

## **Edel Finance Company Limited**

**Corporate Identity Number: U65920MH1989PLC053909**

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**Financial Statement for the year ended March 31, 2022**



**DHIRAJ & DHEERAJ**  
CHARTERED ACCOUNTANTS

## **INDEPENDENT AUDITOR'S REPORT**

To the Members of **Edel Finance Company Limited**

### **Report on the Audit of the Standalone Ind AS Financial Statements**

#### **Opinion**

We have audited the accompanying Standalone Ind AS financial statements of **Edel Finance Company Limited** ("the Company"), which comprise the Balance sheet as at March 31 2022, 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 Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

#### **Basis for Opinion**

We conducted our audit of the Standalone Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Standalone Ind AS 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 Ind AS financial statements.

#### **Emphasis of matter**

We draw attention to Note 59 to the Standalone Ind AS financial statements, which describe 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 Ind AS financial statements for the financial year ended March 31, 2022. These matters were addressed in the context of our audit of the Standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

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 11(a), 11(b) &amp; 11(c) 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. 17,790.70 million in form of equity shares of Rs. 8,290.70 million, compulsorily convertible preference shares of Rs. 500.00 million and compulsorily convertible debentures of Rs. 9,000.00 million. The Company has also invested in form of equity shares of Rs.3,431.30 million in other group companies and Rs 2,000 million in compulsorily convertible debentures of other Group companies.</p> <p>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</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"> <li>• 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.</li> <li>• We traced the net-worth of the individual subsidiary and other group companies from their financial statements.</li> <li>• 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.</li> </ul>



Key audit matters	How our audit addressed the key audit matter
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.	

We have determined that there are no other key audit matters to communicate in our report.

### Other Information

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

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

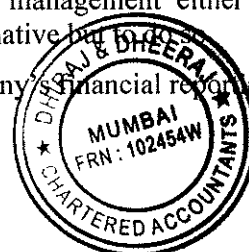
In connection with our audit of the Standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears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

### Responsibilities of Management for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and the circulars, guidelines and directions issued by the Reserve Bank of India (RBI) from time to time ("RBI Guidelines"). 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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



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

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

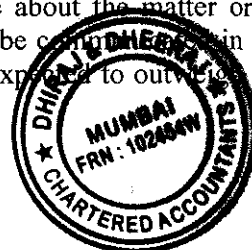
As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Standalone Ind AS financial statements, including the disclosures, and whether the Standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

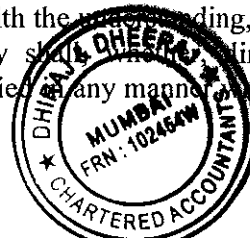
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Ind AS financial statements for the financial year ended March 31, 2022 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, 2020 ("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
  - (d) In our opinion, the aforesaid Standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
  - (e) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 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 Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
  - (g) In our opinion, the managerial remuneration for the year ended March 31, 2022 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 Ind AS financial statements – Refer Note38 to the Standalone Ind AS 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.
    - iv. a)The management has represented that, to the best of its knowledge and belief, other than as disclosed in the note 44 to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall in any manner directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever



by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the note 44 to the standalone financial statements, no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c) Based on such audit procedures that were considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

v. No dividend has been declared or paid during the year by the Company.

#### Other Matters

The comparative financial information of the Company for year ended March 31, 2021 were audited by another auditor who expressed an unmodified opinion on those audited Financial Statements on June 11, 2021. Accordingly, we do not express any opinion, as the case may be, on the figures reported in the financial statements for year ended March 31, 2021.

For **Dhiraj & Dheeraj**  
Firm Registration Number: 102454W  
Chartered Accountants

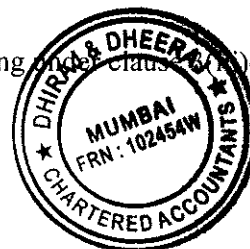
  
**Shalendra Dadhich**

Partner  
Membership Number: 425098  
Place: Mumbai  
Date: 27<sup>th</sup> May, 2022  
UDIN: 22425098AJRWJG9389



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

- i. (a)(A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment .
- (B) The Company has maintained proper records showing full particulars intangible assets
- (b) The Property, Plant and Equipment are physically verified by the Management according to phased programme designed to cover all the items over a period of 3 years which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
- (c) According to the information and explanations given to us and the records of the company examined by us, the title deeds of the immovable properties included in property, plant and equipment are held in the name of the company.
- (d) The company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets during the year.
- (e) Based on the information and explanations furnished to us, no proceedings have been initiated or are pending against the company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder
- ii. (a) The Company does not have any inventory and hence reporting under clause 3(ii)(a) of the Order is not applicable.
- (b) The Company has not been sanctioned working capital limits in excess of ₹ 5 crore, in aggregate, at any points of time during the year, from banks or financial institutions on the basis of security of current assets and hence reporting under clause 3(ii)(b) of the Order is not applicable
- iii.(a) The Company is a Core Investment Company and hence reporting under clause 3(iii)(a) of the order is not applicable.
- (b) According to the information and explanations given to us and based on the audit procedures conducted by us, we are of the opinion that the terms and conditions of the loans given are, prima facie, not prejudicial to the interest of the Company.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in the case of loans given, the repayment of principal and payment of interest has been stipulated and the repayments or receipts have been regular.
- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no overdue amount for more than ninety days in respect of loans given.
- (e) The Company is a Core Investment Company and hence reporting under clause 3(iii)(e) of the order is not applicable.



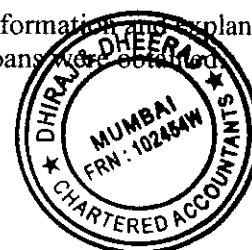
- (f) According to the information and explanations given to us and on the basis of our examination of the records, the Company has not given any loans either repayable on demand or without specifying any terms or period of repayment.
- iv. The Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of loans granted, investments made and guarantees and securities provided, as applicable.
- v. The company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi. The maintenance of cost records has not been specified by the Central Government under subsection (1) of section 148 of the Companies Act, 2013 for the business activities carried out by the Company. Hence, reporting under clause (vi) of the Order is not applicable to the Company
- vii. (a) In our opinion, the Company has generally been regular in depositing undisputed statutory dues, including Goods and Services tax, Provident Fund, , Income Tax, , Cess and other material statutory dues applicable to it with the appropriate authorities.

There were no undisputed amounts payable in respect of Goods and Service tax, Provident Fund, Income Tax, Cess and other material statutory dues in arrears as at March 31, 2022 for a period of more than six months from the date they became payable.

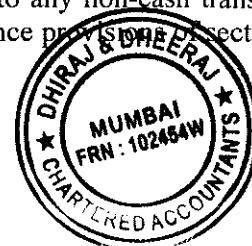
- (b) Details of statutory dues referred to in sub-clause (a) above which have not been deposited as on March 31, 2022 on account of disputes are given below:

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 the dispute is pending
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)

- viii. There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).
- ix. (a) According to the records of the company examined by us and the information and explanation given to us, the company has not defaulted in repayment of loans or other borrowings or in the payment of interest to any lender as at the balance sheet date.
- (b) The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority
- (c) According to the records of the company examined by us and the information and explanation given to us, term loans were applied for the purpose for which the loans were obtained.

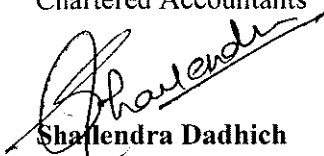


- (d) On an overall examination of the financial statements of the Company, funds raised on short term basis have, prima facie, not been used during the year for long-term purposes by the Company.
- (e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries.
- (f) The Company has not raised any loans during the year on the pledge of securities held in its subsidiary, joint venture and associate companies and hence reporting under clause 3(ix)(f) of the Order is not applicable.
- x. (a) The company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, the reporting under Clause (x)(a) of the Order is not applicable .
- (b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause 3(x)(b) of the Order is not applicable.
- xi. (a) No fraud by the Company and no material fraud on the Company has been noticed or reported during the year.
- (b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report.
- (c) During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, and as represented to us by the management, no whistle-blower complaints have been received during the year by the company. Accordingly, the reporting under Clause (xi)(c) of the Order is not applicable to the company.
- xii. The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable
- xiii. In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 with respect to applicable transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- xiv. a) In our opinion and according to the information and explanation given to us, There is internal audit system commensurate with the size and nature of its business,
- b) We have considered, the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.
- xv. In our opinion during the year the Company has not entered into any non-cash transactions with its Directors or persons connected with its directors. and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.



- xvi. (a) According to the information and explanations given to us, we report that the Company being a CIC company has registered under section 45-IA of the Reserve Bank of India Act, 1934.
- (b) The company has conducted non-banking financial Core Investment company (CIC) activities with a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act 1934 during the year.
- (c) According to the information and explanations given to us and based on books and records verified by us the Company is a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India and the Company continues to fulfill the criteria of a CIC.
- (d) Based on the information and explanations provided by the management of the Company, the Group does not have any other CICs other than the Company.
- xvii. The company has not incurred cash losses in the financial year however in the immediately preceding financial year the company had incurred cash losses of Rs. 320.76 millions .
- xviii. During the year there was a change in auditors of the company as the tenure of the previous auditors M/s S.R.Batliboi & Co. LLP had come to an end under the provisions of the Act. No concern raised by previous auditor.
- xix. On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- xx. The provisions of section 135 of the Act are not applicable to the company during the year . Accordingly, the reporting under Clause (xx)(a) and (xx)(b) of the Order is not applicable to the company.

For **Dhiraj & Dheeraj**  
Firm Registration Number: 102454W  
Chartered Accountants

  
**Shalendra Dadhich**  
Partner

Membership Number: 425098  
Place: Mumbai  
Date: 27<sup>th</sup> May, 2022  
UDIN: 22425098AJRWJG9389



## **Annexure 2 to Independent Auditor's Report**

### **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 with reference to financial statements of **Edel Finance Company Limited** ("the Company") as of March 31, 2022 in conjunction with our audit of the 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 ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the 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**

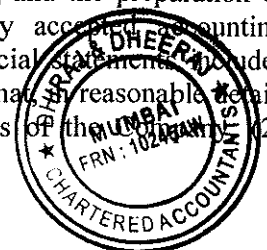
Our responsibility is to express an opinion on the Company's internal financial controls with reference to these financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note")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

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

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

#### **Meaning of Internal Financial Controls With Reference to these Financial Statements**

A Company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial controls with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; and (2)



provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls With Reference to Financial Statements**

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

#### **Opinion**

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2022, 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 issued by ICAI.

For **Dhiraj & Dheeraj**  
Firm Registration Number: 102454W  
Chartered Accountants

  
**Shalendra Dadhich**  
Partner

Membership Number: 425098  
Place: Mumbai  
Date: 27<sup>th</sup> May, 2022  
UDIN: 22425098AJRWJG9389



# Edel Finance Company Limited

## Balance Sheet as at March 31, 2022

(Currency: Indian rupees in millions)

	Note	As at March 31, 2022	As at March 31, 2021
<b>ASSETS</b>			
<b>Financial assets</b>			
(a) Cash and cash equivalents	7	10.93	1,200.58
(b) Derivative financial instruments	8	-	-
(c) Trade receivables	9	-	52.95
(d) Loans	10	1,880.91	8,445.73
(e) Investments	11	27,594.14	20,040.21
(f) Other financial assets	12	2.33	48.05
<b>Total financial assets</b>		<b>29,488.31</b>	<b>29,787.52</b>
<b>Non-financial assets</b>			
(a) Current tax assets (net)	13	311.92	330.50
(b) Deferred tax assets (net)	14	455.45	290.78
(c) Property, Plant and Equipment	15	2.42	3.18
(d) Other Intangible assets	15	-	1.74
(e) Other non- financial assets	16	0.74	4.75
<b>Total non-financial assets</b>		<b>770.53</b>	<b>630.95</b>
<b>TOTAL ASSETS</b>		<b>30,258.84</b>	<b>30,418.47</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
<b>Financial liabilities</b>			
(a) 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	17	17.24	40.89
(b) Debt securities	18	6,691.33	10,665.81
(c) Borrowings (other than debt securities)	19	10,771.37	7,136.05
(d) Subordinated liabilities	20	161.12	161.12
(e) Other financial liabilities	21	8.85	16.22
<b>Total financial liabilities</b>		<b>17,649.91</b>	<b>18,020.09</b>
<b>Non-financial liabilities</b>			
(a) Current tax liabilities (net)	22	18.16	18.16
(b) Provisions	23	0.01	1.03
(c) Other non-financial liabilities	24	9.81	19.34
<b>Total non-financial liabilities</b>		<b>27.98</b>	<b>38.53</b>
<b>Equity</b>			
(a) Equity share capital	25	5,566.75	5,566.75
(b) Instruments entirely equity in nature	26	1,650.00	1,650.00
(c) Other equity	27	5,364.20	5,143.10
<b>Total equity</b>		<b>12,580.95</b>	<b>12,359.85</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>30,258.84</b>	<b>30,418.47</b>

The accompanying notes are an integral part of the financial statements

1 to 61

As per our report of even date attached

For Dhiraj & Dheeraj

Chartered Accountants

ICAI Firm Registration Number: 102454W

Shailendra Dadhich

Partner

Membership No: 425098



For and on behalf of the Board of Directors

S. Ranganathan

Director

DIN : 00125493

Vidya Shah

Director

DIN : 00274831

Tarun Khurana

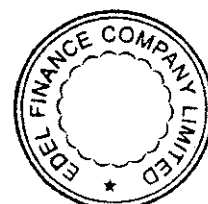
Company Secretary

Ananya Suneja

Chief Financial Officer

Mumbai May 27, 2022

Mumbai May 27, 2022



# Edel Finance Company Limited

## Statement of Profit and Loss for the year ended March 31, 2022

(Currency: Indian rupees in millions)

	Note	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>Revenue from operations</b>			
Interest income	28	252.37	1,325.62
Fee income	29	-	22.31
Net gain on fair value changes	30	944.90	528.68
<b>Total revenue from operations</b>		<b>1,197.27</b>	<b>1,876.61</b>
<b>Other income</b>	31	689.33	1.23
<b>Total Revenue</b>		<b>1,886.60</b>	<b>1,877.84</b>
<b>Expenses</b>			
Finance costs	32	1,766.47	1,986.18
Impairment on financial instruments	33	5.33	793.28
Employee benefits expense	34	11.38	34.07
Depreciation and amortisation	15	2.07	3.22
Other expenses	35	43.82	545.14
<b>Total expenses</b>		<b>1,829.07</b>	<b>3,361.89</b>
<b>Profit / (Loss) before tax</b>		<b>57.53</b>	<b>(1,484.05)</b>
Tax expenses			
(1) Current tax			
a) Current Tax	36	-	-
b) Adjustment in respect of current income tax of prior years	36	0.14	(212.90)
		<b>0.14</b>	<b>(212.90)</b>
(2) Deferred tax expense / (credit) (net)	36	(164.43)	(29.59)
<b>Total Tax</b>		<b>(164.29)</b>	<b>(242.49)</b>
<b>Profit / (Loss) for the year</b>		<b>221.82</b>	<b>(1,241.56)</b>
<b>Other comprehensive income / (loss)</b>			
(a) Items that will not be reclassified to profit or loss			
Remeasurement gain / (loss) on defined benefit plans (OCI)		(0.96)	(0.41)
Income tax - OCI - that will not be reclassified		0.24	-
<b>Total</b>		<b>(0.72)</b>	<b>(0.41)</b>
<b>Total comprehensive income / (loss)</b>		<b>221.10</b>	<b>(1,241.97)</b>
<b>Earnings per equity share (Face value of Rs. 100 each):</b>			
(1) Basic (₹)	37	3.07	(22.73)
(2) Diluted (₹)	37	3.07	(22.73)

The accompanying notes are an integral part of the financial statements

1 to 61

As per our report of even date attached

For Dhiraj & Dheeraj

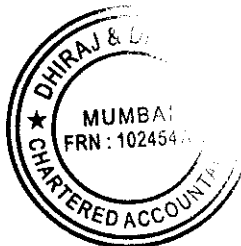
Chartered Accountants

ICAI Firm Registration Number: 102454W

Shailendra Dadhich

Partner

Membership No: 425098



Mumbai May 27, 2022

For and on behalf of the Board of Directors

*S. Ranganathan*

S. Ranganathan

Director

DIN : 00125493

*Vidya Shah*

Vidya Shah

Director

DIN : 00274831

*Tarun Khurana*

Tarun Khurana

Company Secretary

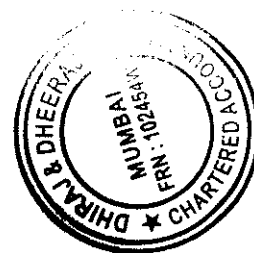
Mumbai May 27, 2022

*Ananya Suneja*

Ananya Suneja

Chief Financial Officer



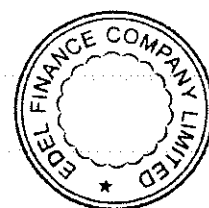
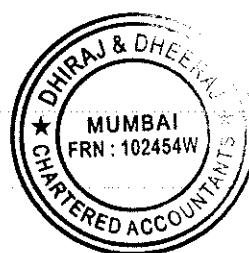


# Edel Finance Company Limited

## Statement of Cash flows for the year ended March 31, 2022

(Currency: Indian rupees in millions)

	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>A Cash flow from operating activities</b>		
Profit / (Loss) before tax	57.53	(1,484.05)
<b>Adjustments for:</b>		
Depreciation and amortisation	2.07	3.22
Profit on sale of investments	(961.36)	-
Impairment on financial instruments	5.33	793.28
Fair value of financial instruments	(601.98)	26.88
Provision for gratuity and compensated absences	(1.98)	(7.07)
Profit on sale of fixed assets (net)	(0.04)	(0.01)
<b>Operating cash flow before working capital changes</b>	<b>(1,500.43)</b>	<b>(667.75)</b>
<b>Adjustments for:</b>		
Decrease / (increase) in trade and other receivables	53.66	(52.53)
Decrease / (increase) in stock-in-trade	-	5,070.58
Decrease / (increase) in other financial assets	45.72	2,051.20
Decrease / (increase) in loans	6,558.78	(1,046.62)
Sale/ (purchase) of Investments (refer note 1 below)	(5,990.59)	(9,792.17)
Decrease / (increase) in other non financial assets	4.01	26.50
Increase / (decrease) in trade payables	(23.65)	(175.22)
Increase / (decrease) in non financial liabilities	(9.53)	(47.65)
Increase / (decrease) in other financial liabilities	(243.67)	93.43
<b>Cash used in operating activities</b>	<b>(1,105.70)</b>	<b>(4,540.23)</b>
Income taxes (paid) (net of refund)	18.44	(104.34)
<b>Net cash used in operating activities - A</b>	<b>(1,087.26)</b>	<b>(4,644.57)</b>
<b>B Cash flow from investing activities</b>		
Purchase of property, plant and equipment and intangible assets	-	(0.11)
Proceeds from sale of property, plant and equipment and intangible assets	0.47	0.12
<b>Net cash generated from investing activities - B</b>	<b>0.47</b>	<b>0.01</b>
<b>C Cash flow from financing activities</b>		
Proceeds from issuance of Share capital (including Securities Premium)	-	1,950.12
Proceeds / (repayment) from Debt securities (refer note 1 below)	(3,680.76)	(2,818.64)
Proceeds / (repayment) from Borrowings (other than debt securities) (refer note 1 below)	3,577.90	5,297.10
<b>Net cash (used in) / generated from financing activities - C</b>	<b>(102.86)</b>	<b>4,428.58</b>
<b>Net decrease in cash and cash equivalents (A+B+C)</b>	<b>(1,189.65)</b>	<b>(215.98)</b>
Cash and cash equivalent as at the beginning of the year	1,200.58	1,416.56
Cash and cash equivalent as at the end of the year	10.93	1,200.58



## Edel Finance Company Limited

### Statement of Cash flows for the year ended March 31, 2022

(Currency: Indian rupees in millions)

#### Cash Flow Statement (continued)

##### Notes:

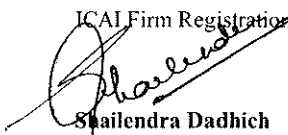
- 1 Cash receipts and payments for transaction with group companies in which the turnover is quick, the amounts are large, and the maturities are short are presented on net basis in accordance with Ind AS-7 Statement of Cash Flows.
- 2 Above Cash Flow Statement has been prepared under indirect method 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 41 for disclosure relating to changes in liabilities arising from financing activities.

As per our report of even date attached

##### For Dhiraj & Dheeraj

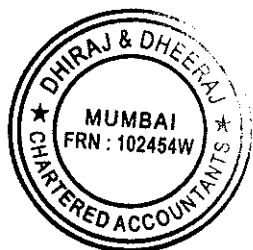
Chartered Accountants

ICAI Firm Registration Number: 102454W

  
Shailendra Dadhich

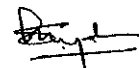
Partner

Membership No: 425098



Mumbai May 27, 2022


##### For and on behalf of the Board of Directors



S. Ranganathan

Director

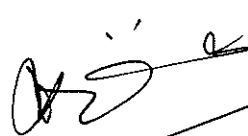
DIN : 00125493



Vidya Shah

Director

DIN : 00274831



Tarun Khurana

Company Secretary



Ananya Suneja

Chief Financial Officer

Mumbai May 27, 2022



## Edel Finance Company Limited

### Notes to the financial statements for the year ended March 31, 2022

#### 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 ('CIC') as NBFC-CIC-ND-SI on 09<sup>th</sup> 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 42-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.

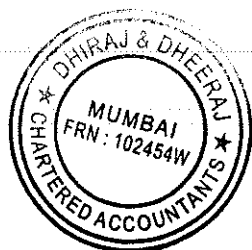
#### 4. Significant accounting policies

##### 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:**

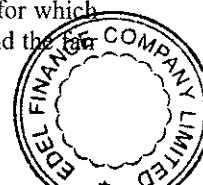
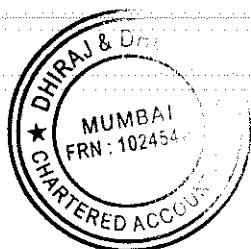
Financial assets and liabilities with exception of loans and borrowings are initially recognised on the trade date, i.e. the date the Company becomes a party to the contractual provisions of the instrument. This includes regular way trades; purchases or sales of financial assets that require delivery 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.

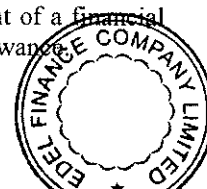
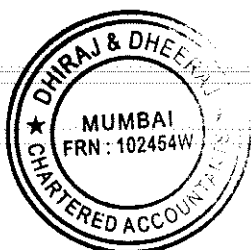
#### 4.3 Financial assets and liabilities:

##### 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:**

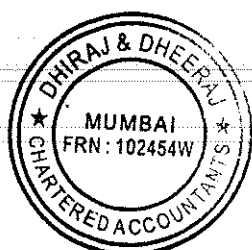
The Company measures debt issued and other borrowed funds at Amortised cost at each reporting date. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the EIR.

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

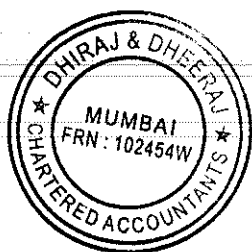
A financial asset (or, where applicable a part of a financial asset or a part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Company also derecognises the financial asset if it has both transferred the financial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



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.

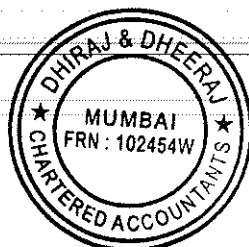
#### **4.5.2 Derecognition of financial liabilities**

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.



### 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.

The Company provides for expected credit loss on group loans based on its estimates of credit assessment on such loans subject to minimum 0.40% on all group loans as per Company estimates and RBI IRACP prudential norms.

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.

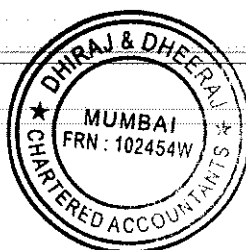
#### Stage 2 assets:

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.

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;

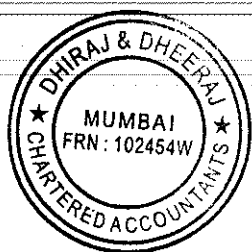
- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

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.

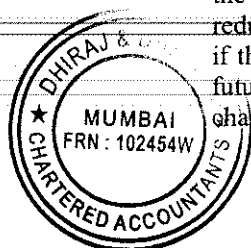
The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company applies a single recognition and measurement approach for all leases 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:**

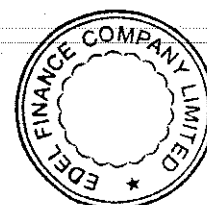
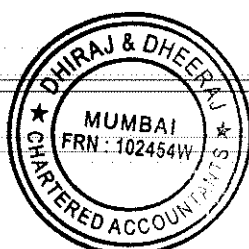
The Company contributes to a recognised provident fund and national pension scheme which is a defined contribution scheme. The contributions are accounted for on an accrual basis and recognised in the statement of profit and loss.

**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.

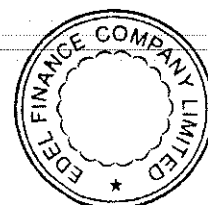
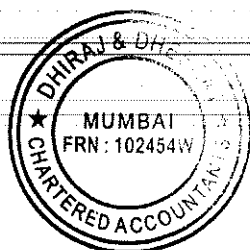
Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives. Depreciation is provided on a written down value basis from the date the asset is ready for its intended use or put to use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

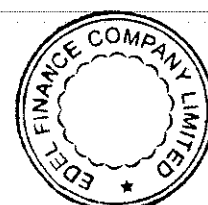
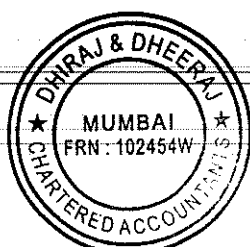
Income tax expense represents the sum of the tax currently payable and deferred tax.

**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.

**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:**

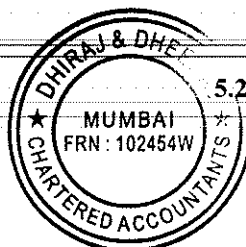
The following are the critical judgements, apart from those involving estimations, that the management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

**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.

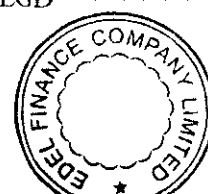
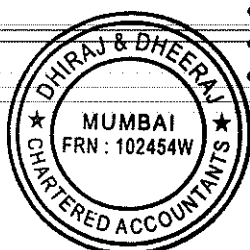
This estimation, by nature requires an element of judgement regarding the expected behaviour and life cycle of the instrument, as well expected changes India's base rate and other fee income, expenses that are integral part of the instrument

**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.

**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.

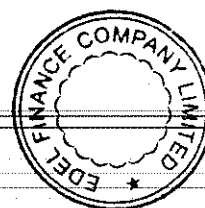
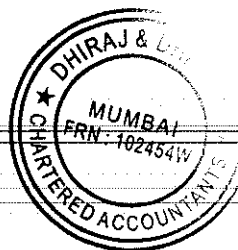
Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectation of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

**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.



## Edel Finance Company Limited

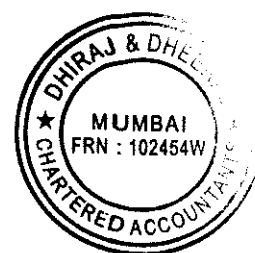
### Notes to the financial statements for the year ended March 31, 2022

(Currency: Indian rupees in millions)

	As at March 31, 2022	As at March 31, 2021
<b>7. Cash and cash equivalents</b>		
<b>Balances with banks</b>		
- in current accounts	10.93	1,200.58
	<u>10.93</u>	<u>1,200.58</u>

### 8. Derivative financial instruments

As at March 31, 2022 and March 31, 2021 outstanding derivative financial instruments position is Nil.



## Edel Finance Company Limited

### Notes to the financial statements for the year ended March 31, 2022

(Currency: Indian rupees in millions)

#### 8.A Offsetting

As at March 31, 2022, there are no 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.

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	Financial assets	Collaterals paid	Assets after consideration of netting potential			
Margin placed with broker	0.24	-	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	Financial Assets	Collaterals Paid	Liabilities after consideration of netting potential			
Derivative Liabilities	-	-	-	-	-	-	-	-	-



## Edel Finance Company Limited

Notes to the financial statements for the year ended March 31, 2022

(Currency: Indian rupees in millions)

### 9. Trade receivables

#### a) Trade receivables ageing schedule

There are no trade receivables outstanding as at March 31, 2022.

As at March 31, 2021	Outstanding for following periods from due date of payment							Total
	Unbilled	Not Due	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade receivables – considered good	-	-	52.95	-	-	-	-	52.95
Undisputed Trade Receivables – credit impaired	-	-	0.01	-	0.17	0.94	0.52	1.64
Gross receivables (A)	-	-	52.96	-	0.17	0.94	0.52	54.59
Undisputed Trade receivables – considered good	-	-	-	-	-	-	-	-
Undisputed Trade Receivables – credit impaired	-	-	(0.01)	-	(0.17)	(0.94)	(0.52)	(1.64)
Total ECL provision on receivables (B)			(0.01)	-	(0.17)	(0.94)	(0.52)	(1.64)
Total receivables net of provision = (A)+(B)			52.95	-	-	-	-	52.95

#### b) Reconciliation of impairment allowance on trade receivables:

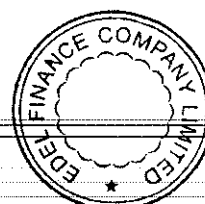
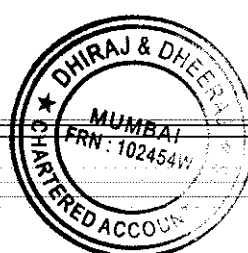
	As at March 31, 2022	As at March 31, 2021
Impairment allowance measured as per simplified approach		
Impairment allowance - opening balance	1.64	73.70
Add/ (less): asset originated or acquired (net)	(1.64)	(72.06)
Impairment allowance - closing balance	-	1.64

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.

### 10. Loans (at amortised cost)

	As at March 31, 2022	As at March 31, 2021
<b>Term Loans:</b>		
Corporate credit	1,888.46	8,447.25
<b>Total gross</b>	<b>1,888.46</b>	<b>8,447.25</b>
Less: Impairment loss allowance (Refer note 10.A)	(7.55)	(1.52)
<b>Total net</b>	<b>1,880.91</b>	<b>8,445.73</b>
<b>Collateral :</b>		
Unsecured	1,888.46	8,447.25
<b>Total gross</b>	<b>1,888.46</b>	<b>8,447.25</b>
Less: Impairment loss allowance (Refer note 10.A)	(7.55)	(1.52)
<b>Total net</b>	<b>1,880.91</b>	<b>8,445.73</b>
<b>Loans in India</b>		
Public sector	-	-
Others	1,888.46	8,447.25
<b>Total gross</b>	<b>1,888.46</b>	<b>8,447.25</b>
Less: Impairment loss allowance (Refer note 10.A)	(7.55)	(1.52)
<b>Total net</b>	<b>1,880.91</b>	<b>8,445.73</b>



## Edel Finance Company Limited

### Notes to the financial statements for the year ended March 31, 2022

(Currency Indian rupees in millions)

#### 10.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 47.D.1 and policies on ECL allowances are set out in Note 4.6.

##### a) Credit quality of assets

Performing  
High grade

As at March 31, 2022				As at March 31, 2021			
Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
1,888.46	-	-	1,888.46	8,447.25	-	-	8,447.25
1,888.46	-	-	1,888.46	8,447.25	-	-	8,447.25

##### 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, 2022

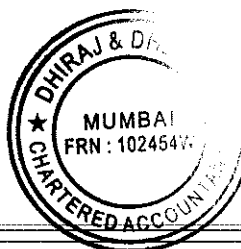
Particulars	Non Credit Impaired				Credit Impaired		Total	
	Stage 1		Stage 2		Stage 3		Gross carrying Amount	Allowance for ECL
	Gross Carrying Amount	Allowance for ECL	Gross carrying Amount	Allowance for ECL	Gross carrying Amount	Allowance for ECL		
Opening Balance	8,447.25	1.52	-	-	-	-	8,447.25	1.52
New assets originated / (repayments) received (net)	(6,558.79)	6.03	-	-	-	-	(6,558.79)	6.03
Closing Balance	1,888.46	7.55	-	-	-	-	1,888.46	7.55

#### 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	-	-
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 subsidiary company, on March 31, 2021, have guaranteed shortfall in realisation of the Guaranteed Cash Inflows over actual Cash Inflows



# Edel Finance Company Limited

Notes to the financial statements for the year ended March 31, 2022

(Currency: Indian rupees in millions)

## 11. Investments

### 11.A Summary of Investments

As at March 31, 2022	At Amortised cost (1)	At fair value			Subtotal 5 = (2+3+4)	At cost (subsidiaries/ fellow subsidiaries/ associates) (6)	Total (7)= (1+5+6)
		Through OCI (2)	Through P&L (3)	Designated at fair value through Profit or loss (4)			
Equity instruments	-	-	-	-	-	23,222.00	23,222.00
Debt Securities	-	-	4,372.14	-	4,372.14	-	4,372.14
<b>TOTAL - Gross (A)</b>	-	-	4,372.14	-	4,372.14	23,222.00	27,594.14
(i) Investments outside India	-	-	-	-	-	-	-
(ii) Investment in India	-	-	4,372.14	-	4,372.14	23,222.00	27,594.14
<b>Total (B)</b>	-	-	4,372.14	-	4,372.14	23,222.00	27,594.14
Less: Allowance for impairment (C)	-	-	-	-	-	-	-
<b>Total Net (A-C)</b>	-	-	4,372.14	-	4,372.14	23,222.00	27,594.14

As at March 31, 2021	At Amortised cost (1)	At fair value			Subtotal 5 = (2+3+4)	At cost (subsidiaries/ fellow subsidiaries/ associates) (6)	Total (7)= (1+5+6)
		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
<b>TOTAL - Gross (A)</b>	-	-	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
<b>Total (B)</b>	-	-	6,095.09	-	6,095.09	13,945.12	20,040.21
Less: Allowance for impairment (C)	-	-	-	-	-	-	-
<b>Total Net (A-C)</b>	-	-	6,095.09	-	6,095.09	13,945.12	20,040.21

Notes:

- 1) Please refer note 11.B & 11.C - Investment details for further details
- 2) Please refer note 46 - Fair value measurement for valuation methodology

### 11.B Investments in redeemable preference shares measured at amortised cost:

#### i) Credit quality of assets:

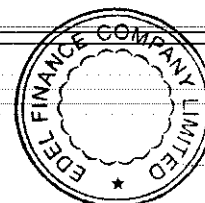
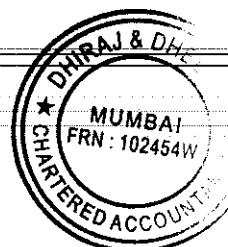
The table below shows the credit quality and the maximum exposure to credit risk based on the Company's year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Company's internal grading for stage classification are explained in Note 47.D.1 and policies on ECL allowances are set out in Note 4.6.

Particulars	March 31, 2022				March 31, 2021			
	Stage I	Stage II	Stage III	Total	Stage I	Stage II	Stage III	Total
Performing	-	-	-	-	-	-	-	-
High grade	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-

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

Particulars	March 31, 2022				March 31, 2021			
	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	-	-	-	-	-	-	-	-
Unwinding of discount (recognised in interest income)	-	-	-	-	52.39	-	-	52.39
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-	-	-	-	-
Assets derecognised or matured	-	-	-	-	(500.00)	-	-	(500.00)
<b>Closing balance</b>	-	-	-	-	-	-	-	-

Please refer note 11.C - Investment details for further details



# Edel Finance Company Limited

Notes to the financial statements for the year ended March 31, 2022

(Currency: Indian rupees in millions)

## II. Investments (continued)

### II.C Scrip wise details of Investments

	As at March 31, 2022			As at March 31, 2021		
	Face Value (Rs.)	Quantity	Amount	Face Value (Rs.)	Quantity	Amount
<b>Equity Instruments (Fully paid up)</b>						
<i>At Cost</i>						
<b>Subsidiary company</b>						
Edelweiss Rural & Corporate Services Limited						
Equity instruments	10	46,535,367	5,356.17	10	39,775,367	2,854.97
Investments in Compulsory Convertible Preference Shares	10	1,359,955	500.00	10	1,359,955	500.00
0.01% Un-Secured Compulsory Convertible Debenture	1,000	9,000,000	9,000.00	1,000	9,000,000	9,000.01
Edelweiss Housing Finance Limited	100	27,580,225	2,934.53	100	10,000,000	1,000.00
<b>Fellow Subsidiaries</b>						
Edelweiss Retail Finance Limited	10	3,000,000	264.00	10	3,000,000	264.00
Edelweiss Asset Reconstruction Company Limited*	10	6,049,218	129.33	10	15,254,550	326.14
Edelweiss Asset Management Limited**	10	6,967,613	733.89	-	-	-
0.01% Un-Secured Compulsory Convertible Debenture- Edel Land Limited	1,000	2,000,000	2,000.00	-	-	-
<b>Associate companies</b>						
Edelweiss Securities Limited***	10	1,834,455	2,304.08	-	-	-
<b>Total (A)</b>			<b>23,222.00</b>			<b>13,945.12</b>
<b>Debt Securities</b>						
<i>At fair value through profit and loss account</i>						
9.75% Edelweiss Retail Finance Limited Perpetual Bonds	1,000,000	71	60.26	1,000,000	71	60.22
Edel Land Limited- NLD	100,000	27,337	4,292.08	100,000	45,852	6,019.84
Edelweiss Asset Reconstruction Company Limited - NLD	100,000	107	19.80	100,000	107	15.03
<b>Total (B)</b>			<b>4,372.14</b>			<b>6,095.09</b>
<b>Total (A+B)</b>			<b>27,594.14</b>			<b>20,040.21</b>

\* Pledged with Catalyst Trusteeship Limited as a security against issue of Non Convertible Debentures of Edelweiss Financial Services Limited

\*\* Pledged with Catalyst Trusteeship Limited as a security against issue of Nifty Linked Debentures of Edel Land Limited

\*\*\* Hypothecated with Beacon Trusteeship Limited as a security against issue of Non Convertible Debentures of Edelweiss Financial Services Limited

Refer note 46 - Fair value measurement for valuation methodologies for investments



**Edel Finance Company Limited****Notes to the financial statements for the year ended March 31, 2022**

(Currency: Indian rupees in millions)

	As at March 31, 2022	As at March 31, 2021
<b>12. Other financial assets</b>		
Deposits placed with/ for exchange/ depositories	1.90	0.95
Deposits- others	0.18	0.03
Margin placed with broker ( <i>refer note 8.A</i> )	-	0.24
Advances recoverable in cash or in kind or for value to be received	0.25	46.83
	<b>2.33</b>	<b>48.05</b>
<b>13. Current tax assets (net)</b>		
Advance income taxes (Net of provision for tax )	311.92	330.50
	<b>311.92</b>	<b>330.50</b>
<b>14. Deferred tax assets (net)</b>		
<b>Deferred tax assets / (Liabilities)</b>		
<b><u>Loans / Security Receipts</u></b>		
Provision for expected credit loss	1.90	0.38
<b><u>Receivables</u></b>		
Provision for expected credit loss	-	0.41
<b><u>Unused tax loss</u></b>		
Accumulated losses	421.03	252.26
<b><u>Employee benefit obligations</u></b>		
Disallowances under section 43B of the Income Tax Act, 1961	(0.02)	0.26
<b><u>Property, plant and equipment and intangibles</u></b>		
Difference between book and tax depreciation	0.21	(0.01)
<b><u>Investments and other financial instruments</u></b>		
Unrealised (gain) / loss on investments (net)	-	6.77
Others	32.33	30.71
	<b>455.45</b>	<b>290.78</b>



# Edel Finance Company Limited

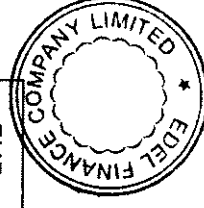
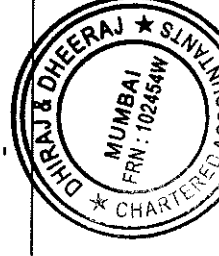
Notes to the financial statements for the year ended March 31, 2022

(Currency: Indian rupees in millions)

## 15. Property, plant and equipment and intangible assets

Particulars	Property, plant and equipment				Intangible Assets	
	Building (Flat) \$	Vehicles	Computers	Total	Computer Software	Total
<b>Deemed cost</b>						
as at April 1, 2020	2.90	1.06	1.83	5.79	6.94	12.73
Additions	-	-	0.11	0.11	-	0.11
Disposals	-	-	(0.50)	(0.50)	-	(0.50)
as at March 31, 2021	2.90	1.06	1.44	5.40	6.94	12.34
Additions	-	-	-	-	-	-
Disposals	-	(0.59)	(1.24)	(1.83)	-	(1.83)
as at March 31, 2022	2.90	0.47	0.20	3.57	6.94	10.51
<b>Depreciation / Amortisation:</b>						
as at April 1, 2020	0.29	0.08	1.33	1.70	2.89	4.59
Depreciation/amortisation for the year	0.13	0.57	0.21	0.91	2.31	3.22
Disposals	-	-	(0.39)	(0.39)	-	(0.39)
as at March 31, 2021	0.42	0.65	1.15	2.22	5.20	7.42
Depreciation/amortisation for the year	0.12	0.17	0.04	0.33	1.74	2.07
Disposals	-	(0.40)	(1.00)	(1.40)	-	(1.40)
as at March 31, 2022	0.54	0.42	0.19	1.15	6.94	8.09
<b>Net Book Value</b>						
As at March 31, 2021	2.48	0.41	0.29	3.18	1.74	4.92
As at March 31, 2022	2.36	0.05	0.01	2.42	-	2.42

\$ Charge against secured redeemable non-convertible debentures (Refer note 18.A)



# Edel Finance Company Limited

## Notes to the financial statements for the year ended March 31, 2022

(Currency: Indian rupees in millions)

	As at March 31, 2022	As at March 31, 2021
<b>16. Other non-financial assets</b>		
(Unsecured considered good, unless stated otherwise)		
Input tax credit	-	1.58
Prepaid expenses	0.01	0.24
Vendor Advances	0.20	2.45
Advances to employees	0.45	0.48
Others	0.08	-
	<b>0.74</b>	<b>4.75</b>

<b>17. Trade Payables</b>		
Payable to :		
Trade payables to non-related parties	10.77	15.32
(includes sundry creditors, provision for expenses, customer payables and net payable for settlement to clearing house )		
Trade payables to related parties	6.47	25.57
	<b>17.24</b>	<b>40.89</b>

### 17.A Details of dues to micro and small enterprises

Trade Payables includes Rs. Nil (March 31, 2021 : 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.

### 17.B Trade Payables ageing schedule

As at March 31, 2022	Outstanding for following periods from due date of payment						Total
	Unbilled	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	0.07	-	-	-	-	-	0.07
(ii) Others	10.34	-	6.83	-	-	-	17.17
<b>Total</b>	<b>10.41</b>	<b>-</b>	<b>6.83</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17.24</b>

As at March 31, 2021	Outstanding for following periods from due date of payment						Total
	Unbilled	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	0.08	-	-	-	-	-	0.08
(ii) Others	12.80	-	10.97	16.39	0.65	-	40.81
<b>Total</b>	<b>12.88</b>	<b>-</b>	<b>10.97</b>	<b>16.39</b>	<b>0.65</b>	<b>-</b>	<b>40.89</b>

### 18. Debt securities

At amortised cost  
(Refer note 18.A and 18.B)

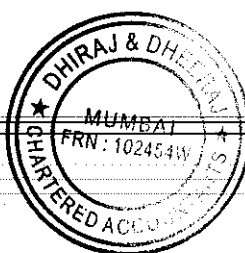
#### Secured

Non-convertible redeemable debentures		
Benchmark linked debentures	4,716.65	8,334.89

#### Unsecured

Benchmark linked debentures	1,974.68	2,330.92
	<b>6,691.33</b>	<b>10,665.81</b>

Debt Securities in India	6,691.33	10,665.81
Debt Securities outside India	-	-
	<b>6,691.33</b>	<b>10,665.81</b>



**Edel Finance Company Limited****Notes to the financial statements for the year ended March 31, 2022**

(Currency: Indian rupees in millions)

**18 Debt securities (continued)****18.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.

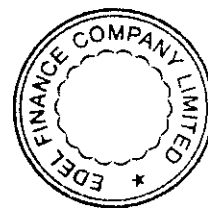
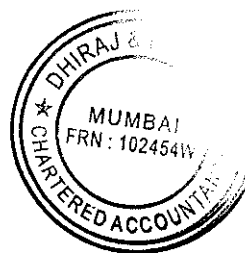
In case of benchmark linked debentures, the interest rate is linked to the performance of the underlying indices and is fluctuating in nature.

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).

**18.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, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Jul-2021	-	404.30	-	-
Sep-2021	-	887.10	-	-
Oct-2021	-	-	-	280.00
Dec-2021	-	12.50	-	-
Jan-2022	-	27.50	-	28.50
Feb-2022	-	768.90	-	10.00
Mar-2022	-	1,143.00	-	-
Apr-2022	-	15.00	-	-
May-2022	232.50	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	1,874.00
	3,157.20	6,454.50	1,914.00	2,232.50
Associated accruals *	1,559.45	1,880.39	60.68	98.42
<b>Total</b>	<b>4,716.65</b>	<b>8,334.89</b>	<b>1,974.68</b>	<b>2,330.92</b>

\* 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, 2022

(Currency: Indian rupees in millions)

	As at March 31, 2022	As at March 31, 2021
<b>19. Borrowings (other than debt securities)</b>		
<i>At amortised cost</i>		
<u>Unsecured</u>		
Loan and advances from related parties	10,771.37	7,136.05
	<b>10,771.37</b>	<b>7,136.05</b>
Borrowings in India	10,771.37	7,136.05
Borrowings outside India	-	-
	<b>10,771.37</b>	<b>7,136.05</b>

## 19.A Details of Borrowings other than Debt Securities

Maturity	Loan and advances from related parties - Amount outstanding as at	
	March 31, 2022	March 31, 2021
<b>Rate of interest</b>	13.90%-15.09% p.a.	11.34%-15.20% p.a.
within 1 year	4.10	7,110.00
1 - 3 years	10,683.80	-
	<b>10,687.90</b>	<b>7,110.00</b>
Associated accruals *	83.47	26.05
<b>Total</b>	<b>10,771.37</b>	<b>7,136.05</b>

\* Associated accruals include interest accrued. Interest accrued but not due is payable on next interest payment date.

## 20. Subordinated Liabilities

*At amortised cost*

*(Refer note 20.A)*

Unsecured

Subordinated debentures

Privately placed redeemable non-convertible debentures

	161.12	161.12
	<b>161.12</b>	<b>161.12</b>
Subordinated liabilities in India	161.12	161.12
Subordinated liabilities outside India	-	-
	<b>161.12</b>	<b>161.12</b>



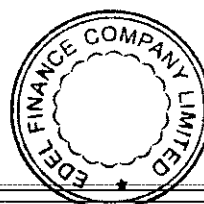
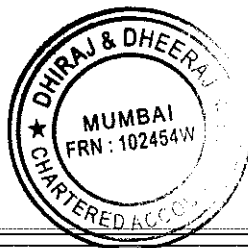
# Edel Finance Company Limited

Notes to the financial statements for the year ended March 31, 2022

(Currency: Indian rupees in millions)

	As at March 31, 2022	As at March 31, 2021
<b>20.A Maturity profile and rate of interest of subordinated liabilities are set out below:</b>		
Maturity Month	Unsecured subordinated liabilities - Interest Rate 11.00% p.a. Amount outstanding as at	
	March 31, 2022	March 31, 2021
Jul-2025	150.00	150.00
	150.00	150.00
Add: interest accrued*	11.12	11.12
Total	<b>161.12</b>	<b>161.12</b>
* Interest accrued but not due is payable on next interest payment date.		
<b>21. Other financial liabilities</b>		
Other payables	1.64	13.99
Unclaimed matured debentures	6.61	-
Accrued salaries and benefits	0.60	2.23
	<b>8.85</b>	<b>16.22</b>
<b>22. Current tax liabilities (net)</b>		
Provision for taxation (Net of advance tax)	18.16	18.16
	<b>18.16</b>	<b>18.16</b>
<b>23. Provisions</b>		
Provision for employee benefits		
Gratuity (Refer note 40)	-	0.78
Compensated leave absences	0.01	0.25
	<b>0.01</b>	<b>1.03</b>
<b>24. Other non-financial liabilities</b>		
Statutory liabilities*	9.54	19.34
Others	0.27	-
	<b>9.81</b>	<b>19.34</b>

\* 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, 2022**

(Currency: Indian rupees in millions)

**25. Equity share capital**
**Authorised :**

Equity Shares of Rs.100 each

Preference shares of Rs. 100 each

As at March 31, 2022		As at March 31, 2021	
No. of shares	Amount	No. of shares	Amount
228,500,000	22,850.00	225,000,000	22,500.00
50,000,000	5,000.00	50,000,000	5,000.00
<b>278,500,000</b>	<b>27,850.00</b>	<b>275,000,000</b>	<b>27,500.00</b>

**Issued, Subscribed and Paid up:**

Equity Shares of Rs.100 each

55,667,388	5,566.75	55,667,388	5,566.75
<b>55,667,388</b>	<b>5,566.75</b>	<b>55,667,388</b>	<b>5,566.75</b>

**25.A Reconciliation of number of shares**

Outstanding at the beginning of the year

Additional equity shares issued during the year

**Outstanding at the end of the year**

As at March 31, 2022		As at March 31, 2021	
No. of shares	Amount	No. of shares	Amount
55,667,388	5,566.75	53,323,638	5,332.37
-	-	2,343,750	234.38
<b>55,667,388</b>	<b>5,566.75</b>	<b>55,667,388</b>	<b>5,566.75</b>

**Notes:**

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.

**25.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.

**25.C Shares held by holding/ultimate holding company and/or their subsidiaries/associates**
**Holding company**

Edelweiss Financial Services Limited (EFSL)\*

As at March 31, 2022		As at March 31, 2021	
No. of shares	% holding	No. of shares	% holding
55,667,388	100.00%	55,667,388	100.00%
<b>55,667,388</b>	<b>100.00%</b>	<b>55,667,388</b>	<b>100.00%</b>

\* including 6 shares held by Nominees of EFSL

**25.D Details of shares held by promoters in the Company**
**As at March 31, 2022**
**Promoter name**
**No. of shares at the beginning of the year**
**Change during the year**
**No. of shares at the end of the year**
**% of total shares**
**% Change during the year**

Edelweiss Financial Services Limited\*

55,667,388

-

55,667,388

100.00%

-

**Total**
**55,667,388**
**-**
**55,667,388**
**100.00%**
**-**
**As at March 31, 2021**
**Promoter name**
**No. of shares at the beginning of the year**
**Change during the year**
**No. of shares at the end of the year**
**% of total shares**
**% Change during the year**

Edelweiss Financial Services Limited\*

53,323,638

2,343,750

55,667,388

100.00%

-

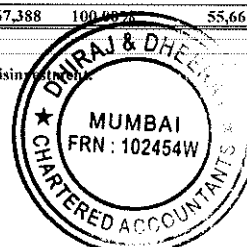
**Total**
**53,323,638**
**2,343,750**
**55,667,388**
**100.00%**
**-**

\* including 6 shares held by Nominees of EFSL

**25.E Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company**

	As at March 31, 2022		As at March 31, 2021	
	No. of shares	% holding	No. of shares	% holding
Edelweiss Financial Services Limited*	55,667,388	100.00%	55,667,388	100.00%
	<b>55,667,388</b>	<b>100.00%</b>	<b>55,667,388</b>	<b>100.00%</b>

\* including 6 shares held by Nominees of EFSL

**25.F There are no shares reserved for issue under options and contracts / commitments for the sale of shares / disinvestment.**


**Edel Finance Company Limited**

Notes to the financial statements for the year ended March 31, 2022

(Currency: Indian rupees in millions)

**26. Instruments entirely equity in nature**

	As at March 31, 2022		As at March 31, 2021	
	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
	<b>16,500,000</b>	<b>1,650.00</b>	<b>16,500,000</b>	<b>1,650.00</b>

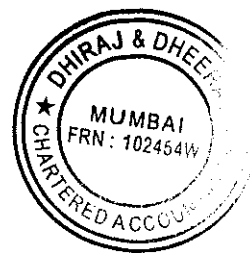
**26.A Reconciliation of number of shares**

	As at March 31, 2022		As at March 31, 2021	
	No. of shares	Amount	No. of shares	Amount
Outstanding at the beginning of the year	16,500,000	1,650	-	-
Additional shares issued during the year	-	-	16,500,000	1,650.00
<b>Outstanding at the end of the year</b>	<b>16,500,000</b>	<b>1,650.00</b>	<b>16,500,000</b>	<b>1,650.00</b>

**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, 2022

(Currency: Indian rupees in millions)

#### 27. Other Equity

	As at March 31, 2022	As at March 31, 2021
a. Capital redemption reserve	84.34	84.34
b. Capital Reserve	(3,999.11)	(3,999.11)
c. Securities premium reserve	4,485.38	4,485.38
d. Statutory reserve	1,282.95	1,238.59
e. Retained earnings	3,476.12	3,299.38
f. Deemed capital contribution - Equity	2.25	2.25
g. Impairment reserve	32.27	32.27
	<b>5,364.20</b>	<b>5,143.10</b>

#### 27.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

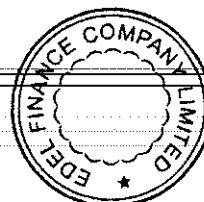
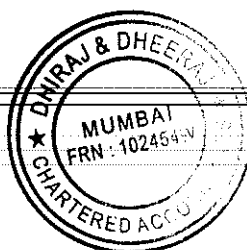
Retained earnings comprises of the Company's undistributed earnings after taxes.

##### 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. 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.

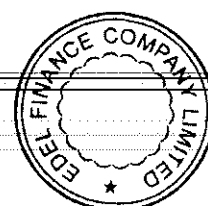
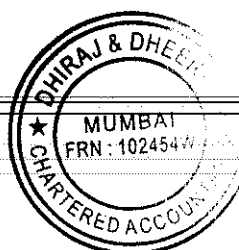


**Edel Finance Company Limited**

Notes to the financial statements for the year ended March 31, 2022

(Currency: Indian rupees in millions)

	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>28. Interest Income</b>		
<b>on financial assets measured at amortised cost</b>		
Interest on loans	244.53	882.56
Interest on fixed deposits with banks	-	0.31
Interest income on preference shares	-	52.39
Other interest Income		
On margin with brokers	-	5.58
On others	-	15.68
Interest income on debt securities	0.90	-
<b>on financial assets measured at fair value through profit or loss</b>		
Interest income on debt securities	6.94	369.10
	<b>252.37</b>	<b>1,325.62</b>
<b>29. Fee income</b>		
Processing and other fees	-	22.31
	<b>-</b>	<b>22.31</b>
<b>30. Net gain / (loss) on fair value changes</b>		
<b>Net gain/ (loss) on financial instruments at fair value through profit or loss</b>		
On investments and securities held for trading	944.90	296.49
On derivatives financial instrument	-	226.15
On security receipts	-	6.04
	<b>944.90</b>	<b>528.68</b>
<b>Fair value changes</b>		
Realised	342.92	555.59
Unrealised	601.98	(26.91)
	<b>944.90</b>	<b>528.68</b>
<b>31. Other income</b>		
Profit on sale of investments	650.08	-
Interest on Income Tax Refund	37.95	0.12
Miscellaneous income	1.30	1.11
	<b>689.33</b>	<b>1.23</b>



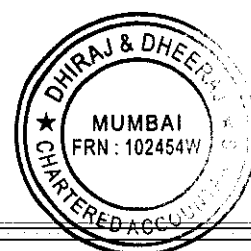
**Edel Finance Company Limited****Notes to the financial statements for the year ended March 31, 2022**

(Currency: Indian rupees in millions)

	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>32. Finance costs</b>		
<b>On financial liabilities measured at amortised cost</b>		
Interest on borrowings other than debt securities	477.28	172.98
Interest on debt securities	1,247.66	1,785.37
Interest on subordinated liabilities	16.50	16.53
Other finance cost and bank charges	25.03	11.30
	<b>1,766.47</b>	<b>1,986.18</b>
<b>33. Impairment on financial instruments</b>		
<b>On financial instruments measured at amortised cost</b>		
<b>Expected credit loss</b>		
Loans and financial instruments	6.04	(218.66)
Loss on sale of financial instruments	-	1,006.99
Trade receivables	(0.71)	4.95
	<b>5.33</b>	<b>793.28</b>
<b>34. Employee benefits expense</b>		
Salaries and wages (refer note 35.D)	10.51	34.07
Contribution to provident and other funds	0.54	2.38
Expense on Employee Stock Option Scheme (ESOP) (refer note below)	-	(3.11)
Staff welfare expenses	0.33	0.73
	<b>11.38</b>	<b>34.07</b>

**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.

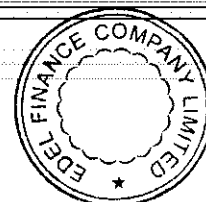
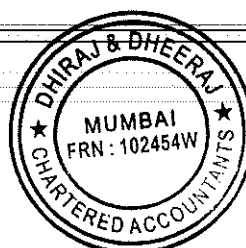


## Edel Finance Company Limited

Notes to the financial statements for the year ended March 31, 2022

(Currency: Indian rupees in millions)

	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>35. Other expenses</b>		
Advertisement and business promotion	-	0.09
Auditors' remuneration (refer note 35.A)	3.26	2.15
Commission and brokerage	-	8.91
Directors' sitting fees	0.68	0.90
Insurance	-	0.12
Legal and professional fees	5.07	238.98
License fees	11.14	3.79
Printing and stationery	-	0.04
Rent (refer note 35.C and 35.D)	0.64	7.83
Computer expenses	-	1.42
Computer software	0.03	0.32
Corporate social responsibility -Donation (refer note 35.B)	-	35.00
Corporate guarantee commission	6.93	8.58
Clearing & custodian charges	0.34	38.12
Rating support fees (refer note 35.D)	2.70	3.66
Mutual Fund Expenses	-	0.61
Office expenses (refer note 35.D)	0.54	8.72
Securities transaction tax	-	18.34
Goods & Service tax expenses	11.11	161.53
Stamp duty	0.48	3.16
Stock exchange expenses	0.43	3.17
Travelling and conveyance	0.34	0.01
Miscellaneous expenses	0.07	0.29
	<b>43.82</b>	<b>545.14</b>
<b>35.A Auditors' remuneration:</b>		
As a Auditor		
Audit fees	1.25	0.39
Limited Review	1.40	1.05
Certification	0.59	0.65
Reimbursement of expenses	0.02	0.06
	<b>3.26</b>	<b>2.15</b>
<b>35.B Details of CSR Expenditure:</b>		
Gross Amount required to be spent by the Company as per the provisions of Section 135 of Companies Act 2013.	-	34.98
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	-	-
	<b>-</b>	<b>35.00</b>
Amount paid to EdelGive Foundation (refer note 43 related party disclosure)	-	35.00
Paid to external parties	-	-
	<b>-</b>	<b>35.00</b>
<b>35.C Operating leases</b>		
The Company has not taken premises on operating lease. Rental expenses for the year ended March 31, 2022 aggregated to Rs. Nil (Previous year: Rs. 6.77 million) which has been included under the head other expenses – Rent in the Statement of profit and loss are allocations from the fellow subsidiaries.		
<b>35.D Cost sharing</b>		
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 34 and 35 include reimbursements paid.		



**Edel Finance Company Limited****Notes to the financial statements for the year ended March 31, 2022**

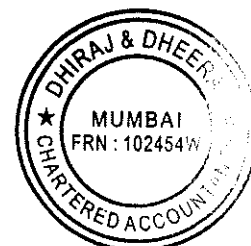
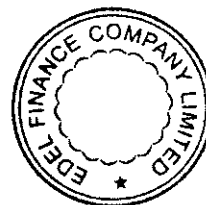
(Currency: Indian rupees in millions)

**36. Income Tax****Component of income tax expenses**

	For the year ended March 31, 2022	For the year ended March 31, 2021
Current tax	-	-
Adjustment in respect of current income tax of prior years	0.14	(212.90)
Deferred tax relating to origination and reversal of temporary differences	4.34	(29.59)
Deferred tax relating to unused tax losses	(168.77)	-
<b>Total tax charge for the year (refer note 36.A)</b>	<b>(164.29)</b>	<b>(242.49)</b>
Current tax	0.14	(212.90)
Deferred tax (refer note 36.B)	(164.43)	(29.59)

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

	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>Profit/ (loss) before taxes</b>	57.53	(1,484.05)
Statutory Income Tax rate	25.168%	25.168%
<b>Tax charge at statutory rate</b>	14.48	(373.51)
<b>Adjustment in respect of current income tax of prior year</b>	0.14	(212.90)
<b>Tax effect of :</b>		
Effect of indexed cost being available as deduction	(9.97)	-
Effect of recognition of deferred tax asset on prior period losses - earlier not recognised	(168.77)	-
Others	(0.17)	343.92
<b>Current Tax Expenses Reported in Statement of Profit and Loss</b>	<b>(164.29)</b>	<b>(242.49)</b>
<b>Effective Income Tax Rate</b>	<b>-285.57%</b>	<b>16.34%</b>



# Edel Finance Company Limited

## Notes to the financial statements for the year ended March 31, 2022

(Currency: Indian rupees in millions)

### 36.B Movement of Deferred Tax assets

#### Financial Year 2021-22

	As on March 31, 2021	Movement for the period (2021-22)			As on March 31, 2022
		Recognised in profit or loss	Recognised in OCI	Recognised in other equity	
<b>Deferred Tax Assets / (Liabilities)</b>					
Employee benefits obligations	0.26	(0.52)	0.24	-	(0.02)
Expected credit loss provision on Loans / SR's	0.38	1.52	-	-	1.90
Expected credit loss provision on Receivables	0.41	(0.41)	-	-	-
Unused tax losses	252.26	168.77	-	-	421.03
Property, plant and equipment & intangible assets	(0.01)	0.22	-	-	0.21
Fair valuation of financial assets	6.77	(6.77)	-	-	-
Others	30.71	1.62	-	-	32.33
<b>Deferred Tax Asset (net)</b>	<b>290.78</b>	<b>164.43</b>	<b>0.24</b>	<b>-</b>	<b>455.45</b>

#### Financial Year 2020-21

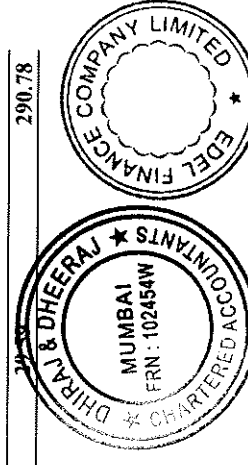
	As on March 31, 2020	Movement for the period (2020-21)			As on March 31, 2021
		Recognised in profit or loss	Recognised in OCI	Recognised in other equity	
<b>Deferred Tax Assets / (Liabilities)</b>					
Employee benefits obligations	1.35	(1.09)	-	-	0.26
Effective interest rate on financial liabilities	(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
<b>Deferred Tax Asset (net)</b>	<b>261.19</b>	<b>29.59</b>	<b>-</b>	<b>-</b>	<b>290.78</b>

#### Deferred Tax Asset (net)

29.59

261.19

290.78



# Edel Finance Company Limited

Notes to the financial statements for the year ended March 31, 2022

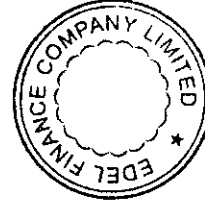
(Currency: Indian rupees in millions)

## 36.C Deductible temporary differences, unused tax losses and unused tax credits on which deferred tax asset is not recognised in balance sheet

As at March 31, 2022, there are no deductible temporary differences, unused tax losses and unused tax credits on which deferred tax asset is not recognised in balance sheet.

As at March 31, 2021

Financial year to which the loss relates to	Deductible temporary differences		Unused tax losses					Unused tax credits		
	Amount	Expiry year - financial year	Unabsorbed depreciation Amount	Expiry year - financial year	Unabsorbed long-term capital losses Amount	Expiry year - financial year	Unabsorbed business losses Amount	Expiry year - financial year	Amount	Expiry year - financial year
							</			



## Edel Finance Company Limited

### Notes to the financial statements for the year ended March 31, 2022

(Currency: Indian rupees in millions)

#### 37. 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, 2022	For the year ended March 31, 2021
Net profit / (loss) attributable to equity holders of the Company (A)		221.82	(1,241.56)
Weighted average number of shares			
- Number of equity shares outstanding at the beginning of the year		55,667,388	53,323,638
- Number of equity shares issued during the year		-	2,343,750
Total number of equity shares outstanding at the end of the year		55,667,388	55,667,388
Total number of CCPS outstanding at the end of the year		16,500,000	16,500,000
Weighted average number of equity shares outstanding during the year (B) (based on the date of issue of shares)		72,167,388	54,633,570
Weighted average number of diluted equity shares outstanding during the year (C)		72,167,388	55,371,926
Adjusted net profit / (loss) for diluted EPS (D)		221.82	(1,241.56)
Basic earnings per share (in rupees) (A / B)		3.07	(22.73)
Diluted earnings per share (in rupees)		3.07	(22.73)

#### 38. 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.

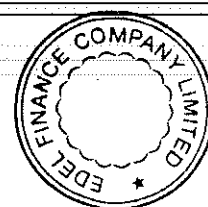
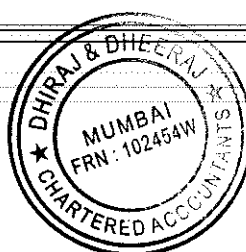
##### Details of contingent liability

Particulars	As at March 31, 2022	As at March 31, 2021
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."

##### Corporate guarantee given by the Company on behalf of its holding company to third party

Particulars	As at March 31, 2022	As at March 31, 2021
Guarantee to trustees of non convertible debenture holders	2,304.08	-



**Edel Finance Company Limited****Notes to the financial statements for the year ended March 31, 2022**

(Currency: Indian rupees in millions)

**39. Segment reporting****Primary Segment (Business segment)**

The Company being CIC, has only capital business segment in the current year i.e March 31, 2022. 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**

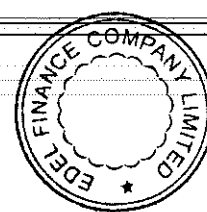
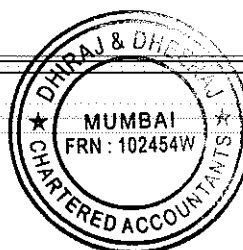
Since the business operations of the Company are primarily concentrated in India, the Company is considered to operate only in the domestic segment and therefore there is no reportable geographic segment.

**Segment information as at and for the year ended March 31, 2022**

Particulars	Financing business	Capital based business	Treasury Business	Unallocated	Total
Segment revenue	-	1,886.60	-	-	1,886.60
Segment profit/(loss) before taxation	-	57.53	-	-	57.53
Segment assets	-	30,258.84	-	-	30,258.84
Segment liabilities	-	17,677.89	-	-	17,677.89
Capital expenditure	-	-	-	-	-
Depreciation and amortisation	-	2.07	-	-	2.07
Significant non-cash items (net)	-	596.36	-	-	596.36

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

Particulars	Financing business	Capital based business	Treasury Business	Unallocated	Total
Segment revenue	901.04	72.59	904.21	-	1,877.84
Segment profit/(loss) before taxation	(1,304.99)	(104.18)	(74.88)	-	(1,484.05)
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, 2022

(Currency: Indian rupees in millions)

#### 40. Defined benefit plan

##### a) Defined contribution plan - Provident funds

The Company recognised Rs. 0.57 million (Previous year : Rs. 1.86 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, 2022. 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:

##### 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:

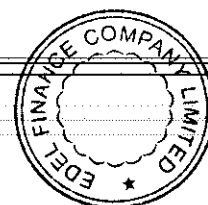
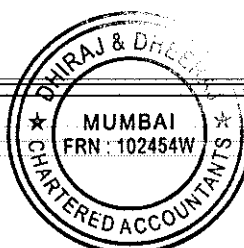
Particulars	Defined benefit obligation	
	March 31, 2022	March 31, 2021
<b>Opening Balance</b>	2.15	8.10
Current service cost	-	0.38
Interest cost	0.03	0.13
	<b>2.18</b>	<b>8.61</b>
<b>Other comprehensive Income</b>		
Remeasurement loss (gain):		
Actuarial loss (gain) arising from:		
Experience	(0.42)	(0.39)
Financial assumptions	-	0.09
Demographic assumptions	-	(0.19)
	<b>(0.42)</b>	<b>(0.49)</b>
<b>Others</b>		
Transfer In/ (Out)	(1.56)	(5.87)
Benefits paid	(0.21)	(0.10)
<b>Closing Balance</b>	<b>(0.01)</b>	<b>2.15</b>

##### ii) Components of defined benefit plan cost:

Particulars	For the year ended	
	March 31, 2022	March 31, 2021
<b>Recognised in Statement of profit or loss</b>		
Current service cost	-	0.38
Interest cost	-	0.01
Net interest on net defined benefit liability/ (asset)	(0.04)	-
<b>Total</b>	<b>(0.04)</b>	<b>0.39</b>
<b>Recognised in other comprehensive income</b>		
Remeasurement of net defined benefit liability/(asset)	(0.96)	(0.40)
<b>Total</b>	<b>(0.96)</b>	<b>(0.40)</b>

##### iii) Reconciliation of Fair Value of Plan Assets

	As at March 31, 2022	As at March 31, 2021
Fair Value of Plan Assets at start of the year	2.60	2.16
Contributions by Employer	0.21	0.10
Benefits Paid	(0.21)	(0.10)
Interest Income on Plan Assets	0.13	0.12
Re-measurements	-	-
Return on plan assets excluding amount included in net interest on the net defined benefit liability/(asset)	0.07	0.32
Fair Value of Plan Assets at end of the year	<b>2.80</b>	<b>2.60</b>
Actual Return on Plan Assets	0.20	0.44



# Edel Finance Company Limited

Notes to the financial statements for the year ended March 31, 2022

(Currency: Indian rupees in millions)

## 40. Defined benefit plan (continued)

### b) Defined benefit plan - Gratuity (continued)

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

	As at March 31, 2022	As at March 31, 2021
Present Value of DBO	(0.01)	2.17
Fair Value of Plan Assets	2.80	2.61
Liability/ (Asset) recognised in the Balance Sheet	(2.81)	(0.44)
Funded Status [Surplus/(Deficit)]	2.81	0.44
Amount not recognized as asset [Effect of limiting net assets to asset ceiling]	2.73	1.21
Net Liability/ (Asset) recognised in the Balance Sheet	(0.08)	0.77
Of which, Short term Liability	-	0.16
Experience Adjustment on Plan Liabilities: (Gain)/Loss	(0.42)	(0.39)

#### v) Percentage Break-down of Total Plan Assets

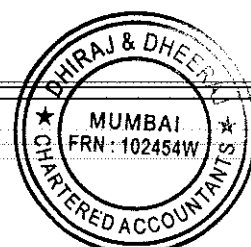
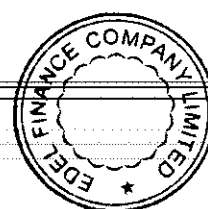
	As at March 31, 2022	As at March 31, 2021
Equity instruments	0%	0%
Debt instruments	0%	0%
Real estate	0%	0%
Derivatives	0%	0%
Investment Funds with Insurance Company	100%	100%
Of which, Unit Linked	83.7%	83.6%
Of which, Traditional Non-Unit Linked	14.1%	14.3%
Asset-backed securities	0%	0%
Structured debt	0%	0%
Cash and cash equivalents	0.1%	0.1%
Total	100.00%	100.00%

#### vi) Movement in Other Comprehensive Income

	As at March 31, 2022	As at March 31, 2021
Balance at start of year (Loss)/ Gain	-	0.40
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)
c. Actuarial (Loss)/ Gain from experience over the past year	0.42	0.39
Re-measurements on Plan Assets		
Return on Plan assets, excluding amount included in net interest on the net defined benefit liability/ (asset)	0.07	0.32
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)	(1.45)	(1.21)
Balance at end of year (Loss)/ Gain	(0.96)	-

#### vii) Movement in Surplus/ (Deficit)

	As at March 31, 2022	As at March 31, 2021
Surplus/ (Deficit) at start of year	(0.76)	(5.93)
Net Transfer (In)/ Out	1.55	5.87
Movement during the year		
Current Service Cost	-	(0.38)
Net Interest on net DBO	0.04	(0.01)
Re-measurements – (Losses)/ Gains	(0.96)	(0.41)
Contributions/ Benefits	0.21	0.10
Surplus/ (Deficit) at end of year	0.08	(0.76)



**Edel Finance Company Limited****Notes to the financial statements for the year ended March 31, 2022**

(Currency: Indian rupees in millions)

**40. Defined benefit plan (continued)****b) Defined benefit plan - Gratuity (continued)****Actuarial assumptions:**

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

Particulars	As at March 31, 2022	As at March 31, 2021
Discount Rate	5.90%	5.00%
Salary Growth Rate	7.00%	7.00%
Withdrawal/Attrition Rate (based on categories)	16.00%	25%
Interest Rate on Net DBO (% p.a.)	5.00%	5.90%
Mortality Rate	IALM 2012-14	IALM 2012-14
Expected weighted average remaining working lives of employees	4	3

**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:**

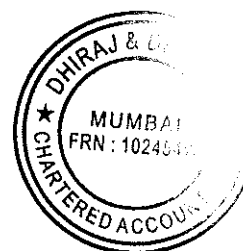
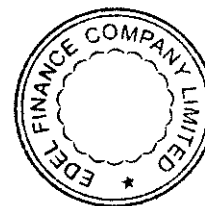
Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	As at March 31, 2022		As at March 31, 2021	
	Increase	Decrease	Increase	Decrease
Salary Growth Rate (+/- 1%)	-	-	0.09	(0.08)
Discount Rate (+/- 1%)	-	-	(0.09)	0.10
Withdrawal Rate (+/- 1%)	-	-	-	-

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, 2022

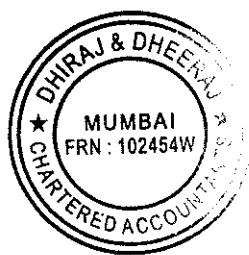
(Currency: Indian rupees in millions)

**41. Change in liabilities arising from financing activities**

Particulars	As at April 1, 2021	Cash Flows	Changes in Fair value	Others (net)*	As at March 31, 2022
Debt securities	10,665.81	(3,680.76)	-	(293.72)	6,691.33
Borrowings (other than debt securities)	7,136.05	3,577.90	-	57.42	10,771.37
Subordinated liabilities	161.12	-	-	-	161.12
	<b>17,962.98</b>	<b>(102.86)</b>	<b>-</b>	<b>(236.30)</b>	<b>17,623.82</b>

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
	<b>15,170.37</b>	<b>2,478.46</b>	<b>-</b>	<b>314.15</b>	<b>17,962.98</b>

\* 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, 2022

(Currency: Indian rupees in millions)

#### 42. 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. 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, 2022			As at March 31, 2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
<b>Financial Assets</b>						
Cash and cash equivalents	10.93	-	10.93	1,200.58	-	1,200.58
Derivative financial instruments	-	-	-	-	-	-
Trade receivables	-	-	-	52.95	-	52.95
Other receivables	-	-	-	-	-	-
Loans	1,482.51	398.40	1,880.91	8,445.73	-	8,445.73
Investments	4,199.40	23,394.74	27,594.14	2,357.70	17,682.51	20,040.21
Other financial assets	1.21	1.12	2.33	48.05	-	48.05
<b>Non-financial assets</b>						
Current tax assets (net)	-	311.92	311.92	-	330.50	330.50
Deferred tax assets (net)	-	455.45	455.45	-	290.78	290.78
Property, Plant and Equipment	-	2.42	2.42	-	3.18	3.18
Other Intangible assets	-	-	-	-	1.74	1.74
Other non-financial assets	0.66	0.08	0.74	4.75	-	4.75
<b>Total Assets</b>	<b>5,694.71</b>	<b>24,564.13</b>	<b>30,258.84</b>	<b>12,109.76</b>	<b>18,308.71</b>	<b>30,418.47</b>
<b>Financial Liabilities</b>						
Trade payables	17.24	-	17.24	40.89	-	40.89
Debt securities	4,136.73	2,554.60	6,691.33	4,492.32	6,173.49	10,665.81
Borrowings (other than debt securities)	87.57	10,683.80	10,771.37	7,136.05	-	7,136.05
Subordinated Liabilities	11.12	150.00	161.12	11.12	150.00	161.12
Other financial liabilities	8.85	-	8.85	16.22	-	16.22
<b>Non-financial liabilities</b>						
Current tax liabilities (net)	-	18.16	18.16	-	-	18.16
Provisions	-	0.01	0.01	0.22	0.81	1.03
Other non-financial liabilities	9.81	-	9.81	19.34	-	19.34
<b>Total Liabilities</b>	<b>4,271.32</b>	<b>13,406.57</b>	<b>17,677.89</b>	<b>11,734.32</b>	<b>6,324.30</b>	<b>18,058.62</b>
<b>Net total assets/ (liabilities)</b>	<b>1,423.39</b>	<b>11,157.56</b>	<b>12,580.95</b>	<b>375.44</b>	<b>11,984.41</b>	<b>12,359.85</b>



## Edel Finance Company Limited

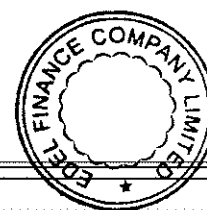
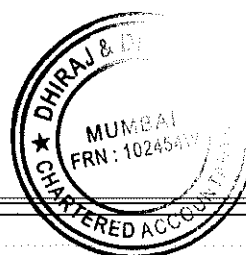
Notes to the financial statements for the year ended March 31, 2022

(Currency: Indian rupees in million)

### 43. 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	
Subsidiary Company with whom the transactions have taken place in current or previous year	Edelweiss Rural & Corporate Services Limited Edelweiss Housing Finance Limited Allium Finance Private Limited Edelweiss Investment Adviser Limited	
Fellow subsidiaries with whom the transactions have taken place in current or previous year	Edel Land Limited (refer note 3) ECL Finance Limited Edel Investments Limited Edelcap Securities Limited EdelGive Foundation Edelweiss Alternative Asset Advisors Limited Edelweiss Asset Management Limited Edelweiss Asset Reconstruction Company Limited Edelweiss Broking Limited (till March 26, 2021) Edelweiss Custodial Services Limited (till March 26, 2021) Edelweiss Finance & Investments Limited (till March 26, 2021) Edelweiss Gallagher Insurance Brokers Limited Edelweiss General Insurance Company Limited Edelweiss Global Wealth Management Limited Edelweiss Retail Finance Limited Edelweiss Securities And Investments Private Limited Edelweiss Securities Limited (till March 26, 2021) Edelweiss Tokio Life Insurance Company Limited India Credit Investment Fund II	
Associate Companies	Edelweiss Broking Limited (from March 27, 2021) Edelweiss Custodial Services Limited (from March 27, 2021) Edelweiss Finance & Investments Limited (from March 27, 2021) Edelweiss Securities Limited (from March 27, 2021)	
Key Management Personnel (KMP)	Amit Dhawan (till November 15, 2020) Sujit Kumar Pandey (till May 24, 2021) Deepak Kundalia (from October 1, 2020 till March 31, 2021) Ravindra Dhobale (till May 31, 2021) Sunil Nagrani (from June 1, 2021 till February 11, 2022) Ananya Suneja (from March 21, 2022) Ananthkrishnan S (till August 10, 2021) Tarun Khurana (from November 25, 2021) S. Ranganathan Vidya Shah (from May 28, 2021) Sarju Simaria (from May 28, 2021 till February 25, 2022) Sunil Pharterpekar Bharat Bakshi (till April 9, 2021) Vinod Juneja Atul Ambavat	Managing Director & CEO Manager Chief Financial Officer Chief Financial Officer Chief Financial Officer Chief Financial Officer Company Secretary Company Secretary Non- executive director Non- executive director Non- executive director Independent Director Independent Director Independent Director Independent Director

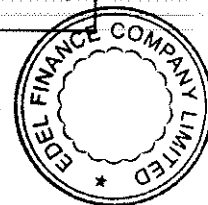
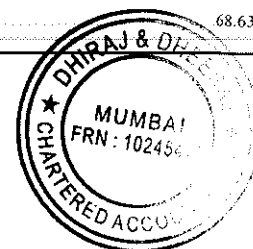


**Edel Finance Company Limited**
**Notes to the financial statements for the year ended March 31, 2022**

(Currency: Indian rupees in million)

**43. Disclosure of Related Party Transactions pursuant to IND AS 24 "Related Party Transactions" (continued)**

Sr.No.	Nature of Transaction	Related Party Name	20 21-22	2020-21
<b>Transactions with related parties:</b>				
<b>(I) Capital account transactions</b>				
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	Purchase of Edelweiss Asset Management Limited equity shares	Edelweiss Financial Services Limited	733.89	-
6	Purchase of Edelweiss Housing Finance Limited equity shares	Edelweiss Financial Services Limited	1,934.53	-
7	Sale of Edelweiss Asset Reconstruction Company Limited equity shares	Edelweiss Securities And Investments Private Limited	846.89	-
8	Redemption of preference shares (Face Value) of	Edelweiss Rural & Corporate Services Limited	-	500.00
9	Investments in Compulsory Convertible Preference Shares	Edelweiss Rural & Corporate Services Limited	-	500.00
10	Investments in Compulsory Convertible Debentures	Edelweiss Rural & Corporate Services Limited Edel Land Limited	- 2,000.00	9,000.00 -
11	Investment in equity shares	Edelweiss Rural & Corporate Services Limited	2,501.20	1,654.97
<b>(II) Current account transactions</b>				
1	Loans taken from	Edelweiss Rural & Corporate Services Limited Edel Land Limited Edelweiss Financial Services Limited	7,312.11 - 8,055.30	29,312.89 4,599.00 2,110.00
	Loans taken from (Max of debit/ credit)	Edelweiss Rural & Corporate Services Limited Edel Land Limited Edelweiss Financial Services Limited	1,932.60 - 4,751.20	5,000.00 4,599.00 2,110.00
2	Loans repaid to	Edelweiss Rural & Corporate Services Limited Edel Land Limited Edelweiss Financial Services Limited	9,679.51 - 2,110.00	24,676.53 5,799.00 -
	Loans repaid to (Max of debit/ credit)	Edelweiss Rural & Corporate Services Limited Edel Land Limited Edelweiss Financial Services Limited	5,000.00 - 2,000.00	4,350.00 1,744.00 2,000.00
3	Loans given to	Edelweiss Rural & Corporate Services Limited Edelweiss Broking Limited Edel Land Limited Edelweiss Alternative Asset Advisors Limited Edelweiss Securities And Investments Private Limited	45.00 1,300.00 5,801.06 - 250.00	5,304.52 1,000.00 26,777.50 500.00 850.00
	Loans given to (Max of debit/ credit)	Edelweiss Rural & Corporate Services Limited Edelweiss Broking Limited Edel Land Limited Edelweiss Alternative Asset Advisors Limited Edelweiss Securities And Investments Private Limited	45.00 900.00 1,000.00 - 250.00	2,000.00 1,000.00 6,914.00 500.00 850.00
4	Loans given repaid by	Edelweiss Rural & Corporate Services Limited Edelweiss Broking Limited Edel Land Limited Edelweiss Alternative Asset Advisors Limited Edelweiss Securities And Investments Private Limited	50.51 1,300.00 12,594.10 - -	5,299.52 1,000.00 19,512.80 500.00 700.00
	Loans given repaid by (Max of debit/ credit)	Edelweiss Rural & Corporate Services Limited Edelweiss Broking Limited Edel Land Limited Edelweiss Alternative Asset Advisors Limited Edelweiss Securities And Investments Private Limited	50.51 1,300.00 7,000.00 - -	2,000.00 500.00 2,270.00 400.00 700.00
5	Redemption - Debentures by	Edelweiss Asset Reconstruction Company Limited Edel Land Limited	- 2,735.34	403.23 -
6	Buyback / redemption- benchmark linked debentures	Edel Land Limited Edelweiss Rural & Corporate Services Limited	4,318.73 19.12	1,515.81 -
7	Other investment purchased from	Edel Land Limited	68.63	-

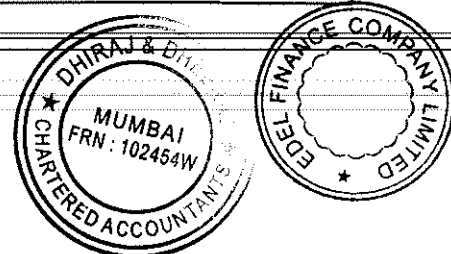


**Edel Finance Company Limited**
**Notes to the financial statements for the year ended March 31, 2022**

(Currency: Indian rupees in million)

**43. Disclosure of Related Party Transactions pursuant to IND AS 24 "Related Party Transactions" (continued)**

Sr.No.	Nature of Transaction	Related Party Name	2021-22	2020-21
(II)	Current account transactions (continued)			
8	Interest expense on loans taken from	Edelweiss Rural & Corporate Services Limited	340.63	75.62
		Edel Land Limited	-	69.35
		Edelweiss Financial Services Limited	136.65	7.87
9	Other financial cost paid to	Edelweiss Broking Limited	23.58	37.25
		Edelweiss Global Wealth Management Limited	-	38.23
		ECL Finance Limited	-	519.60
		Edelweiss Securities Limited	-	1.04
10	Interest expense on subordinate debt	Edel Land Limited	7.70	7.71
		ECL Finance Limited	6.16	6.17
		Edelweiss Rural & Corporate Services Limited	2.64	2.64
11	Interest income on preference shares issued to	Edelweiss Rural & Corporate Services Limited	-	52.39
12	Interest income on securities	Edelweiss Retail Finance Limited	6.94	6.95
13	Fair value/ Interest income on securities	Edelweiss Asset Reconstruction Company Limited	4.76	318.99
		Edelweiss Rural & Corporate Services Limited	627.68	2.62
14	Interest income on loan given to	Edel Land Limited	194.76	170.66
		Edelweiss Broking Limited	27.35	43.00
		Edelweiss Rural & Corporate Services Limited	1.11	26.89
		Edelweiss Alternative Asset Advisors Limited	-	6.83
		Edelweiss Securities And Investments Private Limited	21.32	0.10
15	Interest income on margin from	Edelweiss Custodial Services Limited	-	5.58
16	Interest income on debentures (CCD)	Edelweiss Rural & Corporate Services Limited	0.90	0.01
		Edel Land Limited	0.00	-
17	Legal and professional fees paid to	Edelweiss Financial Services Limited*	-	0.00
		Edelweiss Alternative Asset Advisors Limited	0.02	32.63
		Edelweiss Rural & Corporate Services Limited*	0.04	-
18	Cost reimbursement received from (net)	Edelweiss Financial Services Limited	-	3.11
19	Cost reimbursements paid to (net)	Edelweiss Financial Services Limited	-	0.70
		Edelweiss Securities Limited	-	0.03
		Edel Land Limited	-	0.03
		Edelweiss Rural & Corporate Services Limited	0.74	1.99
		Edelweiss Custodial Services Limited	-	0.01
		Edelweiss Broking Limited	-	1.01
		ECL Finance Limited*	-	0.00
20	Equity investment sold to	Edel Land Limited	-	149.41
		Edelweiss General Insurance Company Limited	-	106.21
21	Other investment purchased from	Edel Land Limited	-	6,046.74
22	Other investment sold to	Edel Land Limited	-	3,272.36
23	Shared premises cost paid (net)	Edelweiss Securities Limited	-	0.17
		Edel Land Limited	-	3.35
		Edelweiss Rural & Corporate Services Limited	-	2.71
		Edelweiss Broking Limited	-	0.44
		Edelweiss Custodial Services Limited	-	0.01
		ECL Finance Limited	-	0.09
24	Rating support fees paid to	Edelweiss Financial Services Limited	-	0.07
		Edelweiss Rural & Corporate Services Limited	0.08	0.12
25	Corporate social responsibility	EdelGive Foundation	-	35.00
26	Corporate guarantee support fee paid to	Edelweiss Financial Services Limited	1.12	2.33
		Edelweiss Rural & Corporate Services Limited	6.93	8.58
27	Commission and sub-brokerage paid to	Edelweiss Securities Limited	-	5.11
		Edelweiss Global Wealth Management Limited	-	6.67

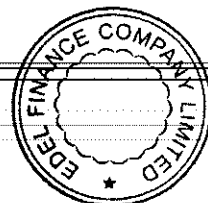
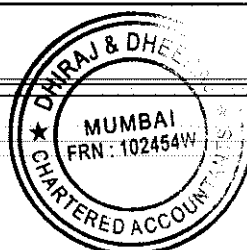


**Edel Finance Company Limited**
**Notes to the financial statements for the year ended March 31, 2022**

(Currency: Indian rupees in million)

**43. Disclosure of Related Party Transactions pursuant to IND AS 24 "Related Party Transactions" (continued)**

Sr.No.	Nature of Transaction	Related Party Name	2021-22	2020-21
<b>(II) Current account transactions (continued)</b>				
28	Loan purchased from	Edel Land Limited	-	396.50
29	Loans sold to	Edelweiss Asset Reconstruction Company Limited	-	766.20
		India Credit Investment Fund II	-	1,342.19
30	Security Receipts Sold to	Allium Finance Private Limited	-	88.38
		India Credit Investment Fund II	-	1,835.34
31	Clearing charges paid to	Edelweiss Custodial Services Limited	-	37.89
32	Reimbursement received from	Edelweiss Custodial Services Limited	2.40	-
33	Remuneration to Key Management Personnel (Refer note 1)	Amit Dhawan	-	3.62
		Ravindra Dhobale	1.49	-
		Sujit Kumar Pandey	0.49	-
		Sunil Nagrani	7.36	-
		Ananthkrishnan S	0.50	-
		Deepak Kundalia	-	2.51
34	Directors' sitting fees	Bharat Bakshi	-	0.36
		Anil Ambavat	0.34	0.18
		Vinod Juneja	0.34	0.18
		Sunil Phartepkar	-	0.30
<b>(III) Secondary market transactions</b>				
1	Sale of securities (Stock in trade) to	ECL Finance Limited	-	460.04
		Edelweiss Finance & Investments Limited	-	10.94
		Edel Land Limited	-	1,504.76
		Edelweiss Investment Adviser Limited	-	1,633.94
		Edelcap Securities Limited	-	563.93
2	Purchase of securities (Stock in trade) from	Edel Land Limited	-	559.82
3	Amount paid to Broker for trading in cash segment	Edelweiss Securities Limited	-	7,595.99
4	Amount received from Broker for trading in cash segment	Edelweiss Securities Limited	-	8,088.33
5	Margin placed with broker	Edelweiss Custodial Services Limited	-	11,981.72
6	Margin withdrawn from broker	Edelweiss Custodial Services Limited	-	12,329.36
7	Purchase of Property, Plant & Equipment	ECL Finance Limited*	-	0.00
		Edelweiss Broking Limited	-	0.01
		Edelweiss Financial Services Limited*	-	0.00
		Edelweiss Gallagher Insurance Brokers Limited*	-	0.00
8	Sale of Property, Plant & Equipment	Edelweiss Broking Limited	0.01	0.01
		Edelweiss Securities Limited*	-	0.00
		Edelweiss Finance & Investments Limited	0.02	0.09
		Edelweiss Custodial Services Limited*	0.00	0.01
		Edelweiss General Insurance Company Limited	-	0.01
		Edelweiss Rural & Corporate Services Limited*	0.00	-
		Edelweiss Tokio Life Insurance Company Limited	0.22	-
		ECL Finance Limited*	0.00	-
<b>(IV) Balances with related parties</b>				
1	Investments in equity shares	Edelweiss Retail Finance Limited	264.00	264.00
		Edelweiss Asset Reconstruction Company Limited	129.33	326.14
		Edelweiss Rural & Corporate Services Limited	5,356.17	2,854.97
		Edelweiss Housing Finance Limited	2,934.53	1,000.00
		Edelweiss Asset Management Limited	733.89	-
		Edelweiss Securities Limited	2,304.08	-
2	Investments in compulsory convertible preferences shares	Edelweiss Rural & Corporate Services Limited	500.00	500.00
3	Investments in compulsory convertible debentures	Edelweiss Rural & Corporate Services Limited	9,000.00	9,000.00
		Edel Land Limited	2,000.00	-

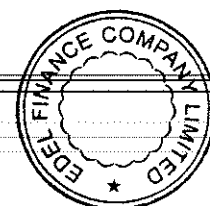
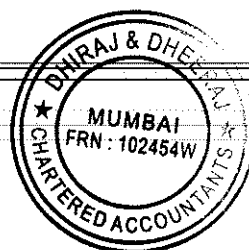


**Edel Finance Company Limited**
**Notes to the financial statements for the year ended March 31, 2022**

(Currency: Indian rupees in million)

**43. Disclosure of Related Party Transactions pursuant to IND AS 24 "Related Party Transactions" (continued)**

Sr.No.	Nature of Transaction	Related Party Name	2021-22	2020-21
<b>(IV) Balances with related parties (continued)</b>				
4	Debenture and bonds (Investments) of	Edel Land Limited	4,292.09	6,019.84
		Edelweiss Retail Finance Limited	58.40	58.40
		Edelweiss Asset Reconstruction Company Limited	19.80	15.03
5	Subordinate debt issued to	Edel Land Limited	70.00	70.00
		FCL Finance Limited	56.00	56.00
		Edelweiss Rural & Corporate Services Limited	24.00	24.00
6	Interest accrued on subordinate debt	Edel Land Limited	5.19	5.19
		FCL Finance Limited	4.15	4.15
		Edelweiss Rural & Corporate Services Limited	1.78	1.78
7	Short term loans taken from	Edelweiss Rural & Corporate Services Limited	-	5,000.00
		Edelweiss Financial Services Limited	4.10	2,110.00
8	Long term loans taken from	Edelweiss Rural & Corporate Services Limited	2,632.60	-
		Edelweiss Financial Services Limited	8,051.20	-
9	Short term loans given to	Edelweiss Rural & Corporate Services Limited	-	5.51
		Edel Land Limited	1,476.65	8,269.70
		Edelweiss Securities And Investments Private Limited	150.00	150.00
10	Long term loans given to	Edelweiss Securities And Investments Private Limited	250.00	-
11	Trade Payables to	Edelweiss Financial Services Limited	0.09	0.12
		Edelweiss Securities Limited*	-	0.00
		ECL Finance Limited	-	13.79
		Edel Land Limited	-	0.17
		Edelweiss Alternative Asset Advisors Limited	-	1.79
		Edelweiss Global Wealth Management Limited	-	4.53
		Edelweiss Rural & Corporate Services Limited	4.64	2.86
		Edelweiss Broking Limited	1.69	2.31
		Edelweiss General Insurance Company Limited	0.05	-
12	Other Payable	Edelweiss Financial Services Limited	-	0.47
		Edelweiss Securities Limited	-	4.93
		ECL Finance Limited	-	0.17
		Edelweiss Broking Limited	0.38	1.19
		Edelweiss Finance & Investments Limited	0.08	5.38
		Allium Finance Private Limited	-	1.50
		Edelweiss Rural & Corporate Services Limited	0.08	-
		Edelweiss Investment Adviser Limited	1.09	-
		Edel Investments Limited	0.01	-
13	Trade Receivables from	Edelweiss Finance & Investments Limited*	-	0.00
		Edelweiss Custodial Services Limited	-	0.76
		Edelweiss Securities Limited	-	53.82
		Edelweiss General Insurance Company Limited	-	0.01
14	Other Receivable	Edelweiss Rural & Corporate Services Limited	0.07	0.65
		Edelweiss Financial Services Limited	-	3.11
		FCL Finance Limited	-	0.33
		Edelweiss Broking Limited*	0.00	-
		ECL Finance Limited*	0.00	-
		Edelweiss Securities And Investments Private Limited	0.13	-
		India Credit Investment Fund II	-	2.38
15	Interest receivable-Accrued -Group Company	Edelweiss Rural & Corporate Services Limited	-	4.54
		Edel Land Limited	9.45	11.43
		Edelweiss Broking Limited	-	2.01
		Edelweiss Alternative Asset Advisors Limited	-	3.97
		Edelweiss Securities And Investments Private Limited	2.37	0.09
16	Interest payable -Accrued -Group company	Edelweiss Rural & Corporate Services Limited	41.82	12.70
		Edel Land Limited	-	6.08
		Edelweiss Financial Services Limited	41.65	7.28



**Edel Finance Company Limited**

Notes to the financial statements for the year ended March 31, 2022

(Currency: Indian rupees in million)

**43. Disclosure of Related Party Transactions pursuant to IND AS 24 "Related Party Transactions" (continued)**

Sr.No.	Nature of Transaction	Related Party Name	20 21-22	2020-21
(IV)	<b>Balances with related parties (continued)</b>			
17	Interest receivable - accrued on debentures and bonds of	Edelweiss Retail Finance Limited	1.86	1.82
		Edelweiss Rural & Corporate Services Limited	-	0.01
		Edel Land Limited*	0.00	-
18	Margin placed with broker	Edelweiss Custodial Services Limited	-	0.02
		Edelweiss Securities Limited	-	0.22
19	Corporate Guarantee taken from	Edelweiss Financial Services Limited	470.00	-
		Edelweiss Rural & Corporate Services Limited	726.55	766.20

\* 0.00 indicates the number is smaller than 0.01 million

**Notes**

- 1 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.
- 2 Loan given/taken to/from related parties are disclosed based on the maximum of debit and credit of transaction amount and total of debit and credit of transaction amount given/taken during the reporting period.
- 3 Pursuant to the composite scheme of arrangement and amalgamation under section 230 to 232 of the Companies Act, 2013, Edel Land Limited ('Amalgamated or Resulting Company'), ECap Equities Limited ('Demerged Company' - defined in the scheme as demerged undertaking and thereby entire activities, business, operations and undertakings of the Demerged Company forming part of the Trading and Capital Markets business) and EC Commodity Limited ('Amalgamating Company') has been amalgamated with effect from April 01, 2020 ('the Appointed date').



## Edel Finance Company Limited

### Notes to the financial statements for the year ended March 31, 2022

(Currency: Indian rupees in millions)

#### 44. Utilisation of Borrowed funds and share premium

**44.A** During the year, the Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the intermediary shall:

- (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
- (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

**44.B** During the year, the Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

- (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
- (ii) provide any guarantee, security, or the like to or on behalf of the Ultimate Beneficiaries

#### Note:

1. Based on the legal opinion obtained by the Holding Company, the transactions undertaken by the Company (CIC-NBFC) of borrowing/lending/investment to and from its holding/subsidiary/affiliate/group entity(ies) (together referred to as the 'Group') or borrowing from outside the Group for onward lending/investments for carrying on their respective business in ordinary course will not attract reporting under Rule 11(e) of the Companies (Audit and Auditors) Rules, 2014 (the "Rules"). Accordingly, transactions undertaken by the Company is not disclosed under the Rules.



## Edel Finance Company Limited

### Notes to the financial statements for the year ended March 31, 2022

(Currency: Indian rupees in millions)

#### 45. Capital Management

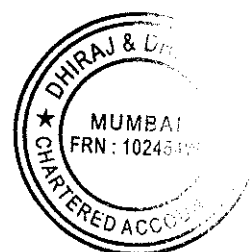
The Reserve Bank of India (RBI) sets and monitors capital adequacy requirements for the Company from time to time. The Core Investment Companies (Reserve Bank) Directions, 2016, stipulate that the Adjusted Net Worth of a CIC-ND-SI shall at no point in time be less than 30% its risk weighted assets on 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 49 in the financial statements.



## Edel Finance Company Limited

### Notes to the financial statements for the year ended March 31, 2022

(Currency: Indian rupees in millions)

#### 46. Fair Value measurement:

##### 46.A Valuation Principles

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

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

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

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

Refer note 4.9 for more details on fair value hierarchy

##### 46.B Valuation governance framework

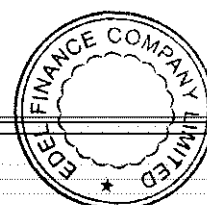
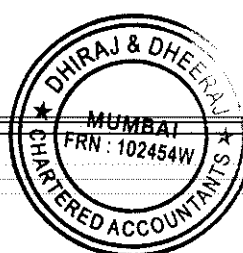
The Company's fair value methodology and the governance over its models includes a number of controls and other procedures to ensure appropriate safeguards are in place to ensure its quality and adequacy. All new product initiatives (including their valuation methodologies) are subject to approvals by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

##### 46.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, 2022	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value on a recurring basis</b>				
<b>Investments</b>				
Other debt securities	-	4,372.14	-	4,372.14
<b>Total investments measured at fair value</b>	-	4,372.14	-	4,372.14
As at March 31, 2021	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value on a recurring basis</b>				
<b>Investments</b>				
Other debt securities	-	6,095.09	-	6,095.09
<b>Total investments measured at fair value</b>	-	6,095.09	-	6,095.09



## Edel Finance Company Limited

Notes to the financial statements for the year ended March 31, 2022

(Currency: Indian rupees in millions)

### 46. 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.

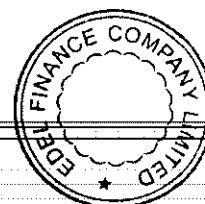
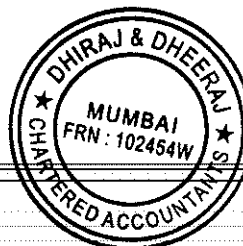
#### E. The following table shows a reconciliation of the opening balances and the closing balances for fair value measurements in Level 3 of the fair value hierarchy.

There are no Level 3 Instruments outstanding as at March 31, 2022.

##### 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 2021	Embedded Options		
	Assets	Liabilities	Net Balance
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	-	-	-



**Edel Finance Company Limited****Notes to the financial statements for the year ended March 31, 2022**

(Currency: Indian rupees in millions)

**46. Fair Value measurement: (Continued)****F. 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, 2022	Carrying Value	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>					
Loans	1,880.91	-	-	1,880.91	1,880.91
Investments	23,222.00	-	23,222.00	-	23,222.00
<b>Total Financial Assets</b>	<b>25,102.91</b>	<b>-</b>	<b>23,222.00</b>	<b>1,880.91</b>	<b>25,102.91</b>
<b>Financial Liabilities</b>					
Debt securities	6,691.33	-	5,578.89	-	5,578.89
Borrowings (other than debt securities)	10,771.37	-	-	10,771.37	10,771.37
Subordinated Liabilities	161.12	-	162.48	-	162.48
<b>Total Financial Liabilities</b>	<b>17,623.82</b>	<b>-</b>	<b>5,741.37</b>	<b>-</b>	<b>16,512.74</b>
<b>As at March 31, 2021</b>	<b>Carrying Value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial Assets</b>					
Loans	8,445.73	-	-	8,445.73	8,445.73
Investments	13,945.12	-	13,945.12	-	13,945.12
<b>Total Financial Assets</b>	<b>22,390.85</b>	<b>-</b>	<b>13,945.12</b>	<b>8,445.73</b>	<b>22,390.85</b>
<b>Financial Liabilities</b>					
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
<b>Total Financial Liabilities</b>	<b>17,962.98</b>	<b>-</b>	<b>9,277.49</b>	<b>-</b>	<b>16,413.54</b>

**G. 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**

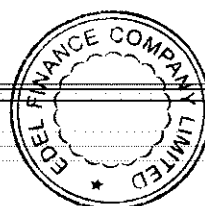
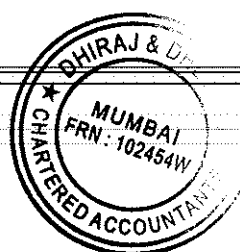
Carrying amounts of cash and cash equivalents, bank balances other than cash and cash equivalents, trade and other receivables, trade payables approximate the fair value because of their short-term nature. Difference between carrying amounts and fair values of other financial assets and other financial 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.



## Edel Finance Company Limited

Notes to the financial statements for the year ended March 31, 2022

(Currency: Indian rupees in millions)

### 47. 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.

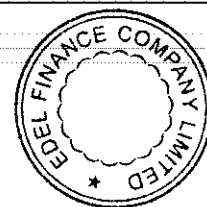
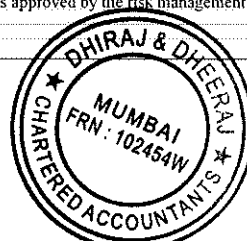
It is the Company's policy that a monthly briefing is given to the Board of Directors and all other relevant members of the Company in the utilisation of market limits, proprietary investments and liquidity, plus any other risk developments.

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	<b>Credit risk</b> 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	<b>Liquidity risk</b> 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	<b>Market risk</b> 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, 2022

(Currency: Indian rupees in millions)

#### 47. Risk Management

##### 47.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
<b>Performing</b>		
High grade	0 dpd and 1 to 30 dpd	Stage 1
Standard grade	31 to 90 dpd	Stage 2
<b>Non-performing</b>		
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)

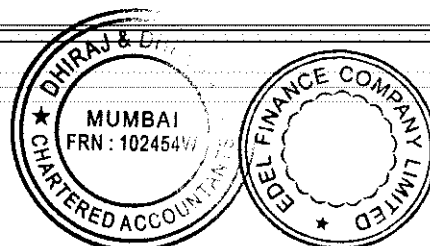
Company considers a financial instrument defaulted, classified as Stage 3 (credit-impaired) for ECL calculations, in all cases when the borrower becomes 90 days past due. Classification of assets from stage 1 to stage 2 has been carried out based on SICR criterion. Accounts which are more than 30 days 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.



## Edel Finance Company Limited

### Notes to the financial statements for the year ended March 31, 2022

(Currency: Indian rupees in millions)

#### 47. Risk Management (continued)

##### 47.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:

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

Where,

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

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

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.

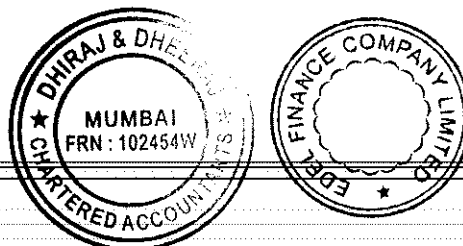
Predicted relationship between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analysing historical data over the past 5 years.

##### 47.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, 2022**

(Currency: Indian rupees in millions)

**47. Risk Management (continued)**
**Credit Risk (continued)**
**47.D.2 Industry analysis - Risk concentration as at March 31, 2022**

Particulars	Financial Services	State & Central Government	Agriculture	Industry	Real Estate	Service Sector	Retail Loans	Others	Total
<b>Financial Assets</b>									
Cash and cash equivalents	10.93	-	-	-	-	-	-	-	10.93
Trade receivables	-	-	-	-	-	-	-	-	-
Loans	1,880.91	-	-	-	-	-	-	-	1,880.91
Investments	12,737.97	-	-	-	-	14,856.17	-	-	27,594.14
Other financial assets	2.26	-	-	-	-	0.07	-	-	2.33
<b>Total Assets</b>	<b>14,632.07</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,856.24</b>	<b>-</b>	<b>-</b>	<b>29,488.31</b>

**Industry analysis - Risk concentration as at March 31, 2021**

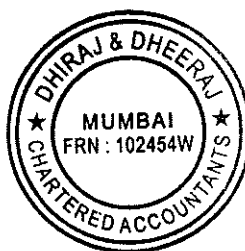
Particulars	Financial Services	State & Central Government	Agriculture	Industry	Real Estate	Service Sector	Retail Loans	Others	Total
<b>Financial Assets</b>									
Cash and cash equivalents	1,200.58	-	-	-	-	-	-	-	1,200.58
Trade receivables	-	-	-	-	-	-	-	52.95	52.95
Loans	8,435.68	-	-	-	-	10.05	-	-	8,445.73
Investments	7,685.23	-	-	-	-	12,354.98	-	-	20,040.21
Other financial assets	7.05	-	-	-	-	0.04	-	40.96	48.05
<b>Total Assets</b>	<b>17,328.54</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,365.07</b>	<b>-</b>	<b>93.91</b>	<b>29,787.52</b>

**47.D.3 Collateral and other credit enhancements**

No collateral is held against the exposure as at March 31, 2022

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			
	As at March 31, 2022	As at March 31, 2021	Principal type of collateral
<b>Financial assets</b>			
Cash and cash equivalents	10.93	1,200.58	
Trade receivables	-	52.95	These are receivables mainly from Clearing houses, Group. Carrying minimum risk.
Loans:			
i) Corporate Credit	1,880.91	8,445.73	Loan is unsecured
Investments	27,594.14	20,040.21	
Other financial assets	2.33	48.05	
<b>Total Financial Assets</b>	<b>29,488.31</b>	<b>29,787.52</b>	



## Edel Finance Company Limited

### Notes to the financial statements for the year ended March 31, 2022

(Currency: Indian rupees in millions)

#### 47. Risk Management (Continued)

##### 47.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.

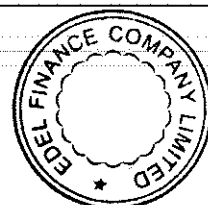
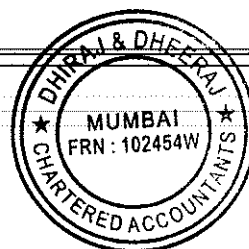
To manage the stressed circumstances the Company has ensured maintenance of a Liquidity Cushion in the form of Investments in Government Securities, Mutual Funds and Quoted Equity Shares. These assets carry minimal credit risk and can be liquidated in a very short period of time. A liquidity cushion 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.

#### As at March 31, 2022 - 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
<b>Financial Assets</b>							
(a) Cash and cash equivalents	10.93	-	-	-	-	-	10.93
(b) Receivables	-	-	-	-	-	-	-
(i) Trade receivables	-	-	-	-	-	-	-
(c) Loans	-	629.29	19.92	833.30	398.40	-	1,880.91
(d) Investments	-	4,072.32	110.43	16.65	9,586.19	13,808.55	27,594.14
(e) Other financial assets	-	1.21	-	-	1.12	-	2.33
<b>Total undiscounted financial assets</b>	<b>10.93</b>	<b>4,702.82</b>	<b>130.35</b>	<b>849.95</b>	<b>9,985.71</b>	<b>13,808.55</b>	<b>29,488.31</b>
<b>Financial Liabilities</b>							
(a) Trade payables	-	17.24	-	-	-	-	17.24
(b) Debt securities	-	4,035.40	97.54	3.79	461.05	2,093.55	6,691.33
(c) Borrowings (other than debt securities)	-	87.57	-	-	10,683.80	-	10,771.37
(d) Subordinated Liabilities	-	-	11.12	-	150.00	-	161.12
(e) Other financial liabilities	-	8.85	-	-	-	-	8.85
<b>Total undiscounted financial liabilities</b>	<b>-</b>	<b>4,149.06</b>	<b>108.66</b>	<b>3.79</b>	<b>11,294.85</b>	<b>2,093.55</b>	<b>17,649.91</b>
<b>Total net financial assets / (liabilities)</b>	<b>10.93</b>	<b>553.76</b>	<b>21.69</b>	<b>846.16</b>	<b>(1,309.14)</b>	<b>11,715.00</b>	<b>11,838.40</b>

#### 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
<b>Financial Assets</b>							
(a) Cash and cash equivalents	1,200.58	-	-	-	-	-	1,200.58
(b) Receivables	-	-	-	-	-	-	-
(i) Trade receivables	-	52.95	-	-	-	-	52.95
(c) Loans	-	7,022.04	1,423.69	-	-	-	8,445.73
(d) Investments	-	-	-	2,357.70	3,663.96	14,018.55	20,040.21
(e) Other financial assets	-	48.05	-	-	-	-	48.05
<b>Total undiscounted financial assets</b>	<b>1,200.58</b>	<b>7,123.04</b>	<b>1,423.69</b>	<b>2,357.70</b>	<b>3,663.96</b>	<b>14,018.55</b>	<b>29,787.52</b>
<b>Financial Liabilities</b>							
(a) Trade payables	-	40.89	-	-	-	-	40.89
(b) Debt securities	-	-	1,668.01	2,824.31	4,020.47	2,153.02	10,665.81
(c) Borrowings (other than debt securities)	-	7,136.05	-	-	-	-	7,136.05
(d) Subordinated Liabilities	-	-	16.50	-	216.05	-	232.55
(e) Other financial liabilities	-	16.22	-	-	-	-	16.22
<b>Total undiscounted financial liabilities</b>	<b>-</b>	<b>7,193.16</b>	<b>1,684.51</b>	<b>2,824.31</b>	<b>4,236.52</b>	<b>2,153.02</b>	<b>18,091.52</b>
<b>Total net financial assets / (liabilities)</b>	<b>1,200.58</b>	<b>(70.12)</b>	<b>(260.82)</b>	<b>(466.61)</b>	<b>(572.56)</b>	<b>11,865.53</b>	<b>11,696.00</b>



# **Edel Finance Company Limited**

## **Notes to the financial statements for the year ended March 31, 2022**

(Currency: Indian rupees in millions)

### **47. Risk Management (Continued)** **47.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, 2022			As at March 31, 2021			Primary market risk sensitivity
	Carrying Amount	Traded Risk	Non traded risk	Carrying Amount	Traded Risk	Non traded risk	
<b>Financial Assets</b>							
Cash and cash equivalents	10.93	-	10.93	1,200.58	-	1,200.58	Interest rate risk
Trade receivables	-	-	-	52.95	-	52.95	
Loans	1,880.91	-	1,880.91	8,445.73	-	8,445.73	Interest rate risk
Investments	27,594.14	-	27,594.14	20,040.21	-	20,040.21	Price risk, interest rate risk
Other financial assets	2.33	-	2.33	48.05	-	48.05	
<b>Total Assets</b>	<b>29,488.31</b>	<b>-</b>	<b>29,488.31</b>	<b>29,787.52</b>	<b>-</b>	<b>29,787.52</b>	
<b>Financial Liabilities</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	17.24	-	17.24	40.89	-	40.89	Interest rate
Debt securities	6,691.33	-	6,691.33	10,665.81	-	10,665.81	Price risk, interest rate risk
Borrowings (other than debt securities)	10,771.37	-	10,771.37	7,136.05	-	7,136.05	Interest rate risk
Subordinated Liabilities	161.12	-	161.12	161.12	-	161.12	Interest rate risk
Other financial liabilities	8.85	-	8.85	16.22	-	16.22	
<b>Total Liabilities</b>	<b>17,649.91</b>	<b>-</b>	<b>17,649.91</b>	<b>18,020.09</b>	<b>-</b>	<b>18,020.09</b>	



**Edel Finance Company Limited****Notes to the financial statements for the year ended March 31, 2022**

(Currency: Indian rupees in millions)

**47. Risk Management****47.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.

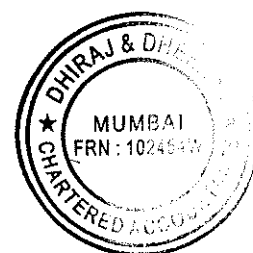
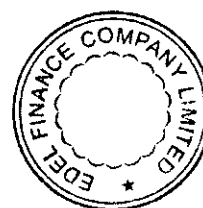
The following table demonstrates the sensitivity to a reasonably possible change in interest rates (all other variables being constant) of the Company's statement of profit and loss and equity. The sensitivity of the statement of profit and loss is the effect of the assumed changes in interest rates on the profit or loss for a year, based on the floating rate non-trading financial assets and financial liabilities held at March 31, 2022 and at March 31, 2021

**Interest rate sensitivity****As at March 31, 2022**

	<b>Increase in basis points</b>	<b>Sensitivity of Profit</b>	<b>Sensitivity of Equity</b>	<b>Decrease in basis points</b>	<b>Sensitivity of Profit</b>	<b>Sensitivity of Equity</b>
Corporate debt securities	25	(10.93)	-	25	10.93	-

**As at March 31, 2021**

	<b>Increase in basis points</b>	<b>Sensitivity of Profit</b>	<b>Sensitivity of Equity</b>	<b>Decrease in basis points</b>	<b>Sensitivity of Profit</b>	<b>Sensitivity of Equity</b>
Corporate debt securities	25	(15.24)	-	25	15.24	-



## Edel Finance Company Limited

### Notes to the financial statements for the year ended March 31, 2022

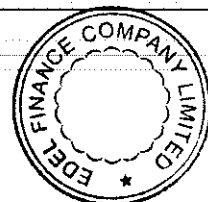
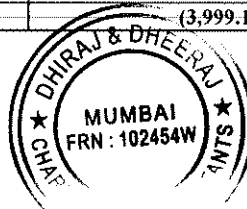
(Currency: Indian rupees in millions)

#### 48. 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)
<b>Financial assets</b>	
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
<b>Non-financial assets</b>	
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
<b>TOTAL ASSETS (A)</b>	<b>34,029.10</b>
<b>Financial liabilities</b>	
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
<b>Non-financial liabilities</b>	
Current tax liabilities (net)	263.93
Provisions	14.90
Other non-financial liabilities	42.07
<b>TOTAL LIABILITIES (B)</b>	<b>23,864.13</b>
<b>RESERVES AND SURPLUS (C)</b>	<b>9,831.71</b>
<b>NET ASSETS TAKEN OVER (A-B-C) (D)</b>	<b>333.26</b>
Issue of shares to the shareholders of Transferor Company (E)	4,332.37
<b>CAPITAL RESERVE ON MERGER (D-E)</b>	<b>(3,999.11)</b>



# Edel Finance Company Limited

## Notes to the financial statements for the year ended March 31, 2022

(Currency: Indian rupees in millions)

### Regulatory disclosure of Core Investment Company (CIC)

#### 49. CORE INVESTMENT COMPANY ("CIC") COMPLIANCE

Particulars	As at March 31, 2022	As at March 31, 2021
a) Investments & loans to group companies as a proportion of Net Assets (%)	99.98%	99.61%
b) Investments in equity shares and compulsorily convertible instruments of group companies as a proportion of Net Assets (%) (refer note 1)	78.77%	48.76%
c) Capital Adequacy Ratio (%) [Adjusted Net worth / Risk Weighted Assets]	41.05%	42.20%
d) Leverage Ratio (Times) [Outside liabilities / Adjusted Networth]	1.46	1.49

#### 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.

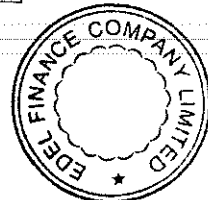
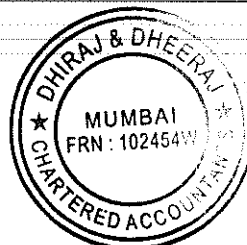
#### 50. Exposure to real estate sector

Particulars	As at March 31, 2022	As at March 31, 2021
<b>a) Direct Exposures</b>		
(i) Residential Mortgages - Lending fully secured by Mortgages on residential property that is or will be occupied by the borrower or that is rented 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>b) Indirect Exposures</b>		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	2,934.53	1,000.00
<b>Total exposure to Real Estate Sector</b>	<b>2,934.53</b>	<b>1,000.00</b>

#### 51. 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, 2022	March 31, 2021	March 31, 2022	March 31, 2021
<b>I) Loans and advances availed by the CIC inclusive of interest accrued thereon but not paid</b>				
a) Debentures: (other than those falling within the meaning of Public deposits)				
(i) Secured	4,716.65	8,334.89	-	-
(ii) Unsecured	1,974.68	2,330.92	-	-
b) Deferred Credits	-	-	-	-
c) Term Loans	-	-	-	-
d) Inter-corporate loans and borrowing	10,771.37	7,136.05	-	-
e) Commercial Paper	-	-	-	-
f) Other loans (Bank overdraft)	-	-	-	-
<b>g) Other loans (Subordinated liabilities)</b>	<b>161.12</b>	<b>161.12</b>	<b>-</b>	<b>-</b>



# Edel Finance Company Limited

Notes to the financial statements for the year ended March 31, 2022

(Currency: Indian rupees in millions)

## Regulatory disclosure of Core Investment Company (CIC)

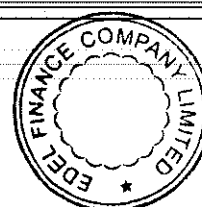
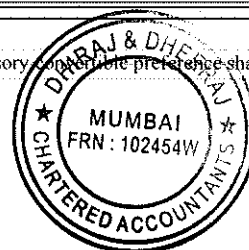
51. Disclosure of details as required by RBI/DNBR/2016-17/39 i.e. Master Direction - Core Investment Companies (Reserve Bank) Directions, 2016 dated August 25, 2016 (Updated as on November 22, 2019) (continued)

### Assets Side:

Particulars	Amount Outstanding as at	
	March 31, 2022	March 31, 2021
<b>2) Break up of Loans and Advances including bills receivables (other than those included in (4) below)</b>		
a) Secured	-	-
b) Unsecured	1,880.91	8,445.73
<b>3) Break up of Leased Assets and stock on hire and other assets counting towards AFC activities</b>		
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	-	-
<b>4) Break up of Investments</b>		
<b><u>Current Investments:</u></b>		
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	-	-
(iii) Units of Mutual Funds	-	-
(iv) Government Securities	-	-
(v) Others	-	-
<b><u>Long term Investments:</u></b>		
1. Quoted:		
(i) Shares:		
(a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	80.06	75.25
(iii) Units of Mutual Funds	-	-
(iv) Government Securities	-	-
(v) Others	-	-
2. Unquoted:		
(i) Shares:		
(a) Equity (refer note 1)	23,222.00	13,945.12
(b) Preference	-	-
(ii) Debentures and Bonds	4,292.08	6,019.84
(iii) Units of Mutual Funds	-	-
(iv) Government Securities	-	-
(v) Others (refer note 2)	-	-

### Notes:

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



# Edel Finance Company Limited

Notes to the financial statements for the year ended March 31, 2022

(Currency: Indian rupees in millions)

## Regulatory disclosure of Core Investment Company (CIC)

### 51. 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 2021-22

Category	Amount net of provisions		
	Secured	Unsecured	Total
1. Related party			
a) Subsidiaries	-	2,700.20	2,700.20
b) Companies in the same group	-	8,232.29	8,232.29
2. Other than related parties	4,716.65	1,974.68	6,691.33
<b>Total</b>	<b>4,716.65</b>	<b>12,907.17</b>	<b>17,623.82</b>

##### 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
<b>Total</b>	<b>8,334.89</b>	<b>9,628.09</b>	<b>17,962.98</b>

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

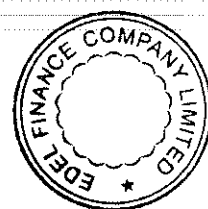
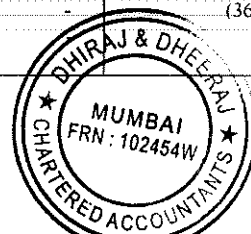
Category	As at March 31, 2022		As at March 31, 2021	
	Market Value / Breakup Value or Fair Value or NAV	Book Value (Net of Provisions)	Market Value / Breakup Value or Fair Value or NAV	Book Value (Net of Provisions)
1. Related party				
a) Subsidiaries	17,790.70	17,790.70	12,354.98	12,354.98
b) Companies in the same group	9,803.44	9,803.44	7,685.23	7,685.23
2. Other than related parties	-	-	-	-
<b>Total</b>	<b>27,594.14</b>	<b>27,594.14</b>	<b>20,040.21</b>	<b>20,040.21</b>

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, 2022	As at March 31, 2021
<b>1. Value of Investments*</b>		
i) Gross Value of Investments		
a) In India	27,594.14	20,040.21
b) Outside India	-	-
ii) Provisions for Depreciation		
a) In India	-	-
b) Outside India	-	-
iii) Net Value of Investments		
a) In India	27,594.14	20,040.21
b) Outside India	-	-
<b>2. Movement of provisions held towards depreciation on investments</b>		
i) Opening balance	-	366.35
ii) Add : Provisions made during the year	-	-
iii) Less : Write-off / write-back of excess provisions during the year	-	(366.35)
iv) Closing balance	-	-

\*It includes only investments (Refer Note 11C)



# Edel Finance Company Limited

## Notes to the financial statements for the year ended March 31, 2022

(Currency: Indian rupees in millions)

### Regulatory disclosure of Core Investment Company (CIC)

#### 51. 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)

##### 7) Other information

Particulars	Amount Outstanding as at	
	March 31, 2022	March 31, 2021
(i) Gross Non-Performing Assets		
(a) Related Parties	-	-
(b) Other than Related Parties	-	-
(ii) Net Non-Performing Assets		
(a) Related Parties	-	-
(b) Other than Related Parties	-	-
(iii) Assets acquired in satisfaction of debt	-	-

#### 52. 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, 2022

Number of significant counterparties*	Amount	% of Total Deposits	% of Total Liabilities
6	12,471.90	NA	70.55%
<b>Total</b>	<b>12,471.90</b>	<b>-</b>	<b>70.55%</b>

As at March 31, 2021

Number of significant counterparties*	Amount	% of Total Deposits	% of Total Liabilities
8	9,392.60	NA	52.01%
<b>Total</b>	<b>9,392.60</b>	<b>-</b>	<b>52.01%</b>

\* "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-ND-SI'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, 2022

Particulars	Amount*	% of Total Borrowings**
Top 10 borrowers	13,033.40	73.95%

As at March 31, 2021

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

\* Represents principal amount

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

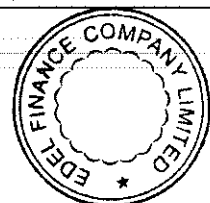
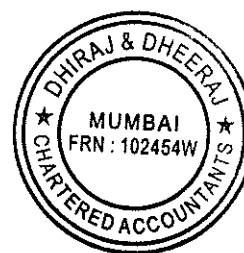
##### 4. Funding concentration based on significant instrument / product

As at March 31, 2022

Name of the instrument / product	Amount	% of Total Liabilities
Debt securities	6,852.45	38.76%
Intra Group borrowings	10,771.37	60.93%

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%



**Edel Finance Company Limited****Notes to the financial statements for the year ended March 31, 2022**

(Currency: Indian rupees in millions)

**Regulatory disclosure of Core Investment Company (CIC)****52. Disclosure on liquidity risk (continued)****5. Stock Ratios**

	As at March 31, 2022	As at March 31, 2021
Commercial papers as a % of total public funds	0%	0.00%
Commercial papers as a % of total liabilities	0%	0.00%
Commercial papers as a % of total assets	0%	0.00%
Non-convertible debentures (original maturity of less than one year) as a % of total public funds	0%	0.00%
Non-convertible debentures (original maturity of less than one year) as a % of total liabilities	0%	0.00%
Non-convertible debentures (original maturity of less than one year) as a % of total assets	0%	0.00%
Other short term liabilities *	87.57	7,136.05
Other short-term liabilities, if any as a % of total public funds**	0.50%	39.73%
Other short-term liabilities, if any as a % of total liabilities***	0.50%	39.52%
Other short-term liabilities, if any as a % of total assets	0.29%	23.46%

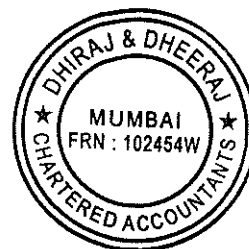
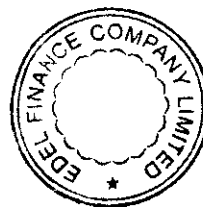
\* "Other short-term liabilities" refers to the borrowing in short term in nature.

\*\* "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.



# Edel Finance Company Limited

Notes to the financial statements for the year ended March 31, 2022

(Currency: Indian rupees in millions)

## Regulatory disclosure of Core Investment Company (CIC)

### 53. 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, 2022

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	1,888.46	7.55	1,880.91	7.55	-

#### 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	8,447.25	1.52	8,445.73	33.79	(32.27)

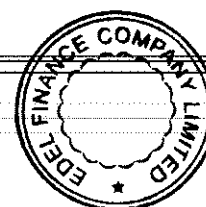
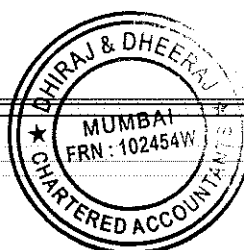
### 54. Asset Liability Management -Maturity pattern of certain items of assets and liabilities

#### As at March 31, 2022

Particulars	Liabilities		Assets	
	Market borrowings	Inter group borrowings	Advance	Investments
1 day to 30/31 days (One month)	-	83.47	151.81	440.75
Over One months to 2 months	405.74	-	440.00	-
Over 2 months up to 3 months	3,629.66	4.10	40.00	3,631.57
Over 3 months to 6 months	108.66	-	20.00	110.43
Over 6 months to 1 year	3.79	-	836.65	16.65
Over 1 year to 3 years	398.36	10,683.80	400.00	9,566.39
Over 3 years to 5 years	212.69	-	-	19.80
Over 5 years	2,093.55	-	-	13,808.55
<b>Total</b>	<b>6,852.45</b>	<b>10,771.37</b>	<b>1,888.46</b>	<b>27,594.14</b>

#### As at March 31, 2021

Particulars	Liabilities		Assets	
	Market borrowings	Inter group borrowings	Advance	Investments
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
<b>Total</b>	<b>10,898.36</b>	<b>7,136.05</b>	<b>8,447.25</b>	<b>20,040.21</b>



# Edel Finance Company Limited

## Notes to the financial statements for the year ended March 31, 2022

(Currency: Indian rupees in millions)

### Regulatory disclosure of Core Investment Company (CIC)

#### 55. Provisions and Contingencies:

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

Particulars	As at March 31, 2022	As at March 31, 2021
Provisions for depreciation on investment	-	-
Provision towards non-performing assets	-	-
Provision made towards Income tax (shown below profit before tax)		
Current tax	-	-
Deferred tax	(164.43)	(29.59)
Current tax relating to earlier years	0.14	(212.90)
Impact of change in the rate on opening deferred tax	-	-
Other provision and contingencies:		
Provision for standard assets	6.04	3.16

#### 56. 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)

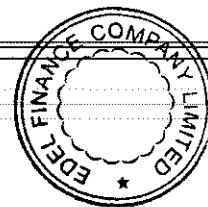
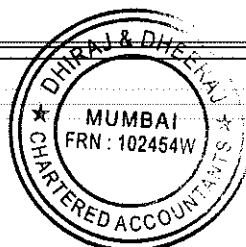
III) Ratings assigned by credit rating agencies and migration of ratings during the year:

#### As at March 31, 2022

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	15,000.00	-	-	-
iii) Market link debentures - Long term				
Rating	PP-MLD AA-r/Negative	PP-MLD [ICRA] A+/Negative	PP-MLD A+/Stable	-
Amount	19,193.80	2,669.90	1,691.10	-
iv) Market link debentures - Short term				
Rating	PP-MLD A1+r	-	-	-
Amount	5,000.00	-	-	-

#### As at March 31, 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-r / 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+r	-	-	-
Amount	5,000.00	-	-	-



## Edel Finance Company Limited

### Notes to the financial statements for the year ended March 31, 2022

(Currency: Indian rupees in millions)

#### Regulatory disclosure of Core Investment Company (CIC)

##### 57. Other Additional Regulatory Information

###### 57.1 Title deeds of Immovable Properties not held in name of the Company

The Company do not have any immovable properties where title deeds are not held in the name of the company.

###### 57.2 Loans and Advances

There are no loans or advances in the nature of loans which are granted to promoters, directors, KMPs and the related parties (as defined under the Companies Act, 2013), either severally or jointly with any other person that are:

(a) repayable on demand or

(b) without specifying any terms or period of repayment

###### 57.3 Details of Benami Property held

The Company do not have any benami property, where any proceeding has been initiated or pending against the company for holding any Benami property.

###### 57.4 Security of current assets against borrowings

The Company has no borrowings from banks or financial institutions on the basis of security of current assets.

###### 57.5 Wilful Defaulter

The Company is not declared as wilful defaulter by any bank or financial institution or other lender.

###### 57.6 Relationship with Struck off Companies

The Company do not have any transactions with companies struck off.

###### 57.7 Registration of charges or satisfaction of charges with Registrar of Companies (ROC)

The Company do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

###### 57.8 Undisclosed income

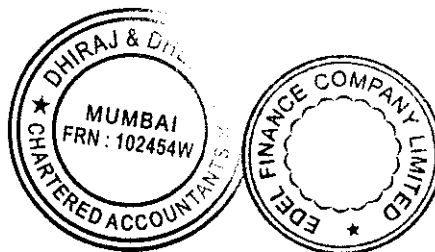
The Company have not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

###### 57.9 Details of Crypto Currency or Virtual Currency

The Company has not traded or invested in Crypto currency or Virtual Currency during the current financial year and any of the previous financial years.

###### 57.10 Compliance with number of layers of companies

The company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.



**Edel Finance Company Limited**

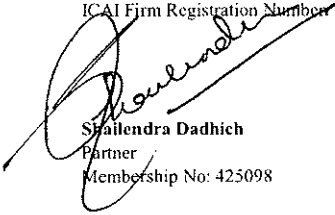
**Notes to the financial statements for the year ended March 31, 2022**

(Currency: Indian rupees in millions)

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 Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables, investments and other assets and repayment ability of its borrowers. In developing the assumptions relating to the possible future uncertainties in the economic conditions because of this pandemic, the Company has used internal and external sources of information. 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's liquidity position over the next 12 months. The Company has reviewed the assumptions used and based on current estimates expects the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions.
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.

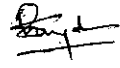
As per our report of even date attached

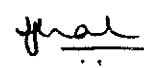
**For Dhiraj & Dheeraj**  
Chartered Accountants  
ICAI Firm Registration Number 102454W


  
**Shailendra Dadhich**  
Partner  
Membership No: 425098

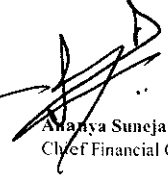
Mumbai May 27, 2022

**For and on behalf of the Board of Directors**

  
**S. Ranganathan**  
Director  
DIN : 00125493

  
**Vidya Shah**  
Director  
DIN : 00274831

  
**Tarun Khurana**  
Company Secretary

  
**Ananya Suneja**  
Chief Financial Officer

Mumbai May 27, 2022

