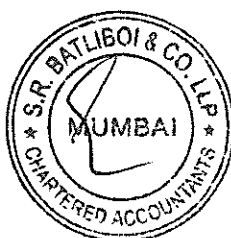
Assets measured at fair value on a recurring basis

Investments

Other debt securities

Total investments measured at fair value

| | Level 1 | Level 2 | Level 3 | Total |
|--|---------|----------|---------|----------|
| Assets measured at fair value on a recurring basis | | | | |
| Investments | | | | |
| Other debt securities | - | 6,095.09 | - | 6,095.09 |
| Total investments measured at fair value | - | 6,095.09 | - | 6,095.09 |



Edel Finance Company Limited

Notes to the financial statements for the year ended March 31, 2021

(Currency: Indian rupees in million)

47. Fair Value measurement: (Continued)

As at March 31, 2020

Assets measured at fair value on a recurring basis

Derivative financial instruments

Exchange-traded derivatives
Embedded derivatives in benchmark-linked debentures

Total derivative financial instruments - A

Financial assets held for trading

Other debt securities
Equity instruments

Total financial assets held for trading - B

Investments

Equity shares
Preference shares
Security receipts
Units of AIF
Units of venture fund
Warrants

Total investments measured at fair value - C

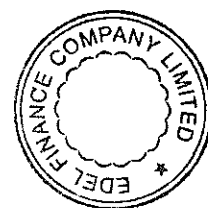
Total (A+B+C)

Liabilities measured at fair value on a recurring basis

Derivative financial instruments

Exchange-traded derivatives
Embedded derivatives in benchmark-linked debentures

| | Level 1 | Level 2 | Level 3 | Total |
|---|---------|----------|----------|-----------|
| Assets measured at fair value on a recurring basis | | | | |
| Derivative financial instruments | | | | |
| Exchange-traded derivatives | 63.56 | 125.47 | - | 189.03 |
| Embedded derivatives in benchmark-linked debentures | - | - | 1,391.66 | 1,391.66 |
| Total derivative financial instruments - A | 63.56 | 125.47 | 1,391.66 | 1,580.69 |
| Financial assets held for trading | | | | |
| Other debt securities | - | 4,910.66 | - | 4,910.66 |
| Equity instruments | 159.92 | - | - | 159.92 |
| Total financial assets held for trading - B | 159.92 | 4,910.66 | - | 5,070.58 |
| Investments | | | | |
| Equity shares | - | - | 214.10 | 214.10 |
| Preference shares | - | - | 36.99 | 36.99 |
| Security receipts | - | - | 2,703.45 | 2,703.45 |
| Units of AIF | - | - | 2,163.64 | 2,163.64 |
| Units of venture fund | - | - | 119.02 | 119.02 |
| Warrants | - | - | 52.50 | 52.50 |
| Total investments measured at fair value - C | - | - | 5,289.70 | 5,289.70 |
| Total (A+B+C) | 223.48 | 5,036.13 | 6,681.36 | 11,940.97 |
| Liabilities measured at fair value on a recurring basis | | | | |
| Derivative financial instruments | | | | |
| Exchange-traded derivatives | 59.86 | 100.01 | - | 159.87 |
| Embedded derivatives in benchmark-linked debentures | - | - | 109.05 | 109.05 |
| | 59.86 | 100.01 | 109.05 | 268.92 |



Edel Finance Company Limited

Notes to the financial statements for the year ended March 31, 2021

(Currency: Indian rupees in million)

47. Fair Value measurement: (Continued)

D. Valuation techniques:

Debt securities:

Fair value of debt securities is derived based on the indicative quotes of price and yields prevailing in the market as at the reporting date. The Company has used quoted price of national stock exchange wherever bonds are traded actively. In cases where debt securities are not actively traded, the Company has used CRISIL Corporate Bond Valuer model for measuring fair value.

Security receipts

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

Equity instruments, preference shares, warrants and units of mutual fund:

The majority of equity instruments are actively traded on stock exchanges with readily available active prices on a regular basis. Such instruments are classified as Level 1. Units held in funds are measured based on their published net asset value (NAV), taking into account redemption and/or other restrictions. Such instruments are also classified as Level 1. Unquoted equity instruments, preference shares and warrants are initially recognised at transaction price and re-measured at each reporting date at valuation provided by external valuer at instrument level. All unquoted instruments are classified at Level 3.

Units of AIF Fund and Venture Fund

Units held in AIF funds are measured based on their published net asset value (NAV), taking into account redemption and/or other restrictions. Such instruments are classified as Level 3

Embedded derivative:

An embedded derivative is a component of a hybrid instrument that also includes a non-derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative.

Company uses valuation models which calculate the present value of expected future cash flows, based upon 'no arbitrage' principles. Inputs to valuation models are determined from observable market (Indices) data wherever possible, including prices available from exchanges, dealers, brokers. Company classify these embedded derivative as level 3 instruments.

Exchange traded derivatives:

Exchange traded derivatives includes index/stock options, index/stock futures, company uses exchange traded prices to value these derivative and classify these instrument as level 1.

E. There have been no transfers between levels during the year ended March 31, 2021 and March 31, 2020

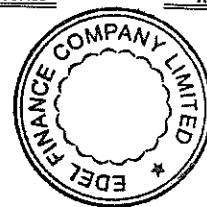
F. The following table shows a reconciliation of the opening balances and the closing balances for fair value measurements in Level 3 of the fair value hierarchy.

| Financial year ended March 2021 | Security receipts | Units of AIF | Units of venture fund | Equity instruments | Preference Shares | Warrants | Total |
|--|-------------------|--------------|-----------------------|--------------------|-------------------|----------|------------|
| Investments - at April 1, 2020 | 2,703.45 | 2,163.64 | 119.02 | 214.10 | 36.99 | 52.50 | 5,289.70 |
| Purchase | - | 1,028.67 | - | - | - | - | 1,028.67 |
| Sale / redemption | (2,709.63) | (3,203.26) | (128.42) | (255.62) | (41.70) | (52.50) | (6,391.13) |
| Transfer into level 3 | - | - | - | - | - | - | - |
| Transfer from level 3 | - | - | - | - | - | - | - |
| Profit / Fair value change for the year recognised in profit or loss | 6.18 | 10.95 | 9.40 | 41.52 | 4.71 | - | 72.76 |
| Investments - at March 31, 2021 | - | - | - | - | - | - | - |
| Unrealised gain/(Loss) related to balances held at the end of the year | - | - | - | - | - | - | - |

| Financial year ended March 2020 | Security receipts | Units of AIF | Units of venture fund | Equity instruments | Preference Shares | Other Securities | Total |
|--|-------------------|--------------|-----------------------|--------------------|-------------------|------------------|------------|
| Investments - at April 1, 2019 | 845.69 | 290.68 | 91.65 | 6.58 | 37.27 | - | 1,271.87 |
| Purchase | 7,047.59 | 1,780.05 | - | 256.97 | - | 150.00 | 9,234.61 |
| Sale / redemption | (4,873.40) | (243.90) | (0.91) | - | - | - | (5,118.21) |
| Transfer into level 3 | - | - | - | - | - | - | - |
| Transfer from level 3 | - | - | - | - | - | - | - |
| Profit / Fair value change for the year recognised in profit or loss | (316.43) | 336.81 | 28.28 | (49.45) | (0.28) | (97.50) | (98.57) |
| Investments - at March 31, 2020 | 2,703.45 | 2,163.64 | 119.02 | 214.10 | 36.99 | 52.50 | 5,289.70 |
| Unrealised gain/(Loss) related to balances held at the end of the year | (574.93) | 358.79 | 59.13 | (44.61) | (0.28) | (112.06) | (313.96) |

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

| Financial year ended March 2021 | Embedded Options | | Net Balance |
|--|------------------|-------------|-------------|
| | Assets | Liabilities | |
| at April 1, 2020 | 1,391.66 | 109.05 | 1,282.61 |
| Issuances | - | - | - |
| Settlements / transfer | (1,391.66) | (109.05) | (1,282.61) |
| Changes in fair value recognised in profit or loss | - | - | - |
| Investments - at March 31, 2021 | - | - | - |
| Financial year ended March 2020 | Embedded Options | | Net Balance |
| | Assets | Liabilities | |
| at April 1, 2019 | 327.50 | 422.49 | (94.99) |
| Issuances | (1.58) | 2.12 | (3.70) |
| Settlements / transfer | (60.13) | 61.53 | (121.66) |
| Changes in fair value recognised in profit or loss | 1,657.45 | (467.89) | 2,125.34 |
| Investments - at March 31, 2020 | 1,391.66 | 109.05 | 1,282.61 |



Edel Finance Company Limited

Notes to the financial statements for the year ended March 31, 2021

(Currency: Indian rupees in million)

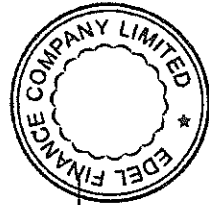
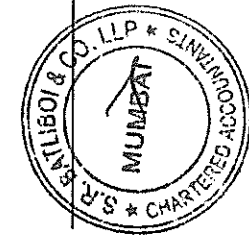
47. Fair Value measurement: (Continued)

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

There are no Level 3 Instruments outstanding as at March 31, 2021.

The below table summarises the valuation techniques together with the significant unobservable inputs used to calculate the fair value of the Company's Level 3 Instruments for March 31, 2020. The range of values indicates the highest and lowest level input used in the valuation technique and, as such, only reflects the characteristics of the instruments as opposed to the level of uncertainty to their valuation. Relationships between unobservable inputs have not been incorporated in this summary.

| Type of Financial Instruments | Fair value of asset as on March 31, 2020 | Valuation Techniques | Significant Unobservable input | Range of estimates for unobservable input | Increase in the unobservable input | Change in fair value | Decrease in the unobservable input | Change in fair value |
|-------------------------------|--|---|--------------------------------------|---|--|----------------------|--|----------------------|
| Security receipts | 2,703.45 | Discounted Cash flow. The present value of expected future economic benefits to be derived from the ownership of the underlying investments of the Trust. | Expected future cash flows | 1,710.30 | 5% increase in Expected future Cash flow | 3.86 | 5% Decrease in Expected future Cash flow | (3.86) |
| Units of AIF | 2,163.64 | Net Asset approach | Risk-adjusted discount rate | 12% | 0.5% increase in Risk-adjusted discount rate | (1.07) | 0.5% Decrease in Risk-adjusted discount rate | 1.09 |
| Units of venture fund | 119.02 | Net Asset approach | Fair value of underlying investments | Rs. 153 to Rs. 240,320 per unit | 5% Increase in Fair value of Underlying Investment | 108.18 | 5% Decrease in Fair value of Underlying Investment | (108.18) |
| Unquoted equity shares | 214.10 | Comparable transaction and P/E | Fair value of underlying investments | Rs. 197,289 to Rs. 217,942 per unit | 5% Increase in Fair value of Underlying Investment | 5.95 | 5% Decrease in Fair value of Underlying Investment | (5.95) |
| Warrants | 52.50 | Comparable transaction and P/E | Fair value per share | Rs. 1.40 to Rs. 18,117 per share | 5% Increase in Fair value | 10.71 | 5% Decrease in Fair value | (10.71) |
| Unquoted preference shares | 36.99 | Comparable transaction and P/E | Fair value per unit | Rs. 3.5 per unit of Warrants | 5% Increase in Fair value | 2.63 | 5% Decrease in Fair value | (2.63) |
| Embedded derivatives (net) | 1,282.61 | Fair value using Black Scholes model or Monte Carlo approach based on the embedded derivatives | Fair value per share | Rs. 7,141 per share | 5% Increase in Fair value | 1.85 | 5% Decrease in Fair value | (1.85) |
| | | | Nifty level | 8,597.75 | 5% increase in Nifty Index curve | 12.25 | 5% Decrease in Nifty Index curve | (11.31) |
| | | | Risk adjusted discount rate | 4.50% to 6% | 1% increase in Risk-adjusted discount rate | 4.11 | 1% Decrease in Risk-adjusted discount rate | (4.12) |



Edel Finance Company Limited

Notes to the financial statements for the year ended March 31, 2021

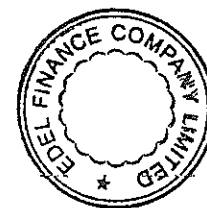
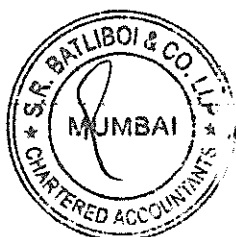
(Currency: Indian rupees in million)

47. Fair Value measurement: (Continued)

H. Fair value of financial instruments not measured at fair value:

The table below is a comparison, by class, of the carrying amounts and fair values of the Company's financial instruments that are not carried at fair value in the financial statements. This table does not include the fair values of non-financial assets and non-financial liabilities.

| As at March 31, 2021 | Carrying Value | Level 1 | Level 2 | Level 3 | Total |
|---|-----------------------|----------------|------------------|-----------------|------------------|
| Financial Assets | | | | | |
| Loans | 8,445.73 | - | - | 8,445.73 | 8,445.73 |
| Investments | 13,945.12 | - | 13,945.12 | - | 13,945.12 |
| Total Financial Assets | 22,390.85 | - | 13,945.12 | 8,445.73 | 22,390.85 |
| Financial Liabilities | | | | | |
| Debt securities | 10,665.81 | - | 9,105.60 | - | 9,105.60 |
| Borrowings (other than debt securities) | 7,136.05 | - | 7,136.05 | - | 7,136.05 |
| Subordinated Liabilities | 161.12 | - | 171.89 | - | 171.89 |
| Total Financial Liabilities | 17,962.98 | - | 16,413.54 | - | 16,413.54 |
| Off balance-sheet items | | | | | |
| Undrawn commitments | - | - | - | - | - |
| Total Off balance-sheet items | - | - | - | - | - |
| As at March 31, 2020 | Carrying Value | Level 1 | Level 2 | Level 3 | Total |
| Financial Assets | | | | | |
| Loans | 8,028.17 | - | - | 7,844.55 | 7,844.55 |
| Investments | 5,037.75 | - | 4,590.14 | 447.61 | 5,037.75 |
| Total Financial Assets | 13,065.92 | - | 4,590.14 | 8,292.16 | 12,882.30 |
| Financial Liabilities | | | | | |
| Debt securities | 13,160.17 | - | 10,938.88 | - | 10,938.88 |
| Borrowings (other than debt securities) | 1,849.11 | - | 1,858.69 | - | 1,858.69 |
| Subordinated Liabilities | 161.09 | - | 174.00 | - | 174.00 |
| Total Financial Liabilities | 15,170.37 | - | 12,971.57 | - | 12,971.57 |
| Off balance-sheet items | | | | | |
| Undrawn commitments | 1,639.89 | - | - | 658.81 | 658.81 |
| Total Off balance-sheet items | 1,639.89 | - | - | 658.81 | 658.81 |



Edel Finance Company Limited

Notes to the financial statements for the year ended March 31, 2021

(Currency: Indian rupees in million)

47. Fair Value measurement: (Continued)

I. Valuation Methodologies of Financial Instruments not measured at fair value

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

Short Term Financial Assets and Liabilities

Carrying amounts of cash and cash equivalents, bank balances other than cash and cash equivalents, trade and other receivables, trade payables approximate the fair value because of their short-term nature. Difference between carrying amounts and fair values of other financial assets and other financial liabilities is not significant in each of the years presented.

Financial assets at amortised cost

The fair values financial assets measured at amortised cost are estimated using a discounted cash flow model based on contractual cash flows using actual or estimated yields and discounting by yields incorporating the counterparties' credit risk.

Issued Debt

The fair value of issued debt is estimated by a discounted cash flow model.

Off balance-sheet

Estimated fair values of off-balance sheet positions in form of undrawn commitment are estimated using a discounted cash flow model based on contractual committed cash flows after applying the credit conversion factor, using actual or estimated yields and discounting by yields incorporating the counterparties' credit risk.



Edel Finance Company Limited

Notes to the financial statements for the year ended March 31, 2021

(Currency: Indian rupees in million)

48. Risk Management

A. Introduction and risk profile

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

The Company believes that effective risk management requires:

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

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

B. Risk Management Structure

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 monitored primarily by the business risk group. The Edelweiss Group has also established a Global Risk Committee that is responsible for managing the risk arising out of various business activities at a central level.

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

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

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

C. Risk mitigation and risk culture

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

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

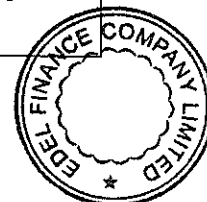
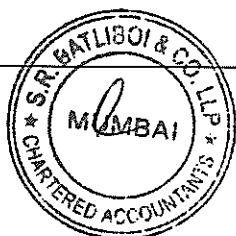
It is the Company's policy that a monthly briefing is given to the Board of Directors and all other relevant members of the Company in the utilisation of market limits, proprietary investments and liquidity, plus any other risk developments.

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

D. Types of Risks

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

| Notes | Risks | Arising from | Measurement, monitoring and management of risk |
|-------|---|--|--|
| 1 | Credit risk Credit risk is the risk of financial loss if a customer or counterparty fails to meet an obligation under a contract. | Arises principally from financing, dealing in Corporate Bonds, Investments in Mutual Fund, Equity, but also from certain other products such as guarantees and derivatives | Measured as the amount that could be lost if a customer or counterparty fails to make repayments; Monitored using various internal risk management measures and within limits approved by individuals within a framework of delegated authorities; and Managed through a robust risk control framework, which outlines clear and consistent policies, principles and guidance for risk managers. |
| 2 | Liquidity risk Liquidity risk is the risk that we do not have sufficient financial resources to meet our obligations as they fall due or that we can only do so at an excessive cost. | Liquidity risk arises from mismatches in the timing of cash flows. Arises when illiquid asset positions cannot be funded at the expected terms and when required. | Measured using a range of metrics, including Asset Liability mismatch, Debt Equity Ratio Regular monitoring of funding levels to ensure to meet the requirement for Business and maturity of our liabilities. Maintain diverse sources of funding and liquid assets to facilitate flexibility in meeting our liquidity requirements of the Company. |
| 3 | Market risk Market risk is the risk that movements in market factors, such as Interest rates, equity prices and Index prices, will reduce our income or the value of our portfolios | Exposure to market risk is separated into two portfolios: trading and non-trading. | Measured using sensitivities, detailed picture of potential gains and losses for a range of market movements and scenarios. Monitored using measures, including the sensitivity of net interest income. Managed using risk limits approved by the risk management committee. |



Edel Finance Company Limited

Notes to the financial statements for the year ended March 31, 2021

(Currency: Indian rupees in million)

48. Risk Management

48.D.1 Credit Risk

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

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

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

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

Derivative financial Instruments:

Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values, as recorded on the balance sheet. With gross-settled derivatives, the Company is also exposed to a settlement risk, being the risk that the Company honours its obligation, but the counterparty fails to deliver the counter value.

Impairment Assessment:

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

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

| Internal rating grade | Internal grading description | Stages |
|-----------------------|------------------------------|---------|
| Performing | | |
| High grade | 0 dpd and 1 to 30 dpd | Stage 1 |
| Standard grade | 31 to 90 dpd | Stage 2 |
| Non-performing | | |
| Individually impaired | 90+ dpd | Stage 3 |

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

- 1) An unbiased and probability weighted amount that evaluates a range of possible outcomes
- 2) Reasonable and supportable information that is available without undue cost and effort at the reporting date about past events, current conditions and forecasts of future economic conditions;
- 3) Time value of money

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

Significant increase in credit risk (SICR)

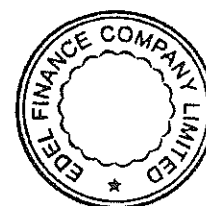
Company considers a financial instrument defaulted, classified as Stage 3 (credit-impaired) for ECL calculations, in all cases when the borrower becomes 90 days past due. Classification of assets from stage 1 to stage 2 has been carried out based on SICR criterion. Accounts which are more than 30 days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

Probability of Default

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

Loss Given Default (LGD)

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



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(Currency: Indian rupees in million)

48. Risk Management (continued)

48.D.1 Credit Risk (continued)

Exposure at Default (EAD)

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

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

Where,

Drawn Credit Line = Current outstanding amount

Credit Conversion Factor (CCF) = Expected future drawdown as a proportion of undrawn amount

Undrawn Credit Line = Difference between the total amount which the Company has committed and the drawn credit line While the drawn exposure and limits for the customer are available, the modelling of CCF is required for computing the EAD

Forward looking adjustments

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

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

Exogenous macroeconomic parameters were used as independent (X) variables to predict the dependent (Y) variable. Keeping in mind Ind AS requirements around obtaining reliable and supportable information, without incurring undue cost or effort- based on advice of risk committee members and economic experts and consideration of a variety of external actual and forecast information, the Company formulates base case view of the future direction of relevant economic variable as well as a representative range of other possible forecast scenario. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome.

Data sourcing

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

Probability weighted scenario creations:

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

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

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

48.D.2 Risk Concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry or geographical location.

In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

The following table shows the risk concentration by industry for the components of the balance sheet



Edel Finance Company Limited

Notes to the financial statements for the year ended March 31, 2021

(Currency: Indian rupees in million)

48. Risk Management (continued)

Credit Risk (continued)

48.D.2 Industry analysis - Risk concentration as at March 31, 2021

| Particulars | Financial Services | State & Central Government | Agriculture | Industry | Real Estate | Service Sector | Retail Loans | Others | Total |
|---------------------------|--------------------|----------------------------|-------------|----------|-------------|------------------|--------------|--------------|------------------|
| Financial Assets | | | | | | | | | |
| Cash and cash equivalents | 1,200.58 | - | - | - | - | - | - | - | 1,200.58 |
| Trade receivables | - | - | - | - | - | - | - | 52.95 | 52.95 |
| Loans | 8,435.68 | - | - | - | - | 10.05 | - | - | 8,445.73 |
| Investments | 7,685.23 | - | - | - | - | 12,354.98 | - | - | 20,040.21 |
| Other financial assets | 7.02 | - | - | - | - | 0.04 | - | 40.96 | 48.02 |
| Total Assets | 17,328.51 | - | - | - | - | 12,365.07 | - | 93.91 | 29,787.49 |

Industry analysis - Risk concentration as at March 31, 2020

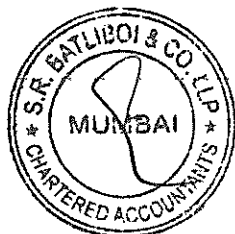
| Particulars | Financial Services | State & Central Government | Agriculture | Industry | Real Estate | Service Sector | Retail Loans | Others | Total |
|----------------------------------|--------------------|----------------------------|-------------|---------------|-----------------|-----------------|-----------------|-----------------|------------------|
| Financial Assets | | | | | | | | | |
| Cash and cash equivalents | 1,416.56 | - | - | - | - | - | - | - | 1,416.56 |
| Derivative financial instruments | 1,563.67 | - | - | - | - | - | - | - | 1,563.67 |
| Securities held for trading | 4,923.39 | - | - | - | - | - | - | 147.19 | 5,070.58 |
| Trade receivables | - | - | - | - | - | - | - | 2.60 | 2.60 |
| Other receivables | 2.78 | - | - | - | - | - | - | - | 2.78 |
| Loans | 2,225.12 | - | - | 660.73 | - | - | 5,142.32 | - | 8,028.17 |
| Investments | 3,866.15 | - | - | - | 2,677.59 | 1,200.00 | - | 2,583.71 | 10,327.45 |
| Other financial assets | 535.01 | - | - | - | - | 0.87 | - | - | 535.88 |
| Total Assets | 14,532.68 | - | - | 660.73 | 2,677.59 | 1,200.87 | 5,142.32 | 2,733.50 | 26,947.69 |

48.D.3 Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are in place covering the acceptability and valuation of each type of collateral. The main types of collateral obtained are charges over real estate properties, inventory, trade receivables, mortgages over residential properties, Securities. Management monitors the market value of collateral and will request additional collateral in accordance with the underlying agreement.

The tables below shows the maximum exposure to credit risk by class of financial asset along with details on collaterals held against exposure.

| Maximum exposure to credit risk | | | Principal type of collateral |
|-----------------------------------|----------------------|----------------------|---|
| | As at March 31, 2021 | As at March 31, 2020 | |
| Financial assets | | | |
| Cash and cash equivalents | 1,200.58 | 1,416.56 | |
| Derivative financial instruments | - | 1,563.67 | |
| Securities held for trading | - | 5,070.58 | The Company invest in high rated Corporate Bonds and liquid Equity Shares |
| Trade receivables | 52.95 | 2.60 | These are receivables mainly from Clearing houses, Group. Carrying minimum risk. |
| Other receivables | - | 2.78 | |
| Loans: | | | |
| i) Corporate Credit | 8,445.73 | 3,233.73 | March 31, 2021- Loan is unsecured; March 31, 2020- Equity Shares, Mutual Fund units, Land, Property, Project/Future Receivable etc. |
| ii) Retail Credit | - | 4,794.44 | March 31, 2021- Loan is unsecured; March 31, 2020- Equity shares and Mutual fund units, Bonds, etc. |
| Investments | 20,040.21 | 10,327.45 | |
| Other financial assets | 48.02 | 535.88 | |
| Total Financial Assets (A) | 29,787.49 | 26,947.69 | |
| Loan commitments | - | 1,639.89 | Equity Shares, Mutual Fund units, Land, Property, Project Receivable etc |
| Total Commitments (B) | - | 1,639.89 | |
| Total (A+B) | 29,787.49 | 28,587.58 | |



Edel Finance Company Limited

Notes to the financial statements for the year ended March 31, 2021

(Currency: Indian rupees in million)

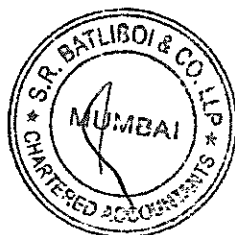
48. Risk Management (continued)**48.D.3 Collateral and other credit enhancements (continued)**

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

Maximum exposure to credit risk as at March 31, 2021- NilMaximum exposure to credit risk as at March 31, 2020

| | Carrying amount before ECL | Associated ECL | Carrying amount | Fair value of collateral |
|-------------------------------|-------------------------------|----------------|-----------------|-----------------------------|
| a) Loans: | | | | |
| Corporate Credit * | 756.10 | 186.53 | 569.57 | 855.91 |
| Retail Credit | 52.84 | 1.86 | 50.97 | 89.75 |
| Total Financial Assets | 808.94 | 188.39 | 620.54 | 945.66 |

* Secured by way of a pari pasu charge over collateral



Edel Finance Company Limited**Notes to the financial statements for the year ended March 31, 2021**

(Currency: Indian rupees in million)

48. Risk Management (Continued)**48.E Liquidity Risk**

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

Company has a Liquidity Contingency Policy in place to ensure various liquidity parameters are defined and tracked regularly. Liquidity Management Team is provided with update on expected liquidity shortfalls in Normal as well as Stress scenario.

To manage the stressed circumstances the Company has ensured maintenance of a Liquidity Cushion in the form of Investments in Government Securities, Mutual Funds and Quoted Equity Shares. These assets carry minimal credit risk and can be liquidated in a very short period of time. A liquidity cushion amounting to 5-9% of the borrowings is sought to be maintained through such assets. These would be to take care of immediate obligations while continuing to honour our commitments as a going concern. There are available lines of credit from banks which are drawable on notice which further augment the available sources of funds. Funding is raised through diversified sources including Banks, Private issue of Debt, Sub Debt etc to maintain a healthy mix.

Liquidity Cushion:

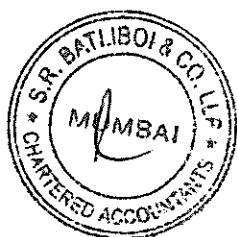
| | As at March 31, 2021 | As at March 31, 2020 |
|--------------------------------|-------------------------|-------------------------|
| Liquidity cushion | | |
| Debt Securities | - | 4,910.66 |
| Mutual Fund Investments | - | - |
| Quoted Equity Instruments | - | 159.92 |
| Total Liquidity cushion | - | 5,070.58 |

Financing Arrangement

The Company has no undrawn borrowing facilities as at March 31, 2021 and March 31, 2020.

As at March 31, 2021 - Analysis of contractual maturities of financial assets and liabilities

| | On Demand | Upto 3 Months | 3 to 6 Months | 6 Months to 1 year | 1 year to 5 years | More than 5 years | Total |
|---|-----------------|------------------|------------------|-----------------------|----------------------|----------------------|------------------|
| Financial Assets | | | | | | | |
| (a) Cash and cash equivalents | 1,200.58 | - | - | - | - | - | 1,200.58 |
| (b) Derivative financial instruments | - | - | - | - | - | - | - |
| (c) Securities held for trading | - | - | - | - | - | - | - |
| (d) Receivables | | | | | | | |
| (i) Trade receivables | - | 52.95 | - | - | - | - | 52.95 |
| (e) Loans | - | 7,022.04 | 1,425.21 | - | - | - | 8,447.25 |
| (f) Investments | - | - | - | 2,357.70 | 3,663.96 | 14,018.55 | 20,040.21 |
| (g) Other financial assets | - | 48.02 | - | - | - | - | 48.02 |
| Total undiscounted financial assets | 1,200.58 | 7,123.01 | 1,425.21 | 2,357.70 | 3,663.96 | 14,018.55 | 29,789.01 |
| Financial Liabilities | | | | | | | |
| (a) Derivative financial instruments | - | - | - | - | - | - | - |
| (b) Trade payables | - | 40.89 | - | - | - | - | 40.89 |
| (c) Debt securities | - | - | 1,668.01 | 2,824.31 | 4,020.47 | 2,153.02 | 10,665.81 |
| (d) Borrowings (other than debt securities) | - | 7,136.05 | - | - | - | - | 7,136.05 |
| (e) Subordinated Liabilities | - | - | 16.50 | - | 216.05 | - | 232.55 |
| (f) Other financial liabilities | - | 16.22 | - | - | - | - | 16.22 |
| Total undiscounted financial liabilities | - | 7,193.16 | 1,684.51 | 2,824.31 | 4,236.52 | 2,153.02 | 18,091.52 |
| Total net financial assets / (liabilities) | 1,200.58 | (70.15) | (259.30) | (466.61) | (572.56) | 11,865.53 | 11,697.49 |



Edel Finance Company Limited

Notes to the financial statements for the year ended March 31, 2021

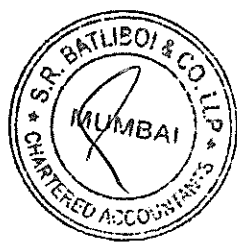
(Currency: Indian rupees in million)

48. Risk Management (Continued)

48.E Liquidity Risk (Continued)

As at March 31, 2020 - Analysis of contractual maturities of financial assets and liabilities

| | On Demand | Upto 3 Months | 3 to 6 Months | 6 Months to 1 year | 1 year to 5 years | More than 5 years | Total |
|---|-----------------|-----------------|-------------------|--------------------|-------------------|-------------------|------------------|
| Financial Assets | | | | | | | |
| (a) Cash and cash equivalents | 1,416.56 | - | - | - | - | - | 1,416.56 |
| (b) Derivative financial instruments | - | 1,563.67 | - | - | - | - | 1,563.67 |
| (c) Securities held for trading | - | 159.92 | 276.71 | 4,633.95 | - | - | 5,070.58 |
| (d) Receivables | | | | | | | |
| (i) Trade receivables | - | 2.60 | - | - | - | - | 2.60 |
| (ii) Other receivables | - | 2.78 | - | - | - | - | 2.78 |
| (e) Loans | 1,015.53 | 2,478.59 | 313.45 | 1,104.86 | 4,388.18 | - | 9,300.61 |
| (f) Investments | - | - | - | 447.61 | 2,282.65 | 7,597.19 | 10,327.45 |
| (g) Other financial assets | - | 535.88 | - | - | - | - | 535.88 |
| Total undiscounted financial assets | 2,432.09 | 4,743.44 | 590.16 | 6,186.42 | 6,670.83 | 7,597.19 | 28,220.13 |
| Financial Liabilities | | | | | | | |
| (a) Derivative financial instruments | - | 236.46 | - | - | - | - | 236.46 |
| (b) Trade payables | - | 228.51 | - | - | - | - | 228.51 |
| (c) Debt securities | - | 910.98 | 2,576.59 | 159.91 | 7,313.74 | 2,198.95 | 13,160.17 |
| (d) Borrowings (other than debt securities) | 1,629.75 | 30.68 | 30.08 | 58.19 | 135.24 | - | 1,883.94 |
| (e) Subordinated Liabilities | - | - | 16.55 | - | 66.05 | 166.50 | 249.10 |
| (f) Other financial liabilities | - | 0.48 | - | - | - | - | 0.48 |
| Total undiscounted financial liabilities | 1,629.75 | 1,407.11 | 2,623.22 | 218.10 | 7,515.03 | 2,365.45 | 15,758.66 |
| Total net financial assets / (liabilities) | 802.34 | 3,336.33 | (2,033.06) | 5,968.32 | (844.20) | 5,231.74 | 12,461.47 |



Edel Finance Company Limited**Notes to the financial statements for the year ended March 31, 2021**

(Currency: Indian rupees in million)

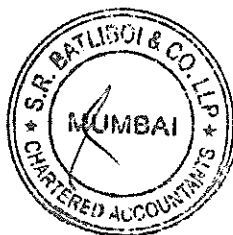
48. Risk Management (Continued)**48.E Liquidity Risk (Continued)****Contractual expiry of commitments**

As at March 31, 2021 there are no estimated amount of contracts capital account, undrawn committed credit lines and uncalled commitments on investments in AIF/ Venture Fund.

The table below shows the contractual expiry by maturity of the Company's commitments.

As at March 31, 2020

| Particulars | On Demand | Less than 3 months | 3 to 12 months | 1 to 5 years | Over 5 Years | Total |
|--|-----------|--------------------|----------------|--------------|--------------|----------|
| Estimated amount of contracts capital account | - | - | - | - | - | - |
| Undrawn committed credit lines | - | - | 1,639.89 | - | - | 1,639.89 |
| Uncalled commitments on investments in AIF/ Venture Fund | - | - | 3,345.13 | - | - | 3,345.13 |
| | - | - | 4,985.02 | - | - | 4,985.02 |



Edel Finance Company Limited

Notes to the financial statements for the year ended March 31, 2021

(Currency: Indian rupees in million)

48. Risk Management (Continued)

48.F Market Risk

Market risk is the risk which can affect the Company's income or the value of its holdings of financial instruments due to adverse movements in market prices of instrument due to interest rates, equity prices, foreign exchange rates and credit spreads. The objective of the Company's market risk management is to manage and control market risk exposures within acceptable parameters. The Company separates its exposure to market risks between trading and non-trading portfolios.

Total market risk exposure

Below table shows total market risk exposure of financial assets liabilities and financial liabilities with primary risk associated with class of respective financial assets.

| Particulars | As at March 31, 2021 | | | As at March 31, 2020 | | | Primary market risk sensitivity |
|---|----------------------|-------------|------------------|----------------------|-----------------|------------------|---------------------------------|
| | Carrying Amount | Traded Risk | Non traded risk | Carrying Amount | Traded Risk | Non traded risk | |
| Financial Assets | | | | | | | |
| Cash and cash equivalents | 1,200.58 | - | 1,200.58 | 1,416.56 | - | 1,416.56 | Interest rate risk |
| Derivative financial instruments | - | - | - | 1,563.67 | 1,563.67 | - | Price risk, interest rate risk |
| Securities held for trading | - | - | - | 5,070.58 | 5,070.58 | - | Price risk, interest rate risk |
| Trade receivables | 52.95 | - | 52.95 | 2.60 | - | 2.60 | - |
| Other receivables | - | - | - | 2.78 | - | 2.78 | - |
| Loans | 8,445.73 | - | 8,445.73 | 8,028.17 | - | 8,028.17 | Interest rate risk |
| Investments | 20,040.21 | - | 20,040.21 | 10,327.45 | - | 10,327.45 | Price risk, interest rate risk |
| Other financial assets | 48.02 | - | 48.02 | 535.88 | - | 535.88 | - |
| Total Assets | 29,787.49 | - | 29,787.49 | 26,947.69 | 6,634.25 | 20,313.44 | |
| Financial Liabilities | | | | | | | |
| Derivative financial instruments | - | - | - | 236.46 | 236.46 | - | Price risk, interest rate risk |
| Trade payables | - | - | - | - | - | - | - |
| (i) total outstanding dues of micro enterprises and small enterprises | - | - | - | - | - | - | - |
| (ii) total outstanding dues of creditors other than micro enterprises and small enterprises | 40.89 | - | 40.89 | 228.51 | - | 228.51 | Interest rate |
| Debt securities | 10,665.81 | - | 10,665.81 | 13,160.17 | - | 13,160.17 | Price risk, interest rate risk |
| Borrowings (other than debt securities) | 7,136.05 | - | 7,136.05 | 1,849.11 | - | 1,849.11 | Interest rate risk |
| Subordinated Liabilities | 161.12 | - | 161.12 | 161.09 | - | 161.09 | Interest rate risk |
| Other financial liabilities | 16.22 | - | 16.22 | 0.48 | - | 0.48 | - |
| Total Liabilities | 18,020.09 | - | 18,020.09 | 15,035.82 | 236.46 | 15,399.36 | |



Edel Finance Company Limited

Notes to the financial statements for the year ended March 31, 2021

(Currency: Indian rupees in million)

48. Risk Management

48.F Market Risk (continued)

Interest Rate Risk

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

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

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Board has established limits on the non-trading interest rate gaps for stipulated periods. The Company's policy is to monitor positions on a daily basis and hedging strategies are used to ensure positions are maintained within the established limits.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates (all other variables being constant) of the Company's statement of profit and loss and equity. The sensitivity of the statement of profit and loss is the effect of the assumed changes in interest rates on the profit or loss for a year, based on the floating rate non-trading financial assets and financial liabilities held at March 31, 2021 and at March 31, 2020

Interest rate sensitivity

| As at March 31, 2021 | | | | | | |
|---------------------------|--------------------------|-----------------------|-----------------------|--------------------------|-----------------------|-----------------------|
| | Increase in basis points | Sensitivity of Profit | Sensitivity of Equity | Decrease in basis points | Sensitivity of Profit | Sensitivity of Equity |
| Bank borrowings | 25 | - | - | 25 | - | - |
| Corporate debt securities | 25 | (15.24) | - | 25 | 15.24 | - |

| As at March 31, 2020 | | | | | | |
|---------------------------|--------------------------|-----------------------|-----------------------|--------------------------|-----------------------|-----------------------|
| | Increase in basis points | Sensitivity of Profit | Sensitivity of Equity | Decrease in basis points | Sensitivity of Profit | Sensitivity of Equity |
| Bank borrowings | 25 | (0.56) | - | 25 | 0.56 | - |
| Corporate debt securities | 25 | (12.28) | - | 25 | 12.28 | - |

Price Risk

The Company's exposure to securities price risk arises from investments held in Equity Shares classified in the balance sheet at fair value through profit or loss. To manage its price risk arising from such investments, the Company diversifies its portfolio. Further these are all debt base securities for which the exposure is primarily on account of interest rate risk. Quotes (NAV) of these investments are available from the mutual fund houses.

Equity price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the level of individual investment in equity share prices.

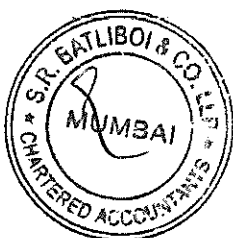
| As at March 31, 2021 | | | | | | |
|------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | Increase in price (%) | Sensitivity of Profit | Sensitivity of Equity | Decrease in price (%) | Sensitivity of Profit | Sensitivity of Equity |
| Derivative instruments | 5 | - | - | 5 | - | - |
| Equity instruments | 5 | - | - | 5 | - | - |

| As at March 31, 2020 | | | | | | |
|------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | Increase in price (%) | Sensitivity of Profit | Sensitivity of Equity | Decrease in price (%) | Sensitivity of Profit | Sensitivity of Equity |
| Derivative instruments | 5 | 5.18 | - | 5 | (5.18) | - |
| Equity instruments | 5 | 8.00 | - | 5 | (8.00) | - |

48.G Prepayment Risk

Prepayment risk is the risk that the Company will incur a financial loss because its customers and counterparties repay or request repayment earlier or later than expected, such as fixed rate Loans/borrowings in the falling interest rate scenario.

If 5% of total repayable financial instruments were to prepay at the beginning of the year following the reported period, with all other variables held constant, the profit before tax for the year would be reduced by Rs. Nil (March 31, 2020 - Rs. 14.68 million)



Edel Finance Company Limited

Notes to the financial statements for the year ended March 31, 2021

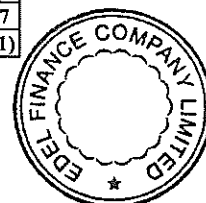
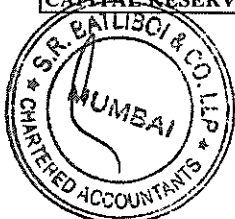
(Currency: Indian rupees in million)

49. Note On account of Merger

The Board of Directors of the Company at their meeting held on February 12, 2020 had approved the Scheme of Merger of Edelweiss Finvest Limited ('EFL') (Formerly known as Edelweiss Finvest Private Limited), the Transferor company with Edel Finance Company Limited, the Transferee Company with effect from April 01, 2019 or such other date as may be approved by the Hon'ble National Company Law Tribunal (NCLT), Bench at Mumbai as the Appointed Date. This is under sections 230 to 232 and all other applicable provisions of the Companies Act, 2013, (the 'Act') and the rules framed thereunder providing for the merger by absorption. The Appointed Date shall be the effective date and the Scheme shall be deemed to be effective from the Appointed Date. The aforesaid Scheme of Merger by Absorption was filed with the Hon'ble National Company Law Tribunal, Bench at Mumbai, The Registrar of Companies and the Office of Official Liquidator, Mumbai and The Regional Director, Western Region, Mumbai. The Scheme was sanctioned by Hon'ble NCLT on February 22, 2021 and the certified true copy of the order was issued by NCLT on March 31, 2021. The Company has filed the notice of order with Ministry of Corporate Affairs to give effect to the scheme on April 09, 2021.

The merger was accounted under the "pooling of interest" method prescribed under Ind AS 103 - Business Combinations, as prescribed by the Scheme. Accordingly, all the assets, liabilities and other reserves of the Transferor Company were aggregated with those of the Transferee Company at their respective book values from the earliest period presented. On April 1, 2019, in terms of the Scheme of Arrangement, 4,33,23,638 equity share of Rs. 100 each (Number of Shares 4,33,23,638) of the Transferee Company has been allotted to the shareholders of Edelweiss Finvest Limited (the Transferor Company) for 130 equity shares of the Transferee Company of Rs. 100 each for every 100 equity share of the Transferor Company of Rs. 10 each held by them in the share capital of Edelweiss Finvest Limited (the Transferor Company), after cancellation of 3,33,25,875 shares of the Transferor Company. These shares were considered for the purpose of calculation of earnings per share appropriately. The net effect of Rs. 3,999.11 Million being the difference between the amount recorded as share capital and the amount of the share capital of Transferor Company has been credited in Capital Reserve account.

| Particulars | As at April 1, 2019 (i.e. March 31, 2019) |
|---|--|
| Financial assets | |
| Cash and cash equivalents | 4,670.11 |
| Derivative financial instruments | 706.85 |
| Securities held for trading | 1,142.86 |
| Trade receivables | 21.34 |
| Other receivables | 26.46 |
| Loans | 24,560.55 |
| Investments | 1,862.01 |
| Other financial assets | 668.12 |
| Non-financial assets | |
| Current tax assets (net) | 147.32 |
| Deferred tax assets (net) | 114.22 |
| Property, Plant and Equipment | 1.35 |
| Other Intangible assets | 6.35 |
| Other non- financial assets | 101.56 |
| TOTAL ASSETS (A) | 34,029.10 |
| Financial liabilities | |
| Derivative financial instruments | 422.49 |
| Trade payables | 323.89 |
| Debt securities | 22,275.76 |
| Borrowings (other than debt securities) | 337.18 |
| Subordinated liabilities | 161.17 |
| Other financial liabilities | 22.74 |
| Non-financial liabilities | |
| Current tax liabilities (net) | 263.93 |
| Provisions | 14.90 |
| Other non-financial liabilities | 42.07 |
| TOTAL LIABILITIES (B) | 23,864.13 |
| RESERVES AND SURPLUS (C) | 9,831.71 |
| NET ASSETS TAKEN OVER (A-B-C) (D) | 333.26 |
| Issue of shares to the shareholders of Transferor Company (E) | 4,332.37 |
| CAPITAL RESERVE ON MERGER (D-E) | (3,999.11) |



Edel Finance Company Limited

Notes to the financial statements for the year ended March 31, 2021

(Currency: Indian rupees in million)

Regulatory disclosure of Core Investment Company (CIC)

50 CORE INVESTMENT COMPANY ("CIC")

| Particulars | As at March 31, 2021 | As at March 31, 2020 (refer note 2) |
|--|-------------------------|---|
| a) Investments & loans to group companies as a proportion of Net Assets (%) | 99.61% | 23.56% |
| b) Investments in equity shares and compulsorily convertible instruments of group companies as a proportion of Net Assets (%) (refer note 1) | 48.76% | 19.61% |
| c) Capital Adequacy Ratio (%) [Adjusted Net worth / Risk Weighted Assets] | 42.20% | 44.34% |
| d) Leverage Ratio (Times) [Outside liabilities / Adjusted Networth] | 1.49 | 1.38 |

Note:

1. Company received the certified true copy of the merger order on March 31, 2021, and hence certain loans and investments in the balance sheet of EFL were re-organized as they cannot be part of EFCL, being a CIC. Due to bank holidays around end of March and beginning of April, certain loan repayments were banked only on April 5, 2021. As a result, as at March 31, 2021, the ratio of equity investments in group companies to its net assets based on merged balance sheet stood at 48.76%. The ratio post giving effect to these repayments on April 5, 2021 stood at 64.57% which is higher than the minimum required by RBI (CIC) Directions. Consequent to above, the notice of the order was filed with Ministry of Corporate Affairs on April 9, 2021 to give effect to the scheme of merger.

2. Company received the certified true copy of the merger order on March 31, 2021, and above ratios are calculated based on merged balance sheet of March 31, 2020.

As per signed standalone financials of Edel Finance Company Limited as at March 31, 2020, Company complied with all regulatory ratios as mentioned.

a) Investments & loans to group companies as a proportion of Net Assets (%) - 99.83%

b) Investments in equity shares and compulsorily convertible instruments of group companies as a proportion of Net Assets (%) - 99.83%

c) Capital Adequacy Ratio (%) - 31.87%

d) Leverage Ratio (Times) - 2.14

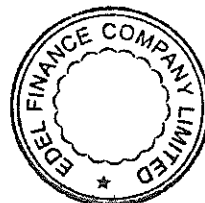
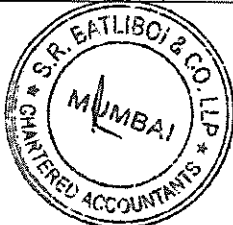
51 Exposure to real estate sector

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|--|-------------------------|-------------------------|
| a) Direct Exposures | | |
| (i) Residential Mortgages - Lending fully secured by Mortgages on residential property that is or will be occupied by the borrower or that is rented property that is or will be occupied by the borrower or that is rented - of which housing loans eligible for inclusion in priority sector advances are rendered | - | - |
| (ii) Commercial Real Estate- Lending secured by mortgages on commercial real estate (office buildings, retail space, multi purpose 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) limit | - | - |
| (iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures - | | |
| a. Residential | - | - |
| b. Commercial Real Estate | - | - |
| b) Indirect Exposures | | |
| Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs). | 1,000.00 | 1,000.00 |
| Total exposure to Real Estate Sector | 1,000.00 | 1,000.00 |

52 Disclosure of details as required by RBI/DNBR/2016-17/39 i.e. Master Direction - Core Investment Companies (Reserve Bank) Directions, 2016 dated August 25, 2016 (Updated as on November 22, 2019)

Liabilities Side:

| Particulars | Amount Outstanding as at | | Amount Overdue as at | |
|--|--------------------------|----------------|----------------------|----------------|
| | March 31, 2021 | March 31, 2020 | March 31, 2021 | March 31, 2020 |
| 1) Loans and advances availed by the CIC inclusive of interest accrued thereon but not paid | | | | |
| a) Debentures: (other than those falling within the meaning of Public deposits) | | | | |
| (i) Secured | 8,334.89 | 10,138.76 | - | - |
| (ii) Unsecured | 2,330.92 | 3,021.41 | - | - |
| b) Deferred Credits | - | - | - | - |
| c) Term Loans | - | 219.36 | - | - |
| d) Inter-corporate loans and borrowing | 7,136.05 | 1,629.75 | - | - |
| e) Commercial Paper | - | - | - | - |
| f) Other loans (Bank overdraft) | - | - | - | - |
| g) Other loans (Subordinated liabilities) | 161.12 | 161.09 | - | - |



Edel Finance Company Limited

Notes to the financial statements for the year ended March 31, 2021

(Currency: Indian rupees in million)

Regulatory disclosure of Core Investment Company (CIC)

52 Disclosure of details as required by RBI/DNBR/2016-17/39 i.e. Master Direction - Core Investment Companies (Reserve Bank) Directions, 2016 dated August 25, 2016 (Updated as on November 22, 2019) (continued)

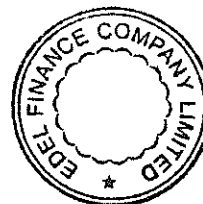
Assets Side:

| Particulars | Amount Outstanding as at | |
|---|--------------------------|----------------|
| | March 31, 2021 | March 31, 2020 |
| 2) Break up of Loans and Advances including bills receivables (other than those included in (4) below) | | |
| a) Secured | - | 6,155.66 |
| b) Unsecured | 8,445.73 | 1,872.51 |
| 3) Break up of Leased Assets and stock on hire and other assets counting towards AFC activities | | |
| i) Lease assets including lease rentals under sundry debtors: | | |
| (a) Financial Lease | - | - |
| (b) Operating Lease | - | - |
| ii) Stock on hire including hire charges under sundry debtors | - | - |
| (a) Assets on hire | - | - |
| (b) Repossessed assets | - | - |
| iii) Other loans counting towards Asset Financing Company activities | - | - |
| (a) Loans where assets have been repossessed | - | - |
| (b) Loans other than (a) above | - | - |
| 4) Break up of Investments | | |
| <u>Current Investments:</u> | | |
| 1. Quoted: | | |
| (i) Shares: | | |
| (a) Equity | - | - |
| (b) Preference | - | - |
| (ii) Debentures and Bonds | - | - |
| (iii) Units of Mutual Funds | - | - |
| (iv) Government Securities | - | - |
| (v) Others | - | - |
| 2. Unquoted: | | |
| (i) Shares: | | |
| (a) Equity | - | - |
| (b) Preference | - | - |
| (ii) Debentures and Bonds | 2,357.70 | - |
| (iii) Units of Mutual Funds | - | - |
| (iv) Government Securities | - | - |
| (v) Others | - | - |
| <u>Long term Investments:</u> | | |
| 1. Quoted: | | |
| (i) Shares: | | |
| (a) Equity | - | - |
| (b) Preference | - | - |
| (ii) Debentures and Bonds | - | - |
| (iii) Units of Mutual Funds | - | - |
| (iv) Government Securities | - | - |
| (v) Others | - | - |
| 2. Unquoted: | | |
| (i) Shares: | | |
| (a) Equity (refer note 1) | 13,945.12 | 4,804.24 |
| (b) Preference | - | 484.60 |
| (ii) Debentures and Bonds | 3,737.39 | 52.50 |
| (iii) Units of Mutual Funds | - | - |
| (iv) Government Securities | - | - |
| (v) Others (refer note 2) | - | 4,986.11 |

Notes:

1. Unquoted equity include investment in equity, compulsory convertible debentures and compulsory convertible preference shares

2. Others include investments in venture capital fund, AIF and ARC security receipts



Edel Finance Company Limited

Notes to the financial statements for the year ended March 31, 2021

(Currency: Indian rupees in million)

Regulatory disclosure of Core Investment Company (CIC)

52 Disclosure of details as required by RBI/DNBR/2016-17/39 i.e. Master Direction - Core Investment Companies (Reserve Bank) Directions, 2016 dated August 25, 2016 (Updated as on November 22, 2019) (continued)

5) Borrower group-wise classification of assets financed as in (2) and (3) above :

For 2020-21

| Category | Amount net of provisions | | |
|--------------------------------|--------------------------|-----------------|------------------|
| | Secured | Unsecured | Total |
| 1. Related party | | | |
| a) Subsidiaries | - | 5,038.48 | 5,038.48 |
| b) Companies in the same group | - | 2,258.69 | 2,258.69 |
| 2. Other than related parties | 8,334.89 | 2,330.92 | 10,665.81 |
| Total | 8,334.89 | 9,628.09 | 17,962.98 |

For 2019-20

| Category | Amount net of provisions | | |
|--------------------------------|--------------------------|-----------------|------------------|
| | Secured | Unsecured | Total |
| 1. Related party | | | |
| a) Subsidiaries | - | - | - |
| b) Companies in the same group | - | 1,790.84 | 1,790.84 |
| 2. Other than related parties | 10,358.12 | 3,021.41 | 13,379.53 |
| Total | 10,358.12 | 4,812.25 | 15,170.37 |

6) Investor group-wise classification of all investments (current and long-term)

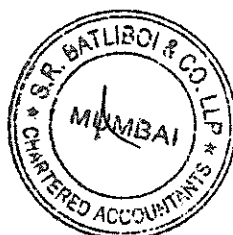
| Category | As at March 31, 2021 | | As at March 31, 2020 | |
|--------------------------------|---|-----------------------------------|---|-----------------------------------|
| | Market Value / Breakup Value or Fair Value or NAV | Book Value (Net of Provisions) | Market Value / Breakup Value or Fair Value or NAV | Book Value (Net of Provisions) |
| 1. Related party | | | | |
| a) Subsidiaries | 12,354.98 | 12,354.98 | - | - |
| b) Companies in the same group | 7,685.23 | 7,685.23 | 7,289.49 | 7,289.49 |
| 2. Other than related parties | - | - | 3,037.96 | 3,037.96 |
| Total | 20,040.21 | 20,040.21 | 10,327.45 | 10,327.45 |

6.1) Investment in other CICs- Total amount representing any direct or indirect capital contribution made by one CIC in another CIC is Nil

6.2) Investments and movement in provision

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|-------------------------|-------------------------|
| 1. Value of Investments* | | |
| i) Gross Value of Investments | | |
| a) In India | 20,040.21 | 10,693.80 |
| b) Outside India | - | - |
| ii) Provisions for Depreciation | | |
| a) In India | - | 366.35 |
| b) Outside India | - | - |
| iii) Net Value of Investments | | |
| a) In India | 20,040.21 | 10,327.45 |
| b) Outside India | - | - |
| 2. Movement of provisions held towards depreciation on investments | | |
| i) Opening balance | 366.35 | (358.97) |
| ii) Add : Provisions made during the year | - | 725.32 |
| iii) Less : Write-off / write-back of excess provisions during the year | (366.35) | - |
| iv) Closing balance | - | 366.35 |

*It includes only investments (Refer Note 13C)



Edel Finance Company Limited

Notes to the financial statements for the year ended March 31, 2021

(Currency: Indian rupees in million)

Regulatory disclosure of Core Investment Company (CIC)

7) Other information

| Particulars | Amount Outstanding as at | |
|---|--------------------------|----------------|
| | March 31, 2021 | March 31, 2020 |
| (i) Gross Non-Performing Assets | | |
| (a) Related Parties | - | - |
| (b) Other than Related Parties | - | 808.94 |
| (ii) Net Non-Performing Assets | | |
| (a) Related Parties | - | - |
| (b) Other than Related Parties | - | 620.55 |
| (iii) Assets acquired in satisfaction of debt | - | - |

53 Disclosure on liquidity risk

As required in terms of paragraph 3 of RBI Circular RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated November 4, 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies.

1. Funding concentration based on significant counterparty (borrowings)

As at March 31, 2021

| Number of significant counterparties* | Amount | % of Total Deposits | % of Total Liabilities |
|---------------------------------------|-----------------|---------------------|------------------------|
| 8 | 9,392.60 | NA | 52.01% |
| Total | 9,392.60 | - | 52.01% |

As at March 31, 2020

| Number of significant counterparties* | Amount | % of Total Deposits | % of Total Liabilities |
|---------------------------------------|-----------------|---------------------|------------------------|
| 13 | 4,660.23 | NA | 29.36% |
| Total | 4,660.23 | - | 29.36% |

* "Significant counterparty" is defined as a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of the NBFC-NDST's total liabilities.

2. Top 20 large deposits

The Company being a Systemically Important Non-Deposit taking Non-Banking Financial Company registered with Reserve Bank of India got converted into Core Investment Company (CIC) as NBFC-CIC-ND-SI, does not accept public deposits.

3. Top 10 borrowings (amount in ₹ millions and % of total borrowings)

As at March 31, 2021

| Particulars | Amount* | % of Total Borrowings** |
|------------------|----------|-------------------------|
| Top 10 borrowers | 9,705.60 | 54.03% |

As at March 31, 2020

| Particulars | Amount* | % of Total Borrowings** |
|------------------|----------|-------------------------|
| Top 10 borrowers | 4,207.23 | 27.73% |

* Represents principal amount

** Total borrowings represents debt securities + borrowings (other than debt securities) + subordinated liabilities

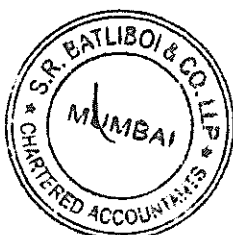
4. Funding concentration based on significant instrument / product

As at March 31, 2021

| Name of the instrument / product | Amount | % of Total Liabilities |
|----------------------------------|-----------|------------------------|
| Debt securities | 10,826.93 | 59.95% |
| Intra Group borrowings | 7,136.05 | 39.52% |

As at March 31, 2020

| Name of the instrument / product | Amount | % of Total Liabilities |
|----------------------------------|-----------|------------------------|
| Debt securities | 13,321.26 | 83.92% |
| Term loans | 219.36 | 1.38% |
| Intra Group borrowings | 1,629.75 | 10.27% |



Edel Finance Company Limited

Notes to the financial statements for the year ended March 31, 2021

(Currency: Indian rupees in million)

Regulatory disclosure of Core Investment Company (CIC)**5. Stock Ratios**

| | As at March 31, 2021 | As at March 31, 2020 |
|---|-------------------------|-------------------------|
| Commercial papers as a % of total public funds | 0.00% | 0.00% |
| Commercial papers as a % of total liabilities | 0.00% | 0.00% |
| Commercial papers as a % of total assets | 0.00% | 0.00% |
| Non-convertible debentures (original maturity of less than one year) as a % of total public funds | 0.00% | 0.00% |
| Non-convertible debentures (original maturity of less than one year) as a % of total liabilities | 0.00% | 0.00% |
| Non-convertible debentures (original maturity of less than one year) as a % of total assets | 0.00% | 0.00% |
| Other short term liabilities * | 7,136.05 | 1,629.75 |
| Other short-term liabilities, if any as a % of total public funds** | 39.73% | 10.74% |
| Other short-term liabilities, if any as a % of total liabilities*** | 39.52% | 10.27% |
| Other short-term liabilities, if any as a % of total assets | 23.46% | 5.92% |

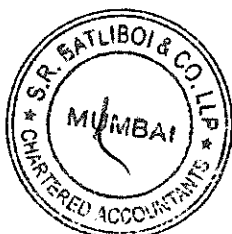
* "Other short-term liabilities" refers to the borrowing in short term in nature.

** "Total public funds" refers to the aggregate of Debt securities, Borrowing other than debt securities and Subordinated liabilities.

*** "Total liabilities" refers to total external liabilities (i.e. excluding total equity).

6. Institutional set-up for liquidity risk management

The Asset-Liability gap is being monitored from time to time to overcome the asset-liability mismatches, interest risk exposure, etc, if any. The Liquidity risk emanates from the possible mismatches due to differences in maturity and repayment profile of assets and liabilities. The Company ensures that the credit and investment exposure are only with the group companies and are within the statutory limits as prescribed by the Reserve Bank of India from time to time. The Company will continue to get support from the Holding Company in the form of equity infusion and is necessary support to repay its dues on timely basis.



Regulatory disclosure of Core Investment Company (CIC)

54 Disclosure pursuant to Reserve Bank of India notification DOR (NBFC).CC.PD.No. 109/22.10.106/2019-20 dated March 13, 2020 pertaining to Asset Classification as per RBI Norms

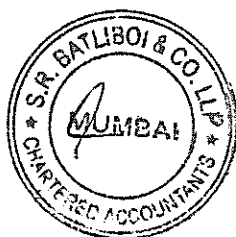
As per the RBI circular RBI/2019-20/170 dated 13th March, 2020, where impairment allowance under Ind AS 109 is lower than the provisioning required under IRACP (including standard asset provisioning), NBFCs (CICs) shall appropriate the difference from their net profit or loss after tax to a separate 'Impairment Reserve'. Further, no withdrawals shall be permitted from this reserve without prior permission from the RBI.

As at March 31, 2021

| Asset Classification as per RBI Norms | Asset classification as per Ind AS 109 | Gross Carrying Amount as per Ind AS | Loss Allowances (Provisions) as required under Ind AS 109 | Net Carrying Amount | Provisions required as per IRACP norms | Difference between Ind As 109 Provisions and IRACP norms |
|---------------------------------------|--|-------------------------------------|---|---------------------|--|--|
| | | A | B | C = A - B | D | E = B - D |
| Performing Assets Standard | Stage 1 | 8447.25 | 1.52 | 8,445.73 | 33.79 | (32.27) |

As at March 31, 2020

| Asset Classification as per RBI Norms | Asset classification as per Ind AS 109 | Gross Carrying Amount as per Ind AS | Loss Allowances (Provisions) as required under Ind AS 109 | Net Carrying Amount | Provisions required as per IRACP norms | Difference between Ind As 109 Provisions and IRACP norms |
|---|--|-------------------------------------|---|---------------------|--|--|
| | | A | B | C = A - B | D | E = B - D |
| Performing Assets | | | | | | |
| Standard | Stage-1 | 5,140.94 | 0.57 | 5,140.37 | 25.40 | (24.83) |
| | Stage-2 | 2,426.15 | 158.90 | 2,267.25 | 9.70 | 149.20 |
| Sub Total | | 7,567.09 | 159.47 | 7,407.62 | 35.10 | 124.37 |
| Non Performing Assets (NPA) | | | | | | |
| Substandard | Stage-3 | 801.12 | 186.67 | 614.45 | 80.11 | 106.56 |
| Doubtful - up to 1 year | Stage-3 | 2.96 | - | 2.96 | 0.59 | (0.59) |
| 1 to 3 Years | Stage-3 | 4.86 | 1.72 | 3.14 | 1.46 | 0.26 |
| More than 3 years | Stage-3 | - | - | - | - | - |
| Sub total for Doubtful | | 7.82 | 1.72 | 6.10 | 2.05 | (0.33) |
| Loss | Stage-3 | - | - | - | - | - |
| Subtotal for NPA | | 808.94 | 188.39 | 620.55 | 82.16 | 106.23 |
| C. Other items | | | | | | |
| Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms | Stage-1 | - | - | - | - | - |
| | Stage-2 | - | - | - | - | - |
| | Stage-3 | - | - | - | - | - |
| Subtotal | | - | - | - | - | - |
| Total | Stage-1 | 5,140.94 | 0.57 | 5,140.37 | 25.40 | (24.83) |
| | Stage-2 | 2,426.15 | 158.90 | 2,267.25 | 9.70 | 149.20 |
| | Stage-3 | 808.94 | 188.39 | 620.55 | 82.16 | 106.23 |
| | Total | 8,376.03 | 347.86 | 8,028.17 | 117.26 | 230.60 |



Regulatory disclosure of Core Investment Company (CIC)

55 Asset Liability Management -Maturity pattern of certain items of assets and liabilities

As at March 31, 2021

| Particulars | Liabilities | | | Assets | | |
|---------------------------------|-----------------------|-------------------|------------------------|-----------------|------------------|-----------------------------|
| | Borrowings from Banks | Market borrowings | Inter group borrowings | Advance | Investments | Securities held for trading |
| 1 day to 30/31 days (One month) | - | - | 7,136.05 | 7,022.04 | - | - |
| Over One months to 2 months | - | - | - | - | - | - |
| Over 2 months up to 3 months | - | - | - | - | - | - |
| Over 3 months to 6 months | - | 1,684.51 | - | 1,425.21 | - | - |
| Over 6 months to 1 year | - | 2,824.31 | - | - | 2,357.70 | - |
| Over 1 year to 3 years | - | 4,070.02 | - | - | 3,663.96 | - |
| Over 3 years to 5 years | - | 166.50 | - | - | - | - |
| Over 5 years | - | 2,153.02 | - | - | 14,018.55 | - |
| Total | - | 10,898.36 | 7,136.05 | 8,447.25 | 20,040.21 | - |

As at March 31, 2020

| Particulars | Liabilities | | | Assets | | |
|---------------------------------|-----------------------|-------------------|------------------------|-----------------|------------------|-----------------------------|
| | Borrowings from Banks | Market borrowings | Inter group borrowings | Advance | Investments | Securities held for trading |
| 1 day to 30/31 days (One month) | - | - | 1,629.75 | 1,015.53 | - | - |
| Over One months to 2 months | - | 166.67 | - | - | - | 159.92 |
| Over 2 months up to 3 months | 25.00 | 744.31 | - | 2,218.20 | - | - |
| Over 3 months to 6 months | 25.00 | 2,587.68 | - | 110.08 | - | 276.71 |
| Over 6 months to 1 year | 50.00 | 159.91 | - | 857.04 | 447.61 | 4,633.94 |
| Over 1 year to 3 years | 119.36 | 6,979.91 | - | 4,175.18 | 2,282.65 | - |
| Over 3 years to 5 years | - | 333.83 | - | - | - | - |
| Over 5 years | - | 2,348.95 | - | - | 7,597.19 | - |
| Total | 219.36 | 13,321.26 | 1,629.75 | 8,376.03 | 10,327.45 | 5,070.57 |

56 Provisions and Contingencies:

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account:

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|-------------------------|-------------------------|
| Provisions for depreciation on investment | - | - |
| Provision towards non-performing assets | - | 135.43 |
| Provision made towards Income tax (shown below profit before tax) | | |
| Current tax | - | 276.76 |
| Deferred tax | (29.59) | (142.70) |
| Current tax relating to earlier years | (212.90) | (60.39) |
| Impact of change in the rate on opening deferred tax | - | - |
| Other provision and contingencies: | | |
| Provision for standard assets | 3.16 | 296.22 |



Edel Finance Company Limited

Notes to the financial statements for the year ended March 31, 2021

(Currency: Indian rupees in million)

Regulatory disclosure of Core Investment Company (CIC)

57 Miscellaneous

I) Registration obtained from other financial sector regulators: No registration has been obtained from other financial sector regulators.

II) Penalties imposed by RBI and other regulators: No penalties have been imposed by RBI or other regulators during the year. (Previous Year: NIL)

III) Ratings assigned by credit rating agencies and migration of ratings during the year:

As at 31 March 2021

| Instrument category | CRISIL | ICRA | CARE | Brickworks |
|---|-------------------------------|-----------------------------|---------------------|--------------|
| i) Long Term Instruments | | | | |
| Rating | AA- / Negative | A+ / Negative | A+ / Stable | AA- / Stable |
| Amount | 11,950.00 | 6,120.00 | 2,000.00 | 3,000.00 |
| ii) Short Term Instruments | | | | |
| Rating | A1+ | - | - | - |
| Amount | 50,000.00 | - | - | - |
| iii) Market link debentures - Long term | | | | |
| Rating | PP- MLD AA- τ / Negative | PP-MLD [ICRA] A+ / Negative | PP- MLD A+ / Stable | - |
| Amount | 31,993.80 | 2,669.90 | 1,691.10 | - |
| iv) Market link debentures - Short term | | | | |
| Rating | PP - MLD A1+ τ | - | - | - |
| Amount | 5,000.00 | - | - | - |

As at 31 March 2020

| Instrument category | CRISIL | ICRA | CARE | Brickworks |
|---|-----------------------------|------------------------------|--------------|-----------------------|
| i) Long Term Instruments | | | | |
| Rating | AA- / Stable | AA- / Negative | AA- / Stable | AA / Negative |
| Amount | 12,000.00 | 13,000.00 | 1,500.00 | 3,000.00 |
| ii) Short Term Instruments | | | | |
| Rating | A1+ | A1+ | - | - |
| Amount | 50,000.00 | 2,000.00 | - | - |
| iii) Market link debentures - Long term | | | | |
| Rating | PP- MLD AA- τ / Stable | PP-MLD [ICRA] AA- / Negative | PP- MLD AA- | PP- MLD AA / Negative |
| Amount | 26,000.00 | 10,073.90 | 5,875.20 | 3,000.00 |
| iv) Market link debentures - Short term | | | | |
| Rating | PP - MLD A1+ τ | PP-MLD [ICRA]A1+ τ | - | - |
| Amount | 5,000.00 | 1,500.00 | - | - |

58 The Indian Parliament has approved the Code on Social Security, 2020 which subsumes the Provident Fund and the Gratuity Act and rules there under. The Ministry of Labour and Employment has also released draft rules thereunder on November 13, 2020 and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Company will evaluate the rules, assess the impact if any, and account for the same once the rules are notified and become effective.

59 The COVID-19 pandemic outbreak across the world including India has resulted in most countries announcing lockdowns and quarantine measures that have sharply stalled economic activities across the world. The Indian Government too has imposed lockdowns starting from March 24, 2020. Subsequently, the national lockdown was lifted by the government for certain activities in a phased manner outside specified containment zones, but regional lockdowns/restrictions continued to be implemented in areas with a significant number of COVID-19 cases. The Indian economy is impacted and would continue to be impacted by this pandemic and the resultant lockdown, due to the contraction in industrial and services output across small and large businesses. The impact of the COVID -19 pandemic , including the current "second wave" on Company's results, including gain/loss on fair value changes, investment, remains uncertain and dependent on the current and further spread of COVID -19, steps taken by the government, RBI and other regulators to mitigate the economic impact and also the time it takes for economic activities to resume and reach the normal levels. Further, the Company has assessed the impact of the COVID-19 pandemic on its liquidity and ability to repay its obligations as and when they are due. Management has considered various financial support from banks and other fundraising opportunities in determining the Company liquidity position over the next 12 months. Based on the foregoing and necessary stress tests considering various scenarios, management believes that the Company will be able to pay its obligations as and when these become due in the foreseeable future. In assessing the recoverability of deferred tax assets and investments, the Company has considered internal and external sources of information, including credit reports, economic forecasts and industry reports up to the date of approval of these financial statements. Since the situation continue to evolve, its effect on the operations of the Company may be different from that estimated as at the date of approval of these financial results. The Company will continue to closely monitor material changes in markets and future economic conditions.



Edel Finance Company Limited

Notes to the financial statements for the year ended March 31, 2021

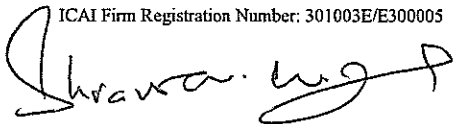
(Currency: Indian rupees in million)

Regulatory disclosure of Core Investment Company (CIC)

- 60 In accordance with the instructions in RBI circular number RBI/2021-22/17 dated April 7, 2021, all lending institutions shall refund / adjust interest on interest' to all borrowers including those who have availed working capital facilities during the moratorium period, irrespective of whether moratorium had been fully or partially availed or not availed. Pursuant to these instructions, the Indian Banks' Association (IBA) in consultation with other industry participants / bodies published the methodology for calculation of the amount of such 'interest on interest/compound interest/penal interest'. Accordingly the Company has estimated Rs. 0.09 crore and made provision for refund/ adjustment as at March 31, 2021.
- 61 Figures for the previous year have been regrouped/ reclassified wherever necessary to confirm to current year presentation.

As per our report of even date attached

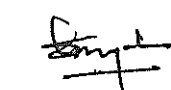
For S. R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005



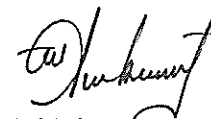
per Shrawan Jalan
Partner
Membership No: 102102

Mumbai June 11, 2021

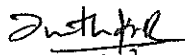
For and on behalf of the Board of Directors



S. Ranganathan
Director
DIN : 00125493



Atul Ambavat
Director
DIN : 00195875



Ananthakrishnan S
Company Secretary



Sunil Nagrani
Chief Financial Officer

Mumbai June 11, 2021

