

Edel Finance Company Limited

Corporate Identity Number: U65920MH1989PLC053909

ANNUAL REPORT 2021-22

BOARD'S REPORT

To the Members of Edel Finance Company Limited,

Your Directors hereby present the 33rd Board's Report on the business, operations and state of affairs of the Company together with the audited financial statements for the year ended March 31, 2022:

FINANCIAL PERFORMANCE

I. Consolidated Financial Performance:

(₹ in million)

| Particulars | 2021-22 | 2020-21 |
|---|-------------------|-------------|
| Total Revenue | 13,247.64 | 9,004.85 |
| Total Expenditure | 14,279.92 | 18,893.98 |
| (Loss) before share in profit of associates and tax | (1,032.28) | (9,889.13) |
| Share in Profit / (Loss) of associates | (361.72) | - |
| (Loss) before tax | (1,394.00) | (9,889.13) |
| Tax Expenses | 78.51 | (150.12) |
| (Loss) after tax for the year | (1,315.49) | (10,039.25) |
| Other Comprehensive Income/(Loss) | (18.76) | 6.33 |
| Total Comprehensive Income/(Loss) | (1,334.25) | (10,032.92) |
| Profit/(Loss) for the year attributable to:- | | |
| Owners of the parent | (1,395.79) | (10,080.44) |
| Non-Controlling interests | 80.30 | 41.19 |
| Other Comprehensive Income / (Loss) attributable to:- | | |
| Owners of the parent | (18.77) | 7.01 |
| Non-Controlling interests | 0.01 | (0.68) |
| Total Comprehensive Income / (Loss) attributable to:- | | |
| Owners of the parent | (1,414.56) | (10,073.43) |
| Non-Controlling interests | 80.31 | 40.51 |
| Earnings per Equity Share (₹) (Face Value of Rs. 100 each):- | | |
| Basic | (19.34) | (182.05) |
| Diluted | (19.34) | (182.05) |

II. Standalone Financial Performance:

(₹ in million)

| Particulars | 2021-22 | 2020-21 |
|--|----------|------------|
| Total Income | 1,886.60 | 1,877.84 |
| Total Expenditure | 1,829.07 | 3,361.89 |
| Profit / (Loss) before Tax | 57.53 | (1,484.05) |
| Provision for Tax (including deferred tax benefit/(expense)) | 164.29 | 242.49 |
| Profit / (Loss) after Tax | 221.82 | (1,241.56) |
| Other comprehensive Income / (Loss) | (0.72) | (0.41) |
| Total comprehensive Income / (Loss) | 221.10 | (1,241.97) |
| Earnings per share (₹) (Face Value of Rs. 100 each):- | | |
| Basic | 3.07 | (22.73) |
| Diluted | 3.07 | (22.73) |

INFORMATION ON THE STATE OF AFFAIRS OF THE COMPANY

Information on the operational and financial performance, amongst others including the impact of COVID-19, is given in the Management Discussion and Analysis Report, forming part of this Report, and is in accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations').

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements are prepared in accordance with the Companies Act, 2013 and Rules framed thereunder (the Act) and the applicable Accounting Standards and forms part of this Report.

SUBSIDIARIES AND ASSOCIATES

During the year under review, EC Commodity Limited, a subsidiary of Edelweiss Rural & Corporate Services Limited, in turn of the Company, was merged with Edel Land Limited pursuant to the Order passed by the Hon'ble National Company Law Tribunal approving the Composite Scheme of Arrangement between ECap Securities and Investments Limited (formerly known as ECap Equities Limited), Edel Land Limited and EC Commodity Limited. Consequently, EC Commodity Limited ceased to be the subsidiary of the Company w.e.f. March 25, 2022.

The salient features of the financial statements of each of the subsidiaries and associates as required under the Act is provided in the financial statements in Form AOC-1. The financial statements of the subsidiaries and associates are available on the website of the Company at the link: www.edelfinance.edelweissfin.com. Any Member interested in obtaining a copy of financial statements of the subsidiaries and associates may write to the Company Secretary at the Registered Office of the Company.

LOANS, INVESTMENTS AND GUARANTEES

Particulars of loans given, investments made, guarantees given and securities provided are reported in the financial statements.

RELATED PARTY TRANSACTIONS

All the Related Party Transactions entered by the Company are on arm's length and in the ordinary course of business. The Company has not entered into transactions with the Promoters, Directors and Key Managerial Personnel, which may have potential conflict of interest with the Company.

In accordance with the provisions of the Listing Regulations, the Company has formulated the Related Party Transactions Policy, which is available on the website of the Company at www.edelfinance.edelweissfin.com.

Particulars of contracts or arrangements with the related parties as prescribed in Section 188 of the Act and forming part of this Report is provided in in Form AOC-2 attached as Annexure I. All the Related Party Transactions as required under the applicable Accounting Standards are reported in the financial statements.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

(i) Independent Directors

Pursuant to the recommendations of the Nomination and Remuneration Committee, Mr. Sunil Phatarphekar (DIN: 00005164) was appointed as an Independent Director of the Company w.e.f. March 21, 2022. The Members at the Extraordinary General Meeting held on June 17, 2022, approved the appointment of Mr. Phatarphekar.

In accordance with the provisions of Section 149 of the Act, the Independent Directors have given a declaration that they meet the criteria of independence as provided in the said Section and also in terms of the Listing Regulations. In the opinion of the Board, the Independent Directors are persons of integrity and possess relevant expertise, experience and proficiency.

(ii) Non-executive Directors

Mr. Sarju Simaria (DIN: 02436025), a Non-executive Director resigned from the Board with effect from the close of business hours of February 25, 2022.

The Board places on record its sincere appreciation of the services rendered by Mr. Simaria during his tenure as Director of the Company.

(iii) Retirement by rotation

Ms. Vidya Shah (DIN: 00274831) retire by rotation at the forthcoming Annual General Meeting and, being eligible, has offered herself for re-appointment.

(iv) Key Managerial Personnel (KMP)

Mr. Subramanian Ananthkrishnan resigned as Company Secretary of the Company w.e.f. August 10, 2021. Mr. Tarun Khurana was appointed as Manager and Company Secretary w.e.f. November 25, 2021. The Members at the Extraordinary General Meeting held on December 27, 2021, approved the appointment of Mr. Khurana as Manager.

Mr. Sunil Nagrani resigned as Chief Financial Officer of the Company with effect from February 11, 2022. Ms. Ananya Suneja was appointed as Chief Financial Officer w.e.f. March 21, 2022. The KMPs of the Company are also the KMPs of the Holding Company and draw remuneration from the Holding Company.

NUMBER OF BOARD MEETINGS HELD

During the year ended March 31, 2022, the Board met 7 times. The details of the Board meetings and the attendance of the Directors at the meetings are provided in the Corporate Governance Report, which forms part of this Report.

REMUNERATION POLICY

The Company has formulated a Remuneration Policy pursuant to Section 178 of the Act and the Listing Regulations. The Policy is provided as Annexure II to this Report.

EVALUATION OF THE PERFORMANCE OF THE BOARD

A Board Evaluation Policy (the Policy) for evaluating the performance of the Board, its Committees, the Chairman, the Non-executive Directors and the Independent Directors has been adopted by the Company.

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

A separate meeting of the Independent Directors was held wherein the performance of the Non-Independent Directors, performance of the Board as a whole (including the Committees) in terms of the provisions of the Act, the Listing Regulations and the Guidance Note issued by the Securities and Exchange Board of India in this regard was discussed.

INTERNAL FINANCIAL CONTROLS AND RISK MANAGEMENT

The Company has in place adequate internal financial controls with reference to financial statements. The Company's internal control system is designed to ensure operational efficiency, protection and conservation of resources, accuracy and promptness in financial reporting and compliance with the laws and regulations. The internal control system is also supported by an internal audit process.

M/s. JHS & Associates LLP, Chartered Accountants, were appointed as Internal Auditors of your Company for the financial year 2021-22.

Risk management is an integral part of the Company's business strategy that seeks to minimise adverse impact on business objectives and capitalise on opportunities. The Group Risk Management Committee oversees the risk management framework of the Company through regular and proactive intervention by identifying risks and formulating mitigation plans. Further details are provided in the Management Discussion and Analysis Section forming part of this Report.

AUDIT COMMITTEE

The Audit Committee comprises of the following Directors:

Dr. Vinod Juneja - Independent Director (Chairman)
Mr. Atul Ambavat - Independent Director
Mr. Sunil Phatarphekar - Independent Director
Mr. S. Ranganathan - Non-executive Director.

Further details of the Audit Committee are provided in the Corporate Governance Report which forms part of this Report.

WHISTLE BLOWER POLICY/VIGIL MECHANISM

The Company has adopted a Whistle Blower Policy to report genuine concerns/grievances. The Policy is available on the website of the Company at the link: www.edelfinance.edelweissfin.com.

The Policy provides for adequate safeguards against the victimisation of the persons who use the vigil mechanism. The vigil mechanism is overseen by the Audit Committee.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Board has constituted a Corporate Social Responsibility (CSR) Committee in accordance with the provisions of the Act. As of date, the CSR Committee comprises of:

Ms. Vidya Shah- Non-executive Director
Mr. S. Ranganathan - Non-executive Director
Mr. Atul Ambavat - Independent Director.

A report on the Corporate Social Responsibility in accordance with the provisions of the Section 135 of the Act is provided in Annexure III to this Report. The CSR Policy is available on the website of the Company at the link: www.edelfinance.edelweissfin.com.

AUDITORS

In accordance with the provisions of Section 139 of the Companies Act, 2013 and the Rules framed thereunder, M/s. S. R. Batliboi & Co. LLP, Chartered Accountants (Firm Registration No. 301003E/ E300005), were appointed as the Statutory Auditors of the Company at the 29th AGM held on August 7, 2018, for a term of 5 years to hold office until the conclusion of the 34th AGM to be held in the year 2023. In compliance with the Circular No. RBI/2021-22/25/Ref. No. DoS. CO. ARG/SEC.01/ 08.91.001/2021-22 dated April 27, 2021 issued by the Reserve Bank of India (RBI Circular), M/s. S. R.

Batliboi & Co. LLP, Chartered Accountants, have resigned as Auditors of the Company, with effect from November 13, 2021.

The Members at their Extraordinary General Meeting held on December 27, 2021, appointed M/s. Dhiraj & Dheeraj (FRN: 102454W), Chartered Accountants, to hold office till the conclusion of 35th Annual General Meeting of the Company to be held in the year 2024. The Auditors' Report on the financial statements for the year ended March 31, 2022 is unmodified and is annexed to the financial statements.

SECRETARIAL AUDIT REPORT

M/s. Sahani & Kothari Associates, Company Secretaries, were appointed as the Secretarial Auditors to conduct the Secretarial Audit for the financial year ended March 31, 2022. The Report of the Secretarial Auditors is provided as Annexure IV to this Report. The Secretarial Audit Report does not contain any qualification, reservation, adverse remarks or disclaimer.

PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

The Company has a Policy on Prevention of Sexual Harassment of Women at Workplace. No cases were reported during the year under review. There were no complaints pending as on March 31, 2022. The Company has complied with the provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS/ OUTGO

A. Conservation of energy

- i. The steps taken or impact on conservation of energy – The operations of the Company are not energy intensive. However, adequate measures have been taken for conservation of energy wherever possible.
- ii. The steps taken by the Company for utilising alternate sources of energy – Though the operations of the Company are not energy intensive, the Company explores alternative sources of energy, as and when the necessity arises.
- iii. The capital investment on energy conservation equipments – Nil

B. Technology absorption

- i. The efforts made towards technology absorption – The Company extensively uses the information technology in its operations and has absorbed the technology required in this regard.
- ii. The benefits derived like product improvement, cost reduction, product development or import substitution – The Company has leveraged the technology in the difficult times of pandemic.
- iii. In case of imported technology (imported during the last three years reckoned from the beginning of the financial year):
 - (a) the details of technology imported: Not Applicable
 - (b) the year of import: Not Applicable
 - (c) whether the technology has been fully absorbed: Not Applicable
 - (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof: Not Applicable
- iv. The expenditure incurred on Research and Development – Not Applicable.

C. Foreign exchange earnings and outgo

During the year under review, there was no foreign exchange inflow (previous year Nil) and foreign exchange outgo was Rs. 2,304.08 million (previous year Nil).

OTHER DISCLOSURES

- i) There are no significant material changes and commitments affecting the financial position of the Company that occurred between the end of financial year and the date of this Report.
- ii) There has been no change in the nature of business of the Company.
- iii) There was no revision in the financial statements of the Company.
- iv) There was no application made or proceeding pending against the Company under the Insolvency and Bankruptcy Code, 2016. There was no instance of onetime settlement with any Bank/Financial Institution in respect of loan taken by the Company.
- v) No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.
- vi) No fraud has been reported by the Auditors to the Audit Committee and the Board.
- vii) Disclosure pertaining to maintenance of cost records as specified under the Act is not applicable to the Company.
- viii) The Company has not issued equity shares with differential voting rights as to dividend, voting or otherwise.
- ix) The Company has not accepted any deposits covered under Chapter V of the Act.
- x) The Company has complied with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

ANNUAL RETURN

Pursuant to Sections 92 and 134 of the Act, the Annual Return as at March 31, 2022 in Form MGT-7, is available on the website of the Company at the link: www.edelfinance.edelweissfin.com.

DISCLOSURE UNDER SECTION 197 OF THE ACT

In accordance with the provisions of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the particulars of the employees are provided as Annexure V to this Report.

CORPORATE GOVERNANCE

Pursuant to the Listing Regulations, the Report on Corporate Governance together with the certificate issued by M/s. Sahani & Kothari Associates, Company Secretaries, on compliance with the conditions of Corporate Governance during the financial year ended March 31, 2022 is provided in Annexure VI and forms part of this Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134 of the Act, the Directors confirm that:

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- ii) such accounting policies have been selected and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2022 and the profits of the Company for the financial year ended on that date;
- iii) proper and sufficient care had been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) the annual accounts have been prepared on a going concern basis;
- v) internal financial controls have been laid down and the same are adequate and were operating effectively; and

vi) proper systems had been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

ACKNOWLEDGEMENTS

The Board acknowledges the valuable guidance and continued support extended by the Reserve Bank of India, the Securities and Exchange Board of India, Stock Exchanges, Ministry of Corporate Affairs, other government authorities, Banks and other stakeholders. Your Directors would also like to take this opportunity to express their appreciation for the dedicated efforts of the employees of the Company.

For and on behalf of the Board
Edel Finance Company Limited

Mumbai, May 27, 2022

Vidya Shah
Non-executive Director
DIN: 00274831

S. Ranganathan
Non-executive Director
DIN: 00125493

Management Discussion & Analysis

MACRO ECONOMY: REVIEW AND OUTLOOK

‘There will be interruptions, and I don’t know when they will occur, and I don’t how deep they will occur, I do know they will occur from time to time, and I also know that we’ll come out better on the other end.’- Warren Buffett

FY22 saw the two waves of the Covid-19 pandemic creating disruptions. However, the year ended on a positive note with complete unlocking and recovery in economic activities. Notwithstanding this, the onset of geopolitical tensions and subsequent escalation on the European peninsula has increased global uncertainties leading to a rise in commodity and fuel prices. The global impact of which has been increased pressure on the supply side economics, leading to rising inflationary pressures and unprecedented challenges over both global and domestic economies. Such global uncertainties have also influenced the capital markets in Q4 of the financial year under review with all major indices going into correction mode; impacting industries linked to capital markets.

Despite the macroeconomic headwinds, the economic growth is seen picking up with the easing of pandemic-related restrictions and normalcy in business environment. Pickup in credit growth, improved Goods & Services Tax (GST) collections, and growth in industrial and agriculture sectors- all point to increased economic activity. Lending rates remained stable throughout the year and were on the lower end of the decadal spectrum. The services sector, however, is yet to achieve this feat but relatively healthy earnings provided relief with uncertainty creeping back in certain sectors in the second half of the year. The banking system is well-capitalised with improving asset quality and declining Non-Performing Assets (NPAs). The Gross NPA ratios of Scheduled Commercial Banks (SCBs) have declined from 7.5% at the end of September 2020 to 6.9% at the end of September 2021. Forex

reserves have also been healthy with a respectable 13-month runway and higher than India’s external debt levels.

As per IMF estimates, India’s Gross Domestic Product (GDP) is expected to grow at 8.2% in FY23 from an estimated growth rate of 8.9% in FY22. Further, large government funding in public infrastructure, thrust on domestic manufacturing and technology-enabled development, and higher allocation towards affordable housing are all expected to encourage growth and attract private investments through a strong multiplier effect in the industry.

Overall Outlook

Overall, the year was a mixed bag. India still contends to be amongst the fastest-growing economies on the back of favourable dynamics; however, the global conditions continue to pose significant headwinds.

INDUSTRY STRUCTURE AND DEVELOPMENTS

Commercial Credit Markets

Banking Industry

Reflecting the recovery in the economy after two years of the Covid-19 pandemic, banks have seen a sharp growth in advances by the end of FY22. A number of lenders have reported continued demand for loans, particularly from the retail segment as the third wave of the pandemic did not have much of an impact on economic activities. Further, with the easing of restrictions, contact-intensive sectors such as hospitality, travel, and entertainment will also require funding for re-opening and expansion. Retail loans, which have been the key focus for most lenders continue to lead the credit growth.

NBFC Industry

After going through the ordeal of macro-economic and pandemic driven stress, the NBFC industry is gradually returning to normalcy. FY22 has been a year of revival and transformation for NBFCs – after years of stressed Profitability, Liquidity and Asset Quality. The industry has undergone a significant transformation in the past couple of years with increased regulatory oversight and rapid technological innovation.

The industry scenario stabilized during the second half of the fiscal year – with resumption of credit activities on the back of reopening of the economy.

This has led to increased disbursements and improvement in credit quality. However, profitability continued to be subdued.

EDEL FINANCE COMPANY LIMITED OVERVIEW

Edel Finance Company Limited (EFCL) is a wholly owned subsidiary of Edelweiss Financial Services Limited. It is a non-banking financial institution (Core Investment Company) registered with the Reserve Bank of India. EFCL is primarily engaged in the business of credit and investment.

EFCL has obtained a certificate of registration dated June 28, 2004 bearing registration no. B-13.01771 issued by The Reserve Bank of India under section 45IA of the Reserve Bank of India Act, 1934, to commence/carry on the business of non-banking financial institution without accepting public deposits subject to the conditions given in the certificate of registration under the name Dropadi Finance Limited when it was a subsidiary of Anagram group. Subsequent to acquisition of Anagram Capital Limited by Edelweiss group in FY11, the name of Dropadi Finance Limited was changed to Edel Finance Company Limited on February 26, 2011. Pursuant to RBI circular dated November 10, 2018, EFCL had become systemically important Non-Banking Finance Company (NBFC) falling under Multiple NBFCs from December 2014.

The Company was granted the registration as Core Investment Company (NBFC-CIC-ND-SI) on October 9, 2018 subject to the conditions given in the certificate of registration by the Reserve Bank of India.

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

- **Credit business** including Retail Credit and Corporate Credit
- **Wealth Management**, including Wealth Management and Capital Markets
- **Asset Management** including private markets and public markets
- **Asset Reconstruction**, and
- **Insurance** including Life and General Insurance

Edelweiss was founded in November 1995 with an aspiration to building a quality organization which would be guided by our values and beliefs and to create something for the long-haul. 25 years later, Edelweiss is one of India's largest diversified financial services firms, helping over 1.6 million customers across the country accomplish their dreams and aspirations.

FINANCIAL HIGHLIGHTS FOR FY22

A summary of our FY22 financial highlights is as under:

- **Total Revenue: Rs. 1,886.60 million**
(Rs. 1,877.84 million for FY21),
- **Profit after Tax: Rs. 221.82 million**
(Loss of Rs. 1,241.56 million for FY21)
- **Networth: Rs. 12,580.93 million**
(Rs. 12,359.85 million at the end of FY21)

Revenue

Our business earned revenue of Rs. 1,886.60 million for FY22 (Rs. 1,877.84 million for FY21).

Expenses

Our total costs for FY22 was Rs. 1,829.07 million (Rs. 3,361.89 million in FY21).

PROFIT AFTER TAX

Our Profit for FY22 was Rs. 221.82 million compared to a net loss of Rs.1,241.56 million for FY21.

PERFORMANCE HIGHLIGHTS

EFCL performs the functions of a Core Investment Company (CIC) and broadly offers investment and lending activities for the Edelweiss group companies. It has ceased to extend credit after its conversion to CIC.

BALANCE SHEET MANAGEMENT

For a company like ours, its capital forms the most important resource, besides the human capital. From its earliest days, EFCL has recognised this and has always focused its energies in creating a strong balance sheet. A strong capital base provides us the freedom and ability to deploy capital for scaling up our business.

Balance Sheet Gearing

EFCL has a total net worth of Rs. 12,580.93 million as at the end of FY22 compared to Rs. 12,359.85 million as at the end of FY21. Amount of debt on the Balance Sheet as on March 31, 2022 was Rs.17,623.82 million (Rs. 17,962.98 million as on March 31, 2021). The gross Balance Sheet size at the end of FY22 was Rs.30,258.84 million compared to Rs. 30,418.47 million at the end of FY21.

Capital Adequacy Ratio

As per the Non-Banking Financial Companies Prudential Norms stipulated by Reserve Bank, all NBFCs–ND–SI are required to maintain a minimum Capital Adequacy Ratio of 30%. EFCL's Capital Adequacy Ratio as on March 31, 2022 was 41.05% as compared to total Capital Adequacy Ratio of 42.20 % as on March 31, 2021.

ANALYSIS OF SIGNIFICANT CHANGES IN FINANCIAL RATIOS

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

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

(a) Debt Equity Ratio 1.40 times at the end of FY22 compared to 1.45 times at the end of FY21.

(b) Operating Profit Margin defined as Net Interest Income as a percentage of Interest Income declined to (599.95)% in FY22 compared to (49.83)% in FY21.

(c) Net Profit Margin was 11.76% at the end of FY22 compared to (66.12)% at the end of FY21.

Return on Average Equity for FY22 is 1.83% compared to (10.58)% for FY21.

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

OPPORTUNITIES

Financial services in India continue to offer enormous and scalable opportunities for companies like EFCL as under notwithstanding the recent economic downturn worsened by a prolonged Pandemic as the long-term growth story of India remains intact:

- Democratisation of credit, aspirations of younger population, household savings moving to investments and increasing number of Demat accounts will continue to present growth opportunities for companies like ours.
- MSMEs were significantly impacted during the pandemic. However, they are now gradually coming back on track and will be a key driver in

the future credit growth as India goes through a secular growth cycle

THREATS

While the economy has seen a significant recovery from the pandemic lows, there are potentially challenging trends which could derail the recovery and extend the pain for the country, including the financial services sector –

- An extreme pandemic wave may derail the benefits accrued in the last year, both globally and domestically.
- Geopolitical tensions, especially in Ukraine, have the potential to significantly impact the economic growth across the world and lead to wider global participation.
- Inflation has become a huge challenge both in India and globally. Oil prices have been a double whammy for our country. It is expected that the central banks find the right balance between liquidity tightening and controlling inflation.

OUTLOOK & STRATEGY

While the GDP growth forecast for FY23 is robust, threats as outlined above can quickly derail the current momentum of the economy. The covid second wave did have much of an economic impact as much as it had a health impact. We are optimistic that the increased vaccinated population as compared to the previous year will play a key role in determining the magnitude of impact covid will have on the country going ahead. Our confidence in the long-term India story continues to remain intact and growth opportunities will come back sooner than later.

We continue to be optimistic about the direction that the economy is taking and are very bullish on India's long-term growth prospects and the opportunities it will provide to financial services organizations. At the same time, we continue to tread carefully in the near-term to be prepared for any short-term disruptions in the market. The idea is to build resilience and strength while gradually scaling up growth.

ENTERPRISE GROUPS

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

GOVERNANCE

Governance is at the heart of everything we do and it transcends beyond compliance extending to ethics and values as well because we believe that well governed organisations tend to last longer. Governance to us means **Trust** covering Ethics & Integrity, **Legitimacy** encompassing Transparency,

Authenticity and Fairness, **Accountability** including Decision making, responsiveness, **Competence** highlighting Simplicity, and above all **Respect** for letter and spirit of law.

Our Board plays vital role in ensuring highest Governance level within the company by setting tone from top throughout the fabric of our organisation. They set higher standards on ethics, integrity, transparency and fairness leading us to build good framework for conduct, behaviour and process oversights at all levels.

In order to promote good governance culture, we have self-defined rules for good behaviour and conduct at individual as well as at entity levels covering issues of Conflict of Interest, Insider Trading, dealing with sensitive information etc. Learning from the recent past, we are refining some of practices to facilitate smooth functioning while working from home through use of technology ensuring that best in class compliance standards are met always.

RISK MANAGEMENT

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

Respect for risk is an integral part of business at Edelweiss. The good risk management practices of the Group have facilitated navigating through environmentally turbulent times. Our Enterprise Risk Management (ERM) framework has helped us strategically benchmark our practices to the best in class. The Group has also put in place an in-house "**Eleven-risk framework**" to formalize the process of Assess, Avoid, Manage and Mitigate risks across businesses in a continuous manner.

The elaborate risk governance structure at Edelweiss includes Board Risk Committee, Global Risk Committee, Enterprise Risk Management (ERM) Council, Corporate Risk & Assurance, Investment Committees, Credit Committees & Business Risk Groups.

Last year the whole world has faced a tail risk event of COVID-19 pandemic. This event necessitated unique approaches to mitigate different types of risk. Our advance preparation along with technology enablement ensured all our employees continued to operate seamlessly and serve customer deliverables while working from home. We are using all our learnings from the pandemic to manage various types of emerging and newer risks in our business.

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

Operational Risk

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

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

As per the Companies Act, 2013, the companies need to ensure that they have laid down internal financial controls and that such controls are adequate and were operating effectively. Towards this end, we at EFCL have always adopted a risk balancing approach. EFCL has an Internal Control System, commensurate with the size, nature and complexity of our operations.

Internal Audit

Internal Audit follows Generally Accepted Audit Practices, Internal Audit Standards, analytical procedures etc. and ensures compliance with section 138 of the Companies Act 2013 read with Rule 13 of the Companies (Accounts) Rules, 2014.

Internal Control

Our Internal Control Procedures include monitoring compliance with relevant matters covered under section 134(1)(e) of the Companies Act 2013.

HUMAN RESOURCES

Our people are at the heart of our success. Their engagement and commitment makes us who we are. Their determination to turn challenges into opportunities, generate ideas to evolve and learn through the continued pandemic and volatile economic environment has been a key pillar of our growth. Along with this, our guiding principles, culture, and values continue to guide our choices and decisions.

We ended FY22 with a total headcount of 1 compared to 3 as on March 31, 2021.

People Practices during COVID-19 Pandemic

We continued to remain grounded in our culture of care and our commitment to employee safety and wellbeing. During this pandemic, we made medical coverage for Covid-19 accessible early on for all employees and their dependent family members.

TECHNOLOGY

While the last couple of years posed unprecedented challenges for most organizations worldwide, Edelweiss Group had an edge because of its strong technology backbone which supports all the Group companies. Even with the pandemic, we were able to ensure business continuity with nearly all our critical employees working from home.

Information Security and Governance

In order to cater to the ever-changing landscape post pandemic, the Group Technology function has moved away from the traditional castle-and-moat security model to Zero Trust Network Security model. This requires strict identity verification for every person and device trying to access resources on private corporate network. Going forward, enhancing the Cloud security framework and governance at Edelweiss Group will continue to be a priority area.

Further even during these trying times, we have been able to maintain 100% regulatory and policy compliance of all our IT security controls with zero downtime.

With respect to IT Governance, we intend to continue our focus on process standardisation and strengthen our governance practices to ensure the right balance of efficiency, risk and compliance.

CUSTOMER EXPERIENCE

At Edelweiss, Customer centricity has been a key differentiator for all our businesses. Focusing

heavily on facilitating easy accessibility and creating solutions that are rooted in customer needs, our businesses thrive on creating innovative products and offering a superlative customer experience. With an unwavering commitment to constantly enhancing these experiences, we have combined the best of technology with personalized touch to foster closer relationships with our customers.

Technology is at the heart of our efforts to enhance process efficiencies and the overall customer experience. The strong growth in our customer franchisee in the face of an unpredictable external environment due to Covid is a powerful testament to our resilience and powerful business platforms and speaks volumes of the trust our clients continue to repose in us.

Cautionary Statement

Statements made in this Annual Report may contain certain forward looking statements, which are tentative, based on various assumptions on the Edelweiss Group's and EFCL's present and future business strategies and the environment in which we operate. Actual results may differ substantially or materially from those expressed or implied due to risks and uncertainties. These risks and uncertainties include the effect of economic and political conditions in India and internationally, volatility in interest rates and in the securities market, new regulations and Government policies that may impact the Company's businesses as well as the ability to implement its strategies. The information contained herein is as of the date referenced and the Company does not undertake any obligation to update these statements. Edelweiss Group or EFCL has obtained all market or industry data and other information from sources believed to be reliable or through its internal estimates unless otherwise stated, although its accuracy or completeness cannot be guaranteed. The discussion relating to business wise financial performance, balance sheet, asset books of the Company and industry data herein is reclassified/regrouped based on Management estimates and may not directly correspond to published data. The numbers have also been rounded off in the interest of easier understanding. Numbers have been re-casted, wherever required. Prior period figures have been regrouped/reclassified wherever necessary. FY19, FY20 and FY21 numbers are as per IndAS and rest all are as per IGAAP. All information in this discussion has been prepared solely by the company and has not been independently verified by anyone else

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

(Rupees in million)

| Sr. No. | Name(s) of the related party and nature of relationship | Nature of contracts/arrangements /transactions | Duration of the contracts/arrangements/transactions | Salient terms of the contracts or arrangements or transactions including the value, if any | Date of approval by the Board | Amount paid as advances, if any |
|---------|---|--|---|--|-------------------------------|---------------------------------|
| 1. | Edel Land Limited (Associate) | Sale of securities | - | 3,292.35 | February 11, 2021 | - |
| 2. | Edelweiss Financial Services Limited (Holding Company) | Purchase of securities | - | 2,668.42 | February 11, 2021 | - |
| 3. | Edelweiss Securities and Investments Private Limited (Fellow Subsidiary) | Sale of securities | - | 846.89 | February 11, 2021 | - |

For Edel Finance Company Limited

Vidya Shah
Non-executive Director
DIN: 00274831

S Ranganathan
Non-executive Director
DIN: 00125493

Mumbai, May 27, 2022

Remuneration Policy

Objective

The Companies Act, 2013 ('the Act') requires a Company to frame policy for determining the remuneration payable to the Directors, Key Managerial Personnel (KMPs) and other employees.

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

The objective of this Policy is to ensure that:

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

Remuneration of the Independent Directors & Non- executive Directors

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

Remuneration of the Managing Director & Executive Directors

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

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

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

Policy Review

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

**For and on behalf of the Board of Directors
Edel Finance Company Limited**

Mumbai, May 27, 2022

**Vidya Shah
Non-executive Director
DIN: 00274831**

**S Ranganathan
Non-executive Director
DIN: 00125493**

Annual Report on Corporate Social Responsibility Activities

As prescribed under Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014

1. Brief outline on CSR Policy of the Company.

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

2. Composition of CSR Committee:

| Sl. No. | Name of Director | Designation / Nature of Directorship | Number of meetings of CSR Committee held during the year | Number of meetings of CSR Committee attended during the year |
|---------|--------------------|--------------------------------------|--|--|
| 1. | Ms. Vidya Shah | Non-executive Director | - | - |
| 2. | Mr. S. Ranganathan | Non-executive Director | - | - |
| 3. | Mr. Atul Ambavat | Independent Director | - | - |

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company:

www.edelfinance.edelweissfin.com.

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report):

Not Applicable

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any:

| Sl. No. | Financial Year | Amount available for set-off from preceding financial years (in Rs) | Amount required to be set-off for the financial year, if any (in Rs) |
|---------|----------------|---|--|
| 1 | FY 2018-19 | Nil | Nil |
| 2 | FY 2019-20 | | |
| 3 | FY 2020-21 | | |
| | Total | Nil | Nil |

6. Average net profit of the company as per section 135(5). - Nil

7. (a) Two percent of average net profit of the company as per section 135(5):- **Nil**
- (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years. - **Nil**
- (c) Amount required to be set off for the financial year, if any- **Nil**
- (d) Total CSR obligation for the financial year (7a+7b-7c). - **Nil**

8. (a) **CSR amount spent or unspent for the financial year:**

| Total Amount Spent for the Financial Year (in Rs.) | Amount Unspent | | | | |
|--|---|------------------|---|---------|------------------|
| | Total Amount transferred to Unspent CSR Account as per section 135(6) | | Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5) | | |
| | Amount. | Date of transfer | Name of the Fund | Amount. | Date of transfer |
| Nil | - | - | - | - | - |

- (b) Details of CSR amount spent against ongoing projects for the financial year:

Nil

- (c) Details of CSR amount spent against other than ongoing projects for the financial year:

Nil

- (d) Amount spent in Administrative Overheads:

Nil

- (e) Amount spent on Impact Assessment, if applicable:

Not applicable

- (f) Total amount spent for the Financial Year (8b+8c+8d+8e): **Nil**

- (g) Excess amount for set off, if any: **Nil**

| Sl. No. | Particular | Amount (in Rs.) |
|---------|---|-----------------|
| (i) | Two percent of average net profit of the company as per section 135(5) | - |
| (ii) | Total amount spent for the financial year | - |
| (iii) | Excess amount spent for the financial year [(ii)-(i)] | - |
| (iv) | Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any | - |
| (v) | Amount available for set off in succeeding financial years [(iii)-(iv)] | - |

9. (a) Details of Unspent CSR amount for the preceding three financial years:

| Sl. No. | Preceding Financial Year | Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.) | Amount spent in the reporting Financial Year (in Rs.) | Amount transferred to any fund specified under Schedule VII as per section 135(6), if any. | | | Amount remaining to be spent in succeeding financial years (in Rs.) |
|---------|--------------------------|--|---|--|----------------|------------------|---|
| | | | | Name of the Fund | Amount (in Rs) | Date of transfer | |
| 1 | FY 2018-19 | Nil | | | | | |
| 2 | FY 2019-20 | | | | | | |
| 3 | FY 2020-21 | | | | | | |
| | Total | Nil | | | | | |

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
|---------|------------|---------------------|---|------------------|---|---|--|--|
| Sl. No. | Project ID | Name of the Project | Financial Year in which the project was commenced | Project duration | Total amount allocated for the project (in Rs.) | Amount spent on the project in the reporting Financial Year (in Rs) | Cumulative amount spent at the end of reporting Financial Year. (in Rs.) | Status of the project - Completed /Ongoing |
| - | | | | | | | | |
| Total | Nil | | | | | | | |

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details): **Not Applicable**

- Date of creation or acquisition of the capital asset(s)
- Amount of CSR spent for creation or acquisition of capital asset
- Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.
- Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset)

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5): **Not Applicable**

For and on behalf of the Board of Directors
Edel Finance Company Limited

Vidya Shah
Non-executive Director
DIN: 00274831

S. Ranganathan
Non-executive Director
DIN: 00125493

Mumbai, May 27, 2022

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2022

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Edel Finance Company Limited
Edelweiss House, Off. C.S.T. Road,
Kalina, Mumbai - 400 098.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Edel Finance Company Limited** (CIN: U65920MH1989PLC053909) having its Registered Office at Edelweiss House, Off. C.S.T. Road, Kalina, Mumbai - 400 098 (hereinafter called the "Company") for the Financial Year ended on March 31, 2022 (the "Audit Period"). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, registers, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the Audit Period complied with the statutory provisions listed hereunder and also that the Company has proper board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2022 according to the provisions of:

- (i) The Companies Act, 2013 (the "Act") and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act"):
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011¹;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

¹ Not applicable to the Company during the audit period

- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009²;
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014³;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008⁴;
 - (f) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021⁵;
 - (g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009⁶;
 - (i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998⁷; and
 - (j) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of Non-Convertible Debentures of the Company issued by the Company on a private placement basis and listed on BSE Limited (the “Stock Exchange”) to the extent mandatorily applicable.
- (vi) The Reserve Bank of India Act, 1934 and the Circular(s), Direction(s), Notification(s) and Regulation(s) issued by the Reserve Bank of India as applicable to a Core Investment Company, being laws that are specifically applicable to the Company based on their sector/industry.

We have also examined compliance with the applicable clauses of the Secretarial Standard issued by The Institute of Company Secretaries of India related to meetings and minutes.

During the Audit Period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above and in respect of the laws specifically applicable (to the extent applicable) to the Company based on its sector/industry, in so far as registration, submission of various returns/information to be filed with the respective authorities.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive, Non-Executive and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all the Directors to schedule the Board Meetings and Committee Meetings; agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All Resolutions of the Board of Directors and its Committees are approved on the basis of majority and are duly recorded in the respective Minutes. There were no dissenting views by any member of the

² Not applicable to the Company during the audit period

³ Not applicable to the Company during the audit period

⁴ Not applicable to the Company during the audit period

⁵ Not applicable to the Company during the audit period

⁶ Not applicable to the Company during the audit period

⁷ Not applicable to the Company during the audit period

Board of Directors during the Audit Period. The Company has maintained all the recordings of the Board Meetings and Committee Meetings held through audio visual means and has carried out in compliance with the provisions of the Act.

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

We further report that during the Audit Period:

- (i) the Company has obtained the approval of members under Sections 42 & 71 of the Act by way of Special Resolution passed at the Extra-Ordinary General Meeting held on February 14, 2022 to issue, offer and allot Non-Convertible Debentures aggregating to Rs. 2,000 crores in one or more tranches;
- (ii) the Company has obtained the approval of the Board of Directors of the Company by a Resolution passed in the Meeting of the Board of Directors held on January 31, 2022 for public issue of Non-convertible Debentures; and
- (iii) In compliance with the Circular No. RBI/2021-22/25/Ref. No. DoS. CO. ARG/SEC.01/08.91.001/2021-22 dated April 27, 2021 issued by the Reserve Bank of India (RBI Circular), M/s. S. R. Batliboi & Co. LLP, Chartered Accountants, have resigned as Auditors of the Company, with effect from November 13, 2021. M/s. Dhiraj & Dheeraj (FRN: 102454W), Chartered Accountants, were appointed as Statutory Auditors to hold office till the conclusion of 35th Annual General Meeting of the Company to be held in the year 2024.

This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

For **M/s. SAHANI & KOTHARI ASSOCIATES**
Company Secretaries

Place: Mumbai
Date: May 26, 2022

Karan S. Sahani
Partner
Mem. No. A40638
COP: 17189
UDIN: A040638D000394961

To,
The Members,
Edel Finance Company Limited
Edelweiss House, Off. C.S.T. Road,
Kalina, Mumbai - 400098.

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provided a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and book of accounts of the Company.
4. No Audit has been conducted on the compliance with finance and taxation laws as the same are subject to audit by the Statutory Auditor of the Company and their observations, if any, shall hold good for the purpose of this Audit Report.
5. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
6. The compliance of the provisions of Corporate and other applicable laws, rules, regulation, standards is the responsibility of management. Our examination was limited to the verification of procedures on the test basis.
7. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **M/s. SAHANI & KOTHARI ASSOCIATES**
Company Secretaries

Place: Mumbai
Date: May 26, 2022

Karan S. Sahani
Partner
Mem. No. A40638
COP: 17189
UDIN: A040638D000394961

Disclosure pursuant to the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

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

| Sr. No. | Disclosure Requirement | Disclosure Details | | |
|---------|---|---|-------------------------------|-----------------------------|
| | | Directors | Title | Ratio |
| 1. | Ratio of the Remuneration of each Director to the median remuneration of the employees of the Company for the financial year | Except sitting fees, no remuneration was paid to the Directors during the year ended March 31, 2022. | | |
| | | Directors/ KMP | Title | % increase in Remuneration^ |
| 2. | Percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year | Mr. Sujit Kumar Pandey (resigned w.e.f. May 25, 2021) | Manager | Refer Note 2 |
| | | Mr. Ravindra Dhobale (resigned w.e.f. May 31, 2021) | Chief Financial Officer | |
| | | Mr. Sunil Nagrani (Appointed w.e.f. June 1, 2021 & resigned w.e.f. February 11, 2022) | Chief Financial Officer | |
| | | Mr. Subramanian Ananthakrishnan (resigned w.e.f. August 10, 2021) | Company Secretary | |
| | | Mr. Tarun Khurana (Appointed w.e.f. November 25, 2021) | Manager and Company Secretary | |
| | | Ms. Ananya Suneja (appointed w.e.f. March 21, 2022) | Chief Financial Officer | |
| 3. | Percentage increase in the median remuneration of employees in the Financial year | -42.19% | | |
| 4. | Number of permanent employees on the rolls of the Company at the end of the year | One permanent employee on the rolls of the Company as on March 31, 2022 | | |
| 5. | Average percentile increase already made in the salaries of employees other than the | During F.Y. 2021-22 employees were employed for part year and, hence not comparable with the previous year. | | |

| | | |
|----|--|---|
| | managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration. | |
| 6. | Affirmations that the remuneration is as per the Remuneration Policy of the Company. | It is affirmed that the remuneration paid is as per the Remuneration Policy of the Company. |

Note:

1. The Company has been paying sitting fees of Rs. 20,000 to the Independent Directors for attending the meetings of the Board and the Committees thereof.
2. The KMPs were designated for part of the year, hence percentage increase in remuneration is not reported.

**For and on behalf of the Board
Edel Finance Company Limited**

**Vidya Shah
Non-executive Director
DIN: 00274831**

**S Ranganathan
Non-executive Director
DIN: 00125493**

Mumbai, May 27, 2022

CORPORATE GOVERNANCE REPORT

Company's Philosophy on Corporate Governance

At Edelweiss, we strongly uphold good governance practices to promote fairness, transparency, accountability and integrity. In line with this philosophy, Guiding Principles have been articulated and these forms integral part of the Company's corporate governance practices. Processes have been designed to run the businesses responsibly and harmonize diversified interests of various stakeholders thereby enhancing stakeholder value.

Board of Directors

Composition, Meeting and Attendance

The Board of Directors of the Company comprises of 5 Directors of which 2 are Non-executive Non-Independent Directors and 3 are Independent Directors.

The annual calendar of the Board Meetings is agreed upon at the beginning of the year. The agenda for the Board Meetings is circulated in advance and is backed by comprehensive background information to enable the Board to take informed decisions. During the financial year 2021-22, the Board met 7 times i.e. on: May 25, 2021, June 11, 2021, August 5, 2021, October 28, 2021, November 25, 2021, January 31, 2022 and March 21, 2022.

The names and categories of the Directors on the Board, their attendance at the Board Meetings held during the financial year 2021-22 and at the last Annual General Meeting (AGM), the number of directorships and committee positions held by them in other public limited companies and the name of the other listed entities where he/she is a Director and category of directorships as on March 31, 2022, are as under:

| Name and DIN of the Directors | Category | No. of Board Meetings Attended | Attendance at the last AGM held on September 2, 2021 | No. of directorships in other Public Limited Companies\$ | Name of other Listed entities where person is Director - Category of Directorship | Committee Position* | |
|--|--------------------------------|--------------------------------|--|--|---|---------------------|----------|
| | | | | | | Member | Chairman |
| Mr. S. Ranganathan (DIN 00125493) | Non-Executive, Non-Independent | 7 | Yes | 2 | - | 1 | - |
| Ms. Vidya Shah [@] (DIN 00274831) | Non-Executive, Non-Independent | 6 | Yes | 4 | 1 | 1 | 1 |
| Dr. Vinod Juneja (DIN: 00044311) | Independent | 7 | No | 8 | 2 | 6 | 0 |

| Name and DIN of the Directors | Category | No. of Board Meetings Attended | Attendance at the last AGM held on September 2, 2021 | No. of directorships in other Public Limited Companies\$ | Name of other Listed entities where person is Director - Category of Directorship | Committee Position* | |
|---|--------------------------------|--------------------------------|--|--|---|---------------------|----------|
| | | | | | | Member | Chairman |
| Mr. Atul Ambavat (DIN: 00195875) | Independent | 7 | No | - | - | - | - |
| Mr. Sunil Phatarphekar [§] (DIN: 00005164) | Independent | - | N.A. | 3 | - | 5 | 1 |
| Mr. Sarju Simaria [^] (DIN: 02436025) | Non-Executive, Non-Independent | 5 | Yes | - | - | - | - |

\$ Only Directorships of public limited companies incorporated in India have been considered and excludes private limited companies, section 8 companies and foreign companies.

*Only Audit Committee and Stakeholders' Relationship Committee, in other public limited companies, have been considered for the Committee position.

@ Ms. Vidya Shah was appointed as a Non-executive Director w.e.f. May 28, 2021.

§ Mr. Sunil Phatarphekar was appointed as an Independent Director w.e.f. March 21, 2022.

^ Mr. Sarju Simaria was appointed as a Non-executive Director w.e.f. May 28, 2021 and resigned w.e.f. February 25, 2022.

Mr. Sunil Phatarphekar was appointed as an Independent Director on the Board for the first term till the Annual General Meeting of the Company to be held for the financial year ending March 31, 2025. The Members at the extraordinary meeting held on June 17, 2022 have approved the appointment of Mr. Phatarphekar.

None of the Directors hold office in more than 10 public companies as prescribed under the Companies Act, 2013 (the Act). No Director holds Directorships in more than 7 listed companies. Further, none of the Non-executive Directors serve as Independent Director in more than 7 listed companies as required under the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 ('the Listing Regulations'). None of the Directors on the Board is a member of more than 10 Committees and Chairperson of more than 5 Committees, across all public limited companies in which he/she is a Director. Independent Directors are Non-executive Directors as defined under the Listing Regulations and the Act along with Rules framed thereunder. In terms of the Listing Regulations, the Independent Directors have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties.

Ms. Vidya Shah is one of the promoter of Edelweiss Financial Services Limited, the Holding Company of the Company.

Dr. Vinod Juneja is an Independent Director on the Board of Shyam Telecom Limited and Shristi Infrastructure Development Corporation Limited, the listed companies.

Based on the declarations received from the Independent Directors, the Board has confirmed that they meet the criteria of independence as prescribed under the Listing Regulations and that they are independent of the management. Further, the Independent Directors have, in terms of Section 150 of the Act read with Rule 6 of the Companies (Appointment & Qualification of Directors) Rules, 2014, confirmed that they have enrolled themselves in the Independent Directors' Databank maintained with the Indian Institute of Corporate Affairs. In the opinion of the Board, the Independent Directors are persons of integrity and possess relevant expertise, experience and proficiency.

All the Directors of the Company have confirmed that they are not disqualified for appointed as Directors pursuant to Section 164 of the Act.

M/s. Sahani & Kothari Associates, Company Secretaries, have issued a certificate certifying that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities & Exchange Board of India (SEBI), the Ministry of Corporate Affairs and any such statutory authority.

Board skills/expertise/competence matrix

The Board have identified the following parameters with respect to the skill/expertise/competence that are available with the Board in the context of the business and sector for it to function effectively:

| Directors | Industry Knowledge / Experience | | | | Technical Skills/Experience | | | | | Behavioural Competencies | |
|------------------------|---------------------------------|---------------------------------------|--------------------------|------------------------|-----------------------------|----------------------|----------------------|------------------------|------------|---------------------------------|-------------------------|
| | Financial and Capital Markets | Understanding of laws and regulations | International Experience | Accounting and Finance | Risk Management | Strategic Management | Legal and Compliance | Information Technology | Governance | Leadership and Mentoring Skills | Interpersonal Relations |
| Mr. S. Ranganathan | * | * | * | * | * | * | * | * | * | * | * |
| Ms. Vidya Shah | * | * | * | * | - | * | - | * | * | * | * |
| Dr. Vinod Juneja | * | * | * | * | * | * | * | * | * | * | * |
| Mr. Atul Ambavat | * | * | * | * | * | * | * | * | * | * | * |
| Mr. Sunil Phatarphekar | * | * | * | * | * | * | * | * | * | * | * |

Committees of the Board:

A) Audit Committee

Meetings held:

During the Financial Year 2021-22, the Committee met 6 times on June 11, 2021, August 5, 2021, October 28, 2021, November 25, 2021, January 31, 2022 and March 21, 2022.

The composition as on March 31, 2022 and attendance during the year ended March 31, 2022 is as under:-

| Name of the Members | No. of Meetings Attended |
|--------------------------------------|--------------------------|
| Dr. Vinod Juneja – Chairman | 6 |
| Mr. Atul Ambavat | 6 |
| Mr. S. Ranganathan | 5 |
| Mr. Sunil Phatarphekar ^{\$} | N.A. |

^{\$} Appointed as a member with effect from March 21, 2022.

All the members have financial management expertise. The constitution and terms of reference of the Committee are in compliance with the requirements of the Act and the Listing Regulations.

Brief description of the terms of reference of the Audit Committee *inter alia* include:

- 1) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible
- 2) Recommendation for appointment, remuneration and terms of appointment of auditors of the Company
- 3) Approval of payment to the statutory auditors for any other service rendered by the statutory auditors
- 4) Reviewing, with the Management, the annual financial statements and auditor's report thereon before submission to the Board for approval with particular reference to:
 - a. matters required to be included in the Directors Responsibility statement to be included in the Board's Report in terms of clause (c) of sub section 3 of the Section 134 of the Companies Act, 2013
 - b. changes if any, in the accounting policies and practices and reasons for the same
 - c. major accounting entries involving estimates based on the exercise of judgement by management
 - d. significant adjustments made in the financial statements arising out of audit findings
 - e. compliance with the listing and other legal requirements relating to financial statements
 - f. disclosure of any related party transactions
 - g. qualifications in the draft audit report.
- 5) Reviewing, with the Management, the quarterly financial statements before submission to the Board for approval
- 6) Evaluation of internal financial controls and risk management systems
- 7) Reviewing, with the management, performance of statutory auditors and internal auditors, adequacy of the internal control systems
- 8) Discussion with internal auditors of any significant findings and follow up thereon
- 9) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain any area of concern

- 10) To review the functioning of the Whistle Blower/Vigil mechanism
- 11) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Auditors, Internal Auditors and the Chief Financial Officer are invited to attend the meetings of the Committee. The Company Secretary acts as the Secretary to the Committee.

B) Nomination and Remuneration Committee

Meetings held:

During the Financial Year 2021-22, the Committee met 3 times on May 25, 2021, November 25, 2021 and March 21, 2022.

The composition as on March 31, 2022 and attendance during the year ended March 31, 2022 is as under:-

| Name of the Members | No. of Meetings Attended |
|-----------------------------|--------------------------|
| Dr. Vinod Juneja – Chairman | 3 |
| Mr. Atul Ambavat | 3 |
| Mr. S. Ranganathan | 2 |

Brief description of the terms of reference of the Nomination & Remuneration Committee *inter alia* include:

- 1) Identifying the persons who can become Directors
- 2) Formulating the criteria for determining the qualifications, positive attributes etc. and independence of a Director
- 3) Recommending to the Board a policy relating to the remuneration for the Directors & Key Managerial Personnel
- 4) Recommend to the Board, all remuneration, in whatever form, payable to senior management
- 5) Specify the manner for effective annual evaluation of performance of the Board, its Committees and individual Directors.

The Company has formulated a Remuneration Policy which is annexed to the Board's Report.

Board Evaluation

During the year, in accordance with the Board Evaluation Policy and the Guidance Note on Board Evaluation issued by SEBI, an annual evaluation of its own performance and that of the Committees and Directors pursuant to the provisions of the Act and the Listing Regulations was carried out by the Board on various parameters which *inter alia* included composition, diversity, effectiveness, quality of discussion, contribution at the meetings, business acumen, strategic thinking, time commitment, relationship with the stakeholders, corporate governance practices, contribution of the Committees etc.

A separate meeting of the Independent Directors was held wherein the performance of the Non-Independent Directors, performance of the Board as a whole (including the Committees) in terms of the provisions of the Act, the Listing Regulations and the Guidance Note issued by SEBI in this regard was discussed.

Familiarization Programme

The Independent Directors are familiarized with their roles, rights, responsibilities etc. in relation to the nature of the financial services sector and the business model of the Company. The details are uploaded on the website of the Company at: www.edelfinance.edelweissfin.com.

Remuneration to the Directors

The Company pays sitting fees of Rs. 20,000 per meeting to the Independent Directors for attending the meetings of the Board and the Committees thereof.

The details of the remuneration paid to the Directors during the financial year ended March 31, 2022 are as under:

(Amount Rs. in million)

| Name of the Director | Remuneration (fixed & performance bonus) | Perquisites | Sitting Fees | Commission | Total |
|--------------------------------------|--|-------------|--------------|------------|-------|
| Ms. Vidya Shah | - | - | - | - | - |
| Mr. S. Ranganathan | - | - | - | - | - |
| Dr. Vinod Juneja | - | - | 0.34 | - | 0.34 |
| Mr. Atul Ambavat | - | - | 0.34 | - | 0.34 |
| Mr. Sunil Phatarphekar ^{\$} | - | - | - | - | - |
| Mr. Sarju Simaria [^] | - | - | - | - | - |

^{\$} Mr. Sunil Phatarphekar was appointed as an Independent Director w.e.f. March 21, 2022.

[^] Mr. Sarju Simaria resigned as a Director from the Board with effect from February 25, 2022 and accordingly, ceased to be a member.

None of the Directors hold any shares in the Company.

C) Stakeholders' Relationship Committee

Meetings held:

During the Financial Year 2021-22, the Committee met on January 31, 2022. The composition as on March 31, 2022 and attendance during the year ended March 31, 2022 is as under:-

| Name of the Members | No. of Meetings Attended |
|--------------------------------------|--------------------------|
| Mr. Atul Ambavat – Chairman | 1 |
| Ms. Vidya Shah | 1 |
| Mr. Sunil Phatarphekar ^{\$} | N.A. |
| Mr. Sarju Simaria [^] | - |

^{\$} Appointed as a member with effect from March 21, 2022.

[^] Mr. Sarju Simaria resigned as a Director from the Board with effect from February 25, 2022 and accordingly, ceased to be a member.

Mr. Tarun Khurana is the Company Secretary & Compliance Officer of the Company.

Based on the reports received from the Registrar & Share Transfer Agents during the year ended March 31, 2022, the Company did not receive any requests/complaints during the year ended March 31, 2022. As on March 31, 2022, there were no outstanding requests/complaints.

General Body Meetings

The date, time and venue of the last three Annual General Meetings are given below:

| Financial Year | Date | Time | Venue | No. of Special Resolutions passed |
|----------------|--------------------|-----------|---|-----------------------------------|
| 2020-2021 | September 2, 2021 | 4.30 p.m. | Edelweiss House, Off C.S.T. Road, Kalina, Mumbai- 400 098 | Nil |
| 2019-2020 | December 24, 2020 | 4.30 p.m. | Edelweiss House, Off C.S.T. Road, Kalina, Mumbai- 400 098 | 2 |
| 2018-2019 | September 30, 2019 | 4.30 p.m. | Edelweiss House, Off C.S.T. Road, Kalina, Mumbai- 400 098 | Nil |

Means of Communication

The financial results, press releases and the presentation made to the Investors/Analysts are submitted to the Stock Exchanges and also uploaded on the website of the Company at www.edelfinance.edelweissfin.com. The financial results are also published in the newspapers.

I. General Shareholder Information

| | | |
|------|---------------------------------|--|
| i. | AGM: Date, time and venue/ mode | Friday, September 30, 2022 at 5.00 p.m. at the Registered Office of the Company at Edelweiss House, Off C.S.T. Road, Kalina, Mumbai- 400 098 |
| ii. | Financial Year: | April 1, 2021 to March 31, 2022 |
| iii. | Book Closure dates: | Not Applicable |
| iv. | Dividend payment date: | Not Applicable |

II. Listing of Securities on Stock Exchanges:

Non-convertible Debentures

The Company has issued Secured Non-convertible Debentures (NCDs) on private placement. Some of the NCDs are listed on BSE. The Company has paid the listing fees to BSE for the financial year 2022-23.

Debenture Trustee:

The details of the Debenture Trustees for the NCDs issued by the Company are given below:

| | |
|---|--|
| SBICAP Trustee Company Limited Mistry Bhavan, 4th Floor, 122 Dinshaw Wachha Road, Churchgate, Mumbai - 400 020 Tel: +91 022 - 43025555 Fax: +91 022 - 22040465 Email: corporate@sbicaptrustee.com Website: www.sbicaptrustee.com | Beacon Trusteeship Limited 4 C&D, Siddhivinayak Chambers, Gandhi Nagar, Opp. MIG Cricket Club, Bandra (East), Mumbai - 400 051 Tel.: +91 22 26558759 Email: compliance@beacontrustee.co.in Website: www.beacontrustee.co.in |
|---|--|

III.Registrar & Share Transfer Agent:

a. Equity Shares

Link Intime India Private Limited,
C 101, 247 Park, L.B.S Marg, Vikhroli (West), Mumbai -
400083 Tel: +91 22 4918 6270 Fax: +91 22 4918 6060
e-mail: rnt.helpdesk@linkintime.co.in Website: www.linkintime.co.in

b. Non-Convertible Debentures

| | |
|---|---|
| Link Intime India Private Limited C 101, 247 Park, L.B.S Marg, Vikhroli (West), Mumbai - 400 083 Tel: +91 22 4918 6270 Fax: +91 22 4918 6060 Email: bonds.helpdesk@linkintime.co.in Website: www.linkintime.co.in | KFin Technologies Private Limited Selenium Tower B, Plot 31-32, Financial District, Nanakramguda, Serilingampally, Hyderabad - 500 032 Tel: +91 40 6716 2222 Fax: +91 40 2343 1551 Email: einward.ris@kfintech.com Website: www.kfintech.com |
|---|---|

IV. Distribution of shareholding and shareholding pattern as on March 31, 2022

The Company is a Wholly Owned Subsidiary of Edelweiss Financial Services Limited, which holds 5,56,67,388 Equity Shares of Rs. 100 each representing 100% of the shareholding pattern.

V. Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity:

The Company has not issued GDRs/ADRs/Warrants or any other instrument convertible into equity.

VI. Plant locations - Not Applicable

VII. Credit ratings : The credit ratings obtained by the Company during the year 2021-22 are as under:-

| Rating agency | Rating | Instruments | Date of revision (if any) | Revised Rating |
|------------------|---|--|---------------------------|----------------|
| Brickwork Rating | BWR AA- Outlook: Stable | Non-convertible Debentures | No Revision | No change |
| CARE | CARE A+ Outlook: Stable | Non-convertible Debentures | No Revision | No change |
| | CARE PP-MLD A+ Outlook: Stable | Principal Protected Market Linked Debentures | | |
| CRISIL | CRISIL AA- Outlook: Negative | Non-convertible Debentures | No Revision | No change |
| | CRISIL PP-MLD AA-r Outlook: Negative | Principal Protected Market Linked Debentures | | |
| | CRISIL A1+ | Short term borrowing | | |
| | CRISIL AA- Outlook: Negative | Bank Borrowing | | |
| ICRA | ICRA A+ | Non-convertible Debentures | No Revision | No change |
| | ICRA A+ | LT-Sub debt | | |
| | PP-MLD[ICRA]A+ | Principal Protected Market Linked Debentures | | |
| | ICRA A+ | Bank Borrowing | | |

Other Disclosures

- i. The Company did not enter into any materially significant related party transactions having a potential conflict with the interest of the Company at large. Transactions with the related parties are disclosed in the financial statements.
- ii. The financial statements (both standalone and consolidated) have been prepared in accordance with the applicable Accounting Standards.
- iii. The Company has a Whistle Blower Policy/Vigil Mechanism to report concerns about unethical behaviour, actual or suspected fraud or violation of our code of conduct and confirms that no personnel have been denied access to the Audit Committee.
- iv. Code for Prohibition of Insider Trading of the Company, the Policy for determining Material Subsidiaries and the Policy on Related Party Transactions are available at:
www.edelfinance.edelweissfin.com

- v. There have been no instances where the Board has not accepted recommendations of any Committee of the Board, during the financial year.
- vi. The erstwhile statutory auditors of the Company, M/s. S. R. Batliboi & Co. LLP were paid a consolidated amount of Rs. 10.86 million by the Company and its subsidiaries for all the services provided by them. M/s. Dhiraj & Dheeraj, Chartered Accountants, the statutory auditors of the Company, were paid a consolidated amount of Rs. 0.98 million by the Company and its subsidiaries for all the services provided by them.
- vii. Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:
- Number of complaints filed during the Financial Year: Nil
 - Number of complaints disposed of during the Financial Year: Nil
 - Number of complaints pending as on end of the Financial Year: Nil.
- viii. The Company has complied with the mandatory conditions of Corporate Governance, as prescribed under the Listing Regulations.
- ix. The disclosures on loans and advances in the nature of loans to firms/companies in which directors are interested are disclosed in the notes to the financial statements.
- x. **Compliance Certificate**

Pursuant to the Listing Regulations, a certificate issued by M/s. Sahani & Kothari Associates, Company Secretaries, certifying the compliance by the Company with the provisions of the Corporate Governance forms part of this Report.

Address for correspondence:

For any assistance, request or instruction regarding transfer or transmission of securities, dematerialisation of securities, change of address, non-receipt of annual report, dividend warrant and any other query relating to the securities of the Company, the investors may write to:

| | | |
|---|--|--|
| The Company Secretary Edel Finance Company Limited Edelweiss House, Off C.S.T. Road, Kalina, Mumbai - 400 098. Tel: +91 22 4009 4400 Fax: +91 22 4086 3610 Email: efsl.shareholders@edelweissfin.com Website: www.edelfinance.edelweissfin.com | Link Intime India Private Limited C 101, 247 Park, L.B.S Marg, Vikhroli (West), Mumbai - 400 083. Tel: +91 22 4918 6270 Fax: +91 22 4918 6060 Email: rnt.helpdesk@linkintime.co.in Website: www.linkintime.co.in | KFin Technologies Limited Selenium Tower B, Plot 31-32, Financial District, Nanakramguda, Serilingampally, Hyderabad-500 032 Tel: +91 40 6716 2222 Fax: +91 40 2343 1551 Email: einward.ris@kfintech.com Website: www.kfintech.com |
|---|--|--|

Declaration by the Directors under SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 regarding adherence to the Code of Conduct

In accordance with the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, it is hereby confirmed that for the financial year ended March 31, 2022, the Directors and the Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct.

**For and on behalf of the Board
Edel Finance Company Limited**

**Vidya Shah
Non-executive Director
DIN: 00274831**

**S Ranganathan
Non-executive Director
DIN: 00125493**

Mumbai, May 27, 2022

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

[Pursuant to Schedule V Para E of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,
The Members,
Edel Finance Company Limited
Edelweiss House, Off. C.S.T Road,
Kalina, Mumbai – 400 098.

We have examined the compliance with the conditions of Corporate Governance of Edel Finance Company Limited (“the Company”) for the year ended on 31st March, 2022, as prescribed in the Regulations 17 to 27, 62(1A), and Para C, D and E of Schedule V of The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”).

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance, as mandatorily applicable, under the Listing Regulations. The compliance of conditions of Corporate Governance is the responsibility of the Management.

Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the Financial Statements of the Company. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **M/s. SAHANI & KOTHARI ASSOCIATES**
Company Secretaries

Place: Mumbai
Date: May 26, 2022

Karan S. Sahani
Partner
Mem. No.: A40638
COP: 17189
UDIN: A040638D000400635



DHIRAJ & DHEERAJ
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Edel Finance Company Limited (hereinafter referred to as "the Holding Company"), its subsidiaries and associate (the Holding Company, its subsidiaries together referred to as "the Group") and its associate comprising of the consolidated Balance sheet as at March 31, 2022, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries and associate, the aforesaid consolidated 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 consolidated state of affairs of the Group and its associate as at March 31, 2022, their consolidated loss including other comprehensive loss, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated 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 Consolidated Financial Statements' section of our report. We are independent of the Group and associate in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Emphasis of Matter

We draw attention to Note 61 to the consolidated 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 the Group's estimates of impairment of loans and investments, which is dependent on uncertain future developments.

Our opinion is not modified in respect of the above matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year ended March 31, 2022. These matters were addressed in the context of our audit of the consolidated 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 consolidated 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 consolidated financial statements. The results of audit procedures performed by us and by other auditors of components not audited by us, as reported by them in their audit reports furnished to us by the management, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements

| Key audit matters | How our audit addressed the key audit matter |
|---|---|
| <p>Impairment of financial instruments (expected credit losses) <i>(as described in Note 5.4 and 55.D.1 of the consolidated financial statements)</i></p> | |
| <p>Ind AS 109 requires the Group to provide for impairment of its financial assets as at the reporting date using the expected credit loss (ECL) approach. ECL involves an estimation of probability-weighted loss on financial instruments over their life, considering reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions which could impact the credit quality of the Group's financial assets (loan portfolio).</p> <p>In the process, a significant degree of judgement has been applied by the management for:</p> <ul style="list-style-type: none"> • Staging of financial assets (i.e. classification in 'significant increase in credit risk' ("SICR") and 'default' categories); • Assigning internal rating grades to customers for which external rating is not available; • Calibrating external ratings-linked probability of default to align with past default rates; • Estimation of management overlay for macro-economic factors bearing a correlation with the credit quality of the Group's loan portfolio. <p>Impact of COVID-19 Considering the evolving nature of the COVID-19 pandemic, which has continued to impact the Group's business operations, resulting in higher loan losses, the Group has recorded a management overlay as part</p> | <p>Our audit procedures included but were not limited to:</p> <ul style="list-style-type: none"> • Read and assessed the Group's accounting policy for impairment of financial assets and its compliance with Ind AS 109 • Tested the design and operating effectiveness of the controls for staging of loans based on their past-due status. Tested samples of performing (stage 1) loans to assess whether any loss indicators were present requiring them to be classified under stage 2 or 3. • We performed procedures to test the inputs used in the ECL computation, on a sample basis. • Tested assumptions used by the management in determining the overlay for macro-economic factors (including COVID-19 pandemic). • Tested the arithmetical accuracy of computation of ECL provision performed by the Group in spreadsheets. • Assessed disclosures included in the consolidated financial statements in respect of expected credit losses including the specific disclosures made with regards to the management's evaluation of the uncertainties arising from COVID-19 and its impact on ECL estimation. |

| Key audit matters | How our audit addressed the key audit matter |
|---|--|
| <p>of its ECL, to reflect among other things an increased risk of deterioration in macro-economic factors caused by the pandemic. In accordance with the guidance in Ind AS 109, the management overlay estimate requires to takes into account reasonable and supportable information.</p> <p>In view of the high degree of management’s judgement involved in estimation of ECL, accentuated by the COVID-19 pandemic, it is a key audit matter.</p> | |
| Information technology (IT) systems and controls | |
| <p>The reliability and security of IT systems play a key role in the business operations, financial accounting and reporting process of the Group. Since large volume of transactions are processed daily, the IT controls are required to ensure that applications process data as expected and that changes are made in an appropriate manner. Any gaps in the IT control environment could result in a material misstatement of the financial accounting and reporting records.</p> <p>Therefore, due to the pervasive nature and complexity of the IT environment, the assessment of the general IT controls and the application controls specific to the accounting and preparation of the financial information is considered to be a key audit matter.</p> | <p>The audit procedures those reported in the auditor’s report of a subsidiary company, comprised the following:</p> <ul style="list-style-type: none"> • The aspects covered in the IT General Control audit were (i) User Access Management (ii) Program Change Management (iii) Other related ITGCs – to understand the design and test the operating effectiveness of such controls; • Assessed the changes that were made to the key systems during the audit period and assessing changes that have impact on financial reporting; • Tested the periodic review of access rights. We inspected requests of changes to systems for appropriate approval and authorization. • Performed tests of controls (including other compensatory controls wherever applicable) on the IT application controls and IT dependent manual controls in the system. • Tested the design and operating effectiveness of compensating controls, where deficiencies were identified and, where necessary, extended the scope of our substantive audit procedures. |

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

Information Other than the Financial Statements and Auditor’s Report Thereon

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

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

When we read the Board Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those Charged with Governance.

Responsibilities of Management for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including its associate 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. The respective Board of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and of its associate 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 consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associate are responsible for assessing the ability of the Group and of its associate 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 Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group and of its associate are also responsible for overseeing the financial reporting process of the Group and of its associate.

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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statement.

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 consolidated 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 Holding 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 ability of the Group and its associate 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 consolidated 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 Group and its associate to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associate of which we are the independent auditors, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors 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 consolidated 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.

Other Matter

- (a) We did not audit the financial statements and other financial information, in respect of:
 - 5 subsidiaries, whose financial statements include total assets of Rs 91,363.99 million as at March 31, 2022 and total revenues of Rs.12,796.50 million and net cash outflow of Rs 6,721.55 million for the year ended on that date. These financial statement and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management.
 - 1 associate company forming part of the Group, whose statements include Group's share of net loss after tax of Rs. 361.72 million and Group's share of total comprehensive loss of Rs. 361.72 million for the period from April 1, 2021 to March 31, 2022, as considered in the consolidated financial statement, whose financial statement, other financial information have been audited by other auditor and whose report have been furnished to us by the Management.
- (b) The comparative consolidated financial information's of the Group for year ended March 31, 2021 has been compiled by the Management from the audited financial statements of the company and its subsidiaries which were audited by another auditors who had expressed an unmodified opinion on those audited Financial Statements. Accordingly, we do not express any opinion on the figures reported in the Consolidated Financial Statement for the year ended March 31, 2021.

Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associate company, and our report in terms of sub- sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and associate company, is based solely on the report(s) of such other auditors.

Our opinion above on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

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, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of the subsidiary companies and associate, incorporated in India, as noted in the 'Other Matter' paragraph we give in the " Annexure 1" a statement on the matters specified in paragraph 3(xxi) of the Order.
2. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries and associate, as noted in the 'other matter' paragraph we report, to the extent applicable, that:
 - (a) We/the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;
 - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
 - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;
 - (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - (e) On the basis of the confirmation received from the directors of the Holding Company as on March 31, 2022 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies and associate, none of the directors of the Group's companies and its associate, incorporated in India, 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 with reference to consolidated financial statements of the Holding Company and its subsidiary companies and associate, incorporated in India, and the operating effectiveness of such controls refer to our separate Report in "Annexure 2" to this report;
 - (g) In our opinion and based on the consideration of reports of other statutory auditors of the subsidiaries and associate, the managerial remuneration for the year ended March 31, 2022 has been paid / provided by the Holding Company, its subsidiaries and associate incorporated in India to their 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 and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries and associate, as noted in the 'Other matter' paragraph:
 - (i) The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group and its associate in its consolidated financial statements – Refer Note 51.1 to the consolidated financial statements;
 - (ii) The Group have made provision under applicable law or accounting standards for material foreseeable losses if any, including derivative contracts for which there were any material foreseeable losses;
 - (iii) There have been no amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, its subsidiaries and associate, incorporated in India during the year ended March 31, 2022;

- iv) a) The respective managements of the Holding Company and its subsidiaries and associate which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries and associate respectively that, to the best of its knowledge and belief, as disclosed in note 58(A) to the consolidated 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 Holding Company or any of such subsidiaries and associate 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, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the respective Holding Company or any of such subsidiaries and associate ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- b) The respective managements of the Holding Company and its subsidiaries and its associate which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries and associate respectively that, to the best of its knowledge and belief, other than as disclosed in the note 58(B) to the consolidated financial statements, no funds have been received by the respective Holding Company or any of such subsidiaries and associate from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiaries and associate 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 the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the subsidiaries and associate which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or the other auditors to believe that the representations under sub-clause (a) and (b) contain any material mis-statement.
- v) No dividend has been declared or paid during the year by the Holding Company and its subsidiaries and its associate.

For Dhiraj & Dheeraj
Chartered Accountants
ICAI Firm Registration Number:

Sd/-

Shailendra Dadhich
Partner
Membership Number:
UDIN: 22425098AJSCQD2021
Place of Signature: Mumbai
Date: 27th May 2022

Annexure-1: Referred to in Paragraph Under the Heading “Report on Other Legal and Regulatory Requirements” of Our Report of Even Date on the Consolidated Financial Statements of Edel Finance Company Limited

Based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of the subsidiary companies and associate, incorporated in India, as noted in the ‘Other Matter’ paragraph we state that:

- 3(xxi) There are no qualifications or adverse remarks by the respective auditors in their report on Companies (Auditors Report) Order, 2020 of the companies included in the consolidated financial statements except for following where the respective auditor have reported unfavorable or adverse remarks in their audit report to the principal auditor.

| Name | CIN | Holding Company/ Subsidiary/ Associate | Clause number of the CARO report which is unfavorable or adverse |
|--|-----------------------|---|---|
| Edel Finance Company Limited | U65920MH1989PLC053909 | Holding | xvii |
| Edelweiss Housing Finance Limited | U65922MH2008PLC182906 | Subsidiary | iii (c) , iii (d) and (xi) (a) |
| Allium Finance Private Limited | U67120MH2008PTC180229 | Subsidiary | iii (c) and iii (d) |
| Edelweiss Investment Adviser Limited | U74140TG2008PLC120334 | Subsidiary | iii (c), iii (d) and xvii |
| Edelweiss Rural & Corporate Services Limited | U45201TG2006PLC078157 | Subsidiary | iii (c), iii (d), iii (e), iii (f), ix (d), ix (e) and xvii |
| Edel Land Limited | U74900MH2008PLC287466 | Associate | iii (c), iii(d) and iii (e), xvii |

For **Dhiraj & Dheeraj**
Chartered Accountants
ICAI Firm Registration Number:

Sd/-

Shailendra Dadhich
Partner
Membership Number:
UDIN: 22425098AJSCQD2021
Place of Signature: Mumbai
Date: 27th May 2022

Annexure-2: to the Independent Auditor's Report of Even Date on the Consolidated Financial Statements of Edel Finance Company Limited

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

In conjunction with our audit of the consolidated financial statements of Edel Finance Company Limited (hereinafter referred to as the "Holding Company") as of and for the year ended March 31, 2022, we have audited the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its associate, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Holding Company's internal financial controls with reference to consolidated 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, 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 consolidated 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 consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated 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 and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements.

Meaning of Internal Financial Controls With Reference to Consolidated Financial Statements

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

Annexure-2: to the Independent Auditor's Report of Even Date on the Consolidated Financial Statements of Edel Finance Company Limited (*Continued*)

Inherent Limitations of Internal Financial Controls With Reference to Consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to consolidated 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 consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated 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 Group and its associate, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance profit issued by the ICAI.

Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements of the Holding Company, in so far as it relates to these 5 subsidiaries and an associate, which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiaries incorporated in India.

For **Dhiraj & Dheeraj**

Chartered Accountants

ICAI Firm Registration Number:

Sd/-

Shailendra Dadhich

Partner

Membership Number:

UDIN: 22425098AJSCQD2021

Place of Signature: Mumbai

Date: 27th May 2022

Edel Finance Company Limited

Consolidated balance sheet as at 31 March 2022

| (Currency: Indian rupees in millions) | Note | 31-Mar-2022 | 31-Mar-2021 |
|--|------|------------------|--------------------|
| ASSETS | | | |
| Financial assets | | | |
| (a) Cash and cash equivalents | 7 | 3,080.78 | 10,991.98 |
| (b) Bank balances other than cash and cash equivalents | 8 | 3,157.32 | 1,007.91 |
| (c) Derivative financial instruments | 9 | 17.16 | - |
| (d) Stock in trade (Securities held for trading) | 10 | 2,229.73 | 3,246.02 |
| (e) Trade receivables | 11 | 220.75 | 377.61 |
| (f) Loans | 12 | 41,863.55 | 71,679.17 |
| (g) Investments | 13 | 25,828.42 | 18,078.48 |
| (h) Other financial assets | 14 | 756.29 | 1,731.17 |
| Total financial assets | | 77,154.00 | 1,07,112.34 |
| Non-financial assets | | | |
| (a) Current tax assets (net) | 15 | 2,020.39 | 1,982.94 |
| (b) Deferred tax assets (net) | 16 | 1,755.95 | 1,501.93 |
| (c) Investment property | 17 | 3,539.91 | 3,987.98 |
| (d) Property, Plant and Equipment | 18 | 2,429.91 | 2,510.67 |
| (e) Intangible assets under development | 19 | 17.35 | 9.16 |
| (f) Goodwill on consolidation | | 146.82 | 146.82 |
| (g) Other Intangible assets | 18 | 14.04 | 17.17 |
| (h) Other non- financial assets | 20 | 433.38 | 571.07 |
| Total non-financial assets | | 10,356.85 | 10,727.74 |
| TOTAL ASSETS | | 87,510.85 | 1,17,840.08 |
| LIABILITIES | | | |
| Financial liabilities | | | |
| (a) Derivative financial instruments | 9 | 29.17 | - |
| (b) Trade payables | 21 | | |
| i. total outstanding dues of micro enterprises and small enterprises | | 7.30 | 0.20 |
| ii. total outstanding dues of creditors other than micro enterprises and small enterprises | | 323.47 | 568.26 |
| (c) Debt securities | 22 | 32,706.46 | 58,100.18 |
| (d) Borrowings (other than debt securities) | 23 | 38,418.79 | 41,718.38 |
| (e) Subordinated liabilities | 24 | 2,876.19 | 2,717.59 |
| (f) Other financial liabilities | 25 | 9,680.97 | 7,502.55 |
| Total financial liabilities | | 84,042.35 | 1,10,607.16 |
| Non-financial liabilities | | | |
| (a) Current tax liabilities (net) | 26 | 25.23 | 45.97 |
| (b) Provisions | 27 | 52.25 | 52.07 |
| (c) Deferred tax liabilities (net) | 16 | 71.81 | - |
| (d) Other non-financial liabilities | 28 | 116.96 | 431.74 |
| Total non-financial liabilities | | 266.25 | 529.78 |
| TOTAL LIABILITIES | | 84,308.60 | 1,11,136.94 |
| EQUITY | | | |
| (a) Equity share capital | 29 | 5,566.75 | 5,566.75 |
| (b) Instruments entirely equity in nature | 30 | 1,650.00 | 1,650.00 |
| (c) Other equity | 31 | (4,772.47) | (3,282.26) |
| Equity attributable to owners of the parent | | 2,444.28 | 3,934.49 |
| Equity attributable to Non-Controlling Interests | | 757.97 | 2,768.65 |
| TOTAL EQUITY | | 3,202.25 | 6,703.14 |
| TOTAL LIABILITIES AND EQUITY | | 87,510.85 | 1,17,840.08 |

The accompanying notes are an integral part of the Consolidated Financial Statements.

1 to 64

As per our report of even date attached

For Dhiraj & Dheeraj

Chartered Accountants

ICAI Firm Registration Number: 102454W

For and on behalf of the Board of Directors

Sd/-

Shailendra Dadhich

Partner

Membership No: 425098

Sd/-

S. Ranganathan

Director

DIN : 00125493

Sd/-

Vidya Shah

Director

DIN : 00274831

Sd/-

Ananya Suneja

Chief Financial Officer

Sd/-

Tarun Khurana

Company Secretary

Mumbai May 27, 2022

Mumbai May 27, 2022

Edel Finance Company Limited
Consolidated Statement of Profit and Loss for the year ended 31 March 2022

| (Currency: Indian rupees in millions) | Note | For the year ended 31-Mar-2022 | For the year ended 31-Mar-2021 |
|--|------|-----------------------------------|-----------------------------------|
| Revenue from operations | | | |
| Interest income | 32 | 8,952.61 | 9,592.62 |
| Dividend income | 33 | - | 6.63 |
| Fee income | 34 | 1,278.62 | 1,520.34 |
| Net gain / (loss) on fair value changes | 35 | 749.20 | (3,002.60) |
| Other operating revenue | 36 | 367.73 | 765.19 |
| Total revenue from operations | | 11,348.16 | 8,882.18 |
| Other income | 37 | 1,899.48 | 122.67 |
| Total Income | | 13,247.64 | 9,004.85 |
| Expenses | | | |
| Finance costs | 38 | 10,570.74 | 11,444.67 |
| Impairment on financial instruments | 39 | 526.82 | 2,647.08 |
| Employee benefits expense | 40 | 1,216.49 | 1,738.56 |
| Depreciation and amortisation | 18 | 401.11 | 829.92 |
| Other expenses | 41 | 1,564.76 | 2,233.75 |
| Total expenses | | 14,279.92 | 18,893.98 |
| Profit / (loss) before share in profit of associates and tax | | (1,032.28) | (9,889.13) |
| Share in profit / (loss) of associates | | (361.72) | - |
| Profit / (Loss) before tax | | (1,394.00) | (9,889.13) |
| Tax expenses: | 42 | | |
| Current tax | | 93.92 | (277.05) |
| Deferred tax | | (172.43) | 427.17 |
| Profit / (Loss) for the year | | (1,315.49) | (10,039.25) |
| Other comprehensive income / (loss) | | | |
| Items that will not be reclassified to profit or loss | | | |
| Remeasurement gain / (loss) on defined benefit plans (OCI) | | (28.69) | 11.72 |
| Income tax - OCI - that will not be reclassified | | 9.93 | (5.39) |
| Total other comprehensive income / (loss) | | (18.76) | 6.33 |
| Total comprehensive income / (loss) | | (1,334.25) | (10,032.92) |
| Net Profit / (Loss) for the period attributable to: | | | |
| Owners of the parent | | (1,395.79) | (10,080.44) |
| Non controlling interests | | 80.30 | 41.19 |
| Other Comprehensive Income / (Loss) for the period attributable to: | | | |
| Owners of the parent | | (18.77) | 7.01 |
| Non controlling interests | | 0.01 | (0.68) |
| Total Comprehensive Income / (Loss) for the period attributable to: | | | |
| Owners of the parent | | (1,414.56) | (10,073.43) |
| Non controlling interests | | 80.31 | 40.51 |
| Earnings per share (Face value of ₹ 100 each) | 44 | | |
| - Basic (₹) | | (19.34) | (182.05) |
| - Diluted (₹) | | (19.34) | (182.05) |

The accompanying notes are an integral part of the Consolidated Financial Statements.

1 to 64

As per our report of even date attached

For Dhiraj & Dheeraj

Chartered Accountants

ICAI Firm Registration Number: 102454W

For and on behalf of the Board of Directors

Sd/-

Shailendra Dadhich

Partner

Membership No: 425098

Sd/-

S. Ranganathan

Director

DIN : 00125493

Sd/-

Vidya Shah

Director

DIN : 00274831

Sd/-

Ananya Suneja

Chief Financial Officer

Mumbai May 27, 2022

Sd/-

Tarun Khurana

Company Secretary

Mumbai May 27, 2022

Edel Finance Company Limited

Consolidated Statement of Cash flows for the year ended 31 March 2022

| (Currency: Indian rupees in millions) | For the year ended 31-Mar-2022 |
|--|-----------------------------------|
| A Cash flow from operating activities | |
| Profit / (Loss) before tax | (1,394.00) |
| Adjustments for: | |
| Depreciation and amortisation | 401.11 |
| Profit on sale of investments | (1,771.83) |
| Impairment on financial instruments | 526.82 |
| Fair value of financial instruments | (749.21) |
| Provision for gratuity and compensated absences | (20.95) |
| (Profit) / loss on sale of property, plant and equipment ¹ | (4.17) |
| Operating capital before working capital changes (net) | (3,012.23) |
| Adjustments for: | |
| Decrease / (increase) in trade receivables | (222.84) |
| Decrease / (increase) in securities held for trading | 695.06 |
| Decrease / (increase) in other financial assets | (1,164.17) |
| Decrease / (increase) in loans | 29,984.26 |
| Sale/ (purchase) of Investments ¹ | (5,223.44) |
| Decrease / (increase) in other non-financial assets | 137.69 |
| Increase / (decrease) in trade payables | (237.69) |
| Increase / (decrease) in non-financial liabilities | (322.34) |
| Increase / (decrease) in other financial liabilities | 864.98 |
| Cash generated from / (used in) operations | 21,499.28 |
| Income taxes (paid) (net of refund) | (151.96) |
| Net cash generated from / (used in) operating activities - A | 21,347.32 |
| B Cash flow from investing activities | |
| Purchase of property, plant and equipment and intangible assets | (713.91) |
| Proceeds from sale of property, plant and equipment and intangible assets | 841.64 |
| Net cash generated from / (used in) investing activities - B | 127.73 |
| C Cash flow from financing activities | |
| Proceeds / (repayment) from debt securities ¹ | (23,745.56) |
| Proceeds / (repayment) from borrowings (other than debt securities) ¹ | (3,605.09) |
| Proceeds / (repayment) from subordinated debt ¹ | 158.56 |
| Effect of change in group's interest | (2,194.16) |
| Net cash generated from / (used in) financing activities - C | (29,386.25) |
| Net decrease in cash and cash equivalents (A+B+C) | (7,911.20) |
| Cash and cash equivalent as at the beginning of the year | 10,991.98 |
| Cash and cash equivalent as at the end of the year | 3,080.78 |

Notes:

- 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.
- 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.
- The Company had no subsidiaries/associates during the year ended March 31, 2020, and hence there was no requirement to prepare consolidated financial statements of the Company for the year ended March 31, 2020. Accordingly, the comparatives cash flow for the year ended March 31, 2021, is not applicable and hence not been presented by the Company.
- Refer note 50 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

Sd/-

Shailendra Dadhich

Partner

Membership No: 425098

For and on behalf of the Board of Directors

Sd/-

S. Ranganathan

Director

DIN : 00125493

Sd/-

Vidya Shah

Director

DIN : 00274831

Sd/-

Ananya Suneja

Chief Financial Officer

Sd/-

Tarun Khurana

Company Secretary

Mumbai May 27, 2022

Mumbai May 27, 2022

Edel Finance Company Limited

Consolidated Statement of Changes in Equity for the year ended 31 March 2022

(Currency: Indian rupees in millions)

A. Equity Share Capital

| Particulars | For the year ended | For the year ended |
|--|--------------------|--------------------|
| | 31-Mar-2022 | 31-Mar-2021 |
| Balance at the beginning of the year | 5,566.75 | 5,332.37 |
| Changes in Equity Share Capital due to prior period errors | - | - |
| Restated balance at the beginning of the current year | 5,566.75 | 5,332.37 |
| Changes in equity share capital during the year | - | 234.38 |
| Balance at the end of the year | 5,566.75 | 5,566.75 |

B. Other Equity

| Particulars | Reserves and Surplus | | | | | | | | Other Comprehensive Income | | Total attributable to owners of the parent | Non-Controlling Interest | |
|---|----------------------|----------------------------|----------------------------|--|--|--------------------|--------------------------------------|--------------------|------------------------------|--|--|--------------------------|---|
| | Capital Reserve | Capital Redemption Reserve | Securities Premium Account | Special Reserve under section 45-IC of the Reserve Bank of India Act, 1934 | Reserve under section 29C of the National Housing Bank Act, 1987 | Retained Earnings | Deemed Capital Contribution - Equity | Impairment Reserve | Debenture Redemption Reserve | Revaluation Reserve through Other Comprehensive Income | | | Equity Instruments through Other Comprehensive Income |
| Balance as at April 1, 2020 | (3,999.11) | 84.34 | 4,419.64 | 1,238.59 | - | 4,573.62 | 2.25 | - | - | - | - | 6,319.33 | - |
| Loss for the year | - | - | - | - | - | (10,080.44) | - | - | - | - | - | (10,080.44) | 41.19 |
| Other comprehensive loss | - | - | - | - | - | 7.01 | - | - | - | - | - | 7.01 | (0.68) |
| Total Comprehensive Income/(Loss) for the year | (3,999.11) | 84.34 | 4,419.64 | 1,238.59 | - | (5,499.81) | 2.25 | - | - | - | - | (3,754.10) | 40.51 |
| Premium received on issue of equity shares | - | - | 65.63 | - | - | - | - | - | - | - | - | 65.63 | - |
| Transfer Under 29C NHB | - | - | - | - | 7.46 | (7.46) | - | - | - | - | - | - | - |
| Transfer Under 45 -IC RBI | - | - | - | 13.42 | - | (13.42) | - | - | - | - | - | - | - |
| Transfer to Debenture Redemption Reserve | - | - | - | - | - | 127.93 | - | - | (127.93) | - | - | - | - |
| Transfer from Revaluation reserve | - | - | - | - | - | 45.40 | - | - | - | (45.40) | - | - | - |
| Transfer to impairment reserve | - | - | - | - | - | (32.27) | - | 32.27 | - | - | - | - | - |
| Effect of changes in group's interest | 402.85 | 30.00 | (215.83) | 67.07 | 540.34 | (3,873.99) | 50.30 | - | 2,825.48 | 1,006.24 | (426.25) | 406.21 | 2,728.14 |
| Balance as at March 31, 2021 | (3,596.26) | 114.34 | 4,269.44 | 1,319.08 | 547.80 | (9,253.62) | 52.55 | 32.27 | 2,697.55 | 960.84 | (426.25) | (3,282.26) | 2,768.65 |
| Profit for the year | - | - | - | - | - | (1,395.79) | - | - | - | - | - | (1,395.79) | 80.30 |
| Other comprehensive loss | - | - | - | - | - | (18.77) | - | - | - | - | - | (18.77) | 0.01 |
| Total Comprehensive Income/(Loss) for the year | (3,596.26) | 114.34 | 4,269.44 | 1,319.08 | 547.80 | (10,668.18) | 52.55 | 32.27 | 2,697.55 | 960.84 | (426.25) | (4,696.82) | 2,848.96 |
| Transfer Under 29C NHB | - | - | - | - | 27.62 | (27.62) | - | - | - | - | - | - | - |
| Transfer Under 45 -IC RBI | - | - | - | 94.93 | - | (94.93) | - | - | - | - | - | - | - |
| Transfer to Debenture Redemption Reserve | - | - | - | - | - | 1,239.24 | - | - | (1,239.24) | - | - | - | - |
| Transfer from Revaluation reserve | - | - | - | - | - | 45.40 | - | - | - | (45.40) | - | - | - |
| Reversal on account of lapses of ESOP/SAR | - | - | - | - | - | 27.52 | - | - | - | - | - | 27.52 | - |
| Effect of changes in group's interest | - | - | - | - | - | (529.42) | - | - | - | - | 426.25 | (103.17) | (2,090.99) |
| Deemed distribution during the year | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Transfer to impairment reserve | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Balance as at March 31, 2022 | (3,596.26) | 114.34 | 4,269.44 | 1,414.01 | 575.42 | (10,007.99) | 52.55 | 32.27 | 1,458.31 | 915.44 | - | (4,772.47) | 757.97 |

As per our report of even date attached.

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

For and on behalf of the Board of Directors

Sd/-
Shailendra Dadhich
Partner
Membership No: 425098

Sd/-
S. Ranganathan
Director
DIN : 00125493

Sd/-
Vidya Shah
Director
DIN : 00274831

Sd/-
Ananya Suneja
Chief Financial Officer

Sd/-
Tarun Khurana
Company Secretary

Mumbai May 27, 2022

Mumbai May 27, 2022

Edel Finance Company Limited

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

1. Background

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 09th October, 2018.

2. Basis of preparation of consolidated financial statements

The consolidated financial statements relate to Edel Finance Company Limited ('the Company') and its subsidiaries (together 'the Group') and associates. The Group is primarily engaged in (a) agency business, which includes advisory and other fee based services, (b) Capital business which includes lending business and investment activities and (c) Treasury business includes income from trading activities.

The consolidated financial statements of the Group 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 consolidated financial statements have been approved for issue by the Board of Directors of the Company on 27 May 2022.

These consolidated financial statements have been prepared on a historical cost basis, except for entities under liquidation/dissolution and certain financial instruments such as financial asset measured at fair value through other comprehensive income (FVOCI) instruments, derivative financial instruments, fair value through Profit or Loss and other financial assets held for trading, certain property plant and equipment which have been measured at fair value. The consolidated 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 Group 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 49.

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. transactions under International Swaps and Derivative Association (ISDA) master agreement) 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. Basis of consolidation

The consolidated financial statements as on 31 March 2022, comprise the financial statements of the Company and its subsidiaries as at 31 March 2022 including any controlled structured entities. The Company consolidates a subsidiary when it controls it. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements

4. Basis of consolidation (Continued)

- The Group's voting rights and potential voting rights
- The size of the Group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Group re-assesses whether or not it controls an investee, if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies. However, no subsidiaries, associates and consolidated structure entities have followed different accounting policies than those followed by the Group for the preparation of these consolidated financial statements.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on 31 March.

Consolidation procedure:

- a. Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.
- b. Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill, refer note no 5.27
- c. Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in assets, are eliminated in full). Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of Other Comprehensive Income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction. With respect to put options granted by the Group to the holders of non-controlling interests in a subsidiary, where the Group does not have a present ownership interest in the shares subject to put, till the put remains unexercised, non-controlling continues to be recognised including allocation of profit or loss, other comprehensive income and other changes in equity of the subsidiary. However, at each reporting date, the non-controlling interest is derecognised as if it were acquired at that date and a financial liability is recognised and measured at its fair value. The difference between these two amounts is recognised as an equity transaction and attributed to owners of the parent.

Given the level of judgement required regarding consolidation of structured entities, these considerations are described further in the significant accounting judgements in Note 6.1(b). Disclosures for investment in subsidiaries, and structured entities are provided in Note 56.

4. Basis of consolidation (Continued)

Investment in associates

An associate is an entity over which the Group has the power to participate in the financial and operating policy decision of the investee, but it's not control or joint control over those policies.

The Group's investments in its associate is accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. The Statement of Profit and Loss reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the Statement of Changes in Equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

5. Significant accounting policies

5.1 Recognition of Interest income and Dividend income

5.1.1 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 Group 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.

5.1.2 Interest Income

The Group 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 Group 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 Group reverts to calculating interest income on a gross basis.

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

5.1.3 Dividend Income

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

5.1.4 Fee and Commission Income

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

5. Significant accounting policies (Continued)

5.1 Recognition of Interest income and Dividend income (Continued)

5.1.5 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.

5.1.6 Brokerage Income

Brokerage income is recognised as per contracted rates at the execution of transactions on behalf of the customers on the trade date and is reflected net of related sub-brokerage expenses, Goods and Service Tax ("GST"), transaction charges and stock exchange expenses.

5.1.7 Business support services Income

Business support services including web based services are accounted on accrual basis in accordance with the terms and contracts entered into between the Group and the counterparty.

5.1.8 Profit / loss on sale of investments is recognised on trade date basis.

5.1.9 Commodities sales are accounted as per terms of agreement with the parties.

5.1.10 Warehouse income is recognised on accrual basis by reference to the agreements entered with customers.

5.1.11 Insurance and other claims are recognized as revenue on certainty of realisation.

5.1.12 Interests on delayed payments, warehousing charges and rental income are recognised on accrual basis by reference to the agreements entered.

5.1.13 Profit / (loss) from share in partnership firm is accounted once the amount of the share of profit/ (loss) is ascertained and credited / debited to the Group's account in the books of the partnership firm.

5.1.14 Real estate advisory income is recognised basis the terms and conditions mentioned in the agreement.

5.1.15 High seas sale

Sales during the course of import by transfer of documents of title i.e. high seas sale of commodities are booked upon transfer of documents of title to the goods in favour of buyer before the goods cross the customs frontiers of India.

5.1.16 Revenue from Investment management services

Revenue from Investment management services is recognised over the tenure in accordance with the terms and conditions of the investment management agreement with group companies. The investment manager, in addition to management fee, also receives a performance profit allocation in respect of all classes of units. The incentive fee is calculated at the end of every performance period on a unit-by-unit basis so that each class of unit is charged an incentive fee, which equates fairly with that unit's performance. At the end of each performance period, the incentive fee is calculated as a % of the appreciation in the NAV per class of unit (before accrual or deduction of the incentive fee) over the reference price per class of unit and after accounting for the hurdle rate.

5.1.17 The trusteeship fee is recognised as mutually agreed between the trustee and the settler

5.2 Financial Instruments

5.2.5 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 Group 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 Group recognises borrowings when funds are available for utilisation to the Group.

5.2.6 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.

5.2.7 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 Group 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.

5.2.8 Classification & measurement categories of financial assets and liabilities

The Group 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.

5.2 Financial Instruments (continued)

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 Group 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.

5.3 Financial assets and liabilities

5.3.5 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.

5.3.6 Financial assets held for trading

The Group classifies financial assets as held for trading when they have been purchased or issued 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 and liabilities are recorded and measured in the balance sheet at fair value.

5.3.7 Investment in equity instruments

The Group 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.

5.3.8 Financial liabilities

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

5.3.9 Derivative financial instruments

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts, interest rate swaps and forward commodity contracts, to hedge its foreign currency risks, interest rate risks and commodity price risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The purchase contracts that meet the definition of a derivative under Ind AS 109 are recognised in the statement of profit and loss. Commodity contracts that are entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the Group's expected purchase, sale or usage requirements are held at cost.

5.3.10 Derivative financial instruments (continued)

Initial recognition and subsequent measurement (continued)

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

5.3.11 Debt securities and other borrowed funds

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost. 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 Group has issued 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.

5.3.12 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.

5.3.13 Financial liabilities and equity instruments

Financial instruments issued by the Group 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 Group entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Group's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

5.3.14 Reclassification of financial assets and liabilities

The Group does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Group acquires, disposes of, or terminates a business line.

5.3.15 Derecognition of financial Instruments

5.3.15.1 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 Group also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

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

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

The Group has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Group 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 Group has transferred substantially all the risks and rewards of the asset; or
- The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Group 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 Group 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 POCL.

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 Group records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

5.3.15.2 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 financial liability are substantially modified, such an exchange or modification is treated as a derecognition of the original financial liability and the recognition of a new financial liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

5.4 Impairment of financial assets

The Group 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 Group follows ‘simplified approach’ for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Group 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 Group 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 Group 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 Group 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 Group 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 Group’s understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. The Group recognises an impairment loss or reversal of impairment loss in the reformatted consolidated statement of profit and loss with a corresponding adjustment to their carrying amount through a loss allowance account.

If a financial instrument includes both a loan (i.e. financial asset) and an undrawn commitment (i.e. loan commitment) component and the Group cannot separately identify the ECL on the loan commitment component from those on the financial asset component, the ECL on the loan commitment have been recognised together with the loss allowance for the financial asset. To the extent that the combined ECL exceed the gross carrying amount of the financial asset, the ECL have been recognised as a provision. Also, for other loan commitments and all financial guarantee contracts, the loss allowance has been recognised as a provision.

5.5 Collateral valuation

To mitigate its credit risks on financial assets, the Group 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 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 periodical basis. However, some collateral, for example, cash or securities relating to margining requirements, is valued daily.

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

5.6 Collateral repossessed

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

5.7 Write-offs

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

5.8 Redeemable preference shares

Redeemable preference shares issued are classified as financial liabilities and are measured at fair value at inception and at amortised cost subsequently.

Where the transaction price for the preference shares issued differs from the fair value, the difference is recognized in profit or loss unless the difference is a deemed capital contribution from the Group, in which case, the said difference is recognized in equity.

In accounting for these preference shares at amortised cost subsequent to initial recognition, interest expense based on the effective interest rate is recognized in profit or loss. This effective interest rate is based on the initial measurement of the preference shares (fair value) and the maturity amount. Any gain or loss on derecognition is recognized in profit or loss unless the difference is due to a transaction with a related party, in which case, the same is recognized as a deemed distribution or return of deemed capital contribution, as the case may be.

5.9 Compulsory Convertible Instruments

Compulsory Convertible Debentures/ Preference shares are separated into liability and equity components based on the terms of the contract. At the inception of the Compulsory Convertible Instruments, the following two elements will be separated:

- (a) a liability component arising from the interest payments; and
- (b) an equity component representing the delivery of fixed number of equity shares in future.

On issuance of the Compulsory Convertible Instrument, the fair value of the liability portion is determined using a market interest rate for an equivalent non convertible bonds. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion of the bonds. The remainder of the proceeds is attributable to the equity portion of the compound instrument since it meets Ind AS 32, Financial Instruments: Presentation, criteria for fixed to fixed classification. The carrying amount of the equity component is not subsequently re-measured.

5.10 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 Group determines the business model at a level that reflects how groups 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 measured, the risks that affect the performance of the assets and how these are managed.

5.11 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.

Determination of fair value

The Group measures financial instruments, such as, derivatives at fair value at each balance sheet 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 Group.

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 Group 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 Group has access to at the measurement date. The Group 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 Group 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 Group periodically reviews its valuation techniques including the adopted methodologies and model calibrations.

Therefore, the Group 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 Group 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.

Revenue from contracts with customers

Revenue is measured at transaction price i.e. the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to the customer, excluding amounts collected on behalf of third parties. The Group consider the terms of the contract and its customary business practices to determine the transaction price. Where the consideration promised is variable, the Group excludes the estimates of variable consideration that are constrained. The Group applies the five-step approach for the recognition of revenue:

- I. Identification of contract
- II. Identification of the separate performance obligation in the contract
- III. Determination of transaction price
- IV. Allocation of transaction price to separate performance obligation and
- V. Recognition of revenue when (or as) each performance obligation is satisfied

5.12 Leases

Group as a lessee

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

Lease Liabilities

At the commencement date of the lease, the Group 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 Group 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 Group 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 Group recognises lease payment associated with these leases as an expense on a straight-line basis over lease term.

Group as a lessor

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

5.13 Earnings per share

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

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

5.14 Foreign currency transactions

The financial statements are presented in Indian Rupees which is also functional currency of the Group. 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.

5.15 Retirement and other employee benefit

5.15.1 Provident fund and national pension scheme

The Group 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.

5.15.2 Gratuity

The Group's gratuity scheme is a defined benefit plan. The Group'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).

Remeasurements, 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.

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

5.15.3 Compensated Absences

The eligible employees of the Group are permitted to carry forward certain number of their annual leave entitlement to subsequent years, subject to a ceiling. The Group recognises the charge 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.

5.15.4 Deferred Bonus

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

5.16 Share-based payment arrangements

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

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

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.

5.17 Property, plant and equipment and right – of – use assets

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

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

Capital work in progress is stated at cost, net of accumulated impairment loss, if any.

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 up to the date of disposal.

As per the requirement of Schedule II of the Companies Act, 2013, the Group 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:

Estimated useful lives of the assets are as follows:

| Nature of assets | Estimated Useful Life |
|---|-----------------------|
| Building (Other than Factory Building) | 60 years |
| Plant and equipments | 15 years |
| Furniture and fittings | 10 years |
| Vehicles | 8 years |
| Office equipments | 5 years |
| Computers - Servers and networks | 6 years |
| Computers - End user devices, such as desktops, laptops, etc. | 3 years |

5.17 Property, plant and equipment and right – of – use assets (continued)

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.

Land and buildings are subsequently shown at fair value based on periodic valuations by external independent valuers, less subsequent depreciation for buildings. Valuations will be carried out on a regular basis, unless the management consider it appropriate to have an earlier revaluation, such that the carrying amount of property does not differ materially from that which would be determined using fair values at the end of the reporting period. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

Subsequent measurement of land and building under revaluation model

Increases in the carrying amount arising on revaluation of land and buildings are credited to other comprehensive income and shown as a revaluation reserve in shareholders' equity. An exception is a gain on revaluation that reverses a revaluation decrease (impairment) on the same asset previously recognised as an expense. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against the revaluation reserve directly in equity; all other decreases are charged to profit or loss. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

Right-of-use assets are presented together with property and equipment in the statement of financial position – refer to the accounting policy 5.12. Right-of-use assets are depreciated on a straight-line basis over the lease term.

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.

5.18 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.

Intangible assets under development are recorded at the consideration paid for the acquisition of such assets.

5.19 Impairment of non-financial assets:

The Group assesses at each balance sheet date whether there is any indication that an asset may be impaired based on internal/external factors. If any such indication exists, the Group estimates the recoverable amount of the asset. 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 asset is reflected at the recoverable amount subject to a maximum of the depreciable historical cost.

5.20 Provisions and other contingent liabilities:

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group 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 Group. Claims against the Group, 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.

5.21 Income tax expenses:

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

5.21.1 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 Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

5.21.2 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.

Deferred tax assets are also recognised with respect to carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

It is probable that taxable profit will be available against which a deductible temporary difference, unused tax loss or unused tax credit can be utilised when there are sufficient taxable temporary differences which are expected to reverse in the period of reversal of deductible temporary difference or in periods in which a tax loss can be carried forward or back. When this is not the case, deferred tax asset is recognised to the extent it is probable that:

- the entity will have sufficient taxable profit in the same period as reversal of deductible temporary difference or periods in which a tax loss can be carried forward or back; or
- tax planning opportunities are available that will create taxable profit in appropriate periods.

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.

5.21.2 Deferred tax (continued)

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

5.21.3 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.

5.21.4 Minimum Alternative Tax (MAT)

MAT paid in a year is charged to the reformatted consolidated statement of profit and loss as current tax. The Group recognises unused MAT credit as a deferred tax asset only to the extent that it is probable that the Group will be able to utilise during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Group recognises deferred tax asset (MAT credit) as an asset, the said asset is created by way of credit to the reformatted consolidated statement of profit and loss. The Group reviews the MAT asset at each reporting date and writes down the asset to the extent that it is not probable that the Group will be able to utilise it during the specified period.

5.22 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.

5.23 Inventories

Inventories in the form of commodities are valued at weighted average cost or net realisable value, whichever is lower.

5.24 Stock in Transit

Stock in transit in the form of commodities are stated at cost.

5.25 Investment property

Properties, including those under construction, held to earn rentals and/or capital appreciation are classified as investment property and are measured and reported at cost, including transaction costs.

Depreciation is recognised using straight line method so as to write off the cost of the investment property less their residual values over their useful lives specified in Schedule II to the Companies Act, 2013 or in the case of assets where the useful life was determined by technical evaluation, over the useful life so determined. Depreciation method is reviewed at each financial year end to reflect the expected pattern of consumption of the future benefits embodied in the investment property. The estimated useful life and residual values are also reviewed at each financial year end and the effect of any change in the estimates of useful life/residual value is accounted on prospective basis.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of property is recognised in the Statement of Profit and Loss in the same period.

5.26 Receivables from Agency Business

The Group's business includes 'Agency Business' wherein acts as a procurement agent for its various principals, and renders other related end to end value additive services like procurement formalities including importing, receiving and storing of goods, insuring, maintenance of goods in proper condition, dispatch to designated parties, facilitating funding, etc. The Group procures goods and makes payment to the supplier on behalf of the principal. The payment made to supplier is shown as Trade receivables (current) and is secured by inventory held on behalf of principal marked as lien.

5.27 Business Combination

The acquisition method of accounting is used for business combinations by the Group. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values with certain limited exceptions. Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Business combination under common control

Common control business combinations includes transactions, such as transfer of subsidiaries or businesses, between entities within a group. Group has accounted all such transactions based on pooling of interest method, which is as below:-

- The assets and liabilities of the combining entities are reflected at their carrying amounts.
- No adjustments are made to reflect fair values, or recognise any new assets or liabilities.
- The financial information in the reformatted consolidated financial information in respect of prior periods are restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination.

The identity of the reserves shall be preserved and shall appear in the financial information of the transferee in the same form in which they appeared in the financial information of the transferor. The difference, if any, between the amount recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor shall be transferred to capital reserve.

6. A. Significant accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 5, 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.

6.1. 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 Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

a. 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 Group determines the business model at a level that reflects how groups 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 Group 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 Group'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.

6. A. Significant accounting judgements and key sources of estimation uncertainty (continued)

6.1. Critical judgements in applying accounting policies (continued)

a. 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 Group takes into account qualitative and quantitative reasonable and supportable forward-looking information.

b. Consolidation of structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. In the context of the Group, structured entities comprise securitisation trusts in asset reconstruction business, mutual fund schemes and alternative investment funds / schemes thereof. The Group consolidates the structured entities that it controls. When making this judgement, the Group also considers voting and similar rights available to itself and other parties, who may limit the Group's ability to control, including rights to appoint, reassign or remove members of the structured entity's key management personnel who have the ability to direct the relevant activities, the exposure to variability of returns and whether the Group has the ability to use its power to affect the amount of the Group's returns i.e. the variability of returns in relation to the total returns of the investee entity.

c. Determining lease term for lease contracts with renewal and termination option

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain, whether or not, to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation of the leased asset).

6.2 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 Group based its assumptions and estimates on parameters available when the consolidated 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 Group. Such changes are reflected in the assumptions when they occur.

a. 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.

For Investments made into Security receipts (SRs), Group uses discounted cash flow model, given that the SRs are less liquid instruments. Expected cash flow levels including timing of cash flows are estimated by using quantitative and qualitative measures regarding the characteristics of the underlying assets including default rates, nature and value of collaterals, manner of resolution and other economic drivers. For any valuation which are based on models, Judgements and estimates are applied, which include considerations of liquidity, credit risk (both own and counterparty), funding value adjustments, correlation and volatility.

6. A. Significant accounting judgements and key sources of estimation uncertainty (continued)

6.2 Key sources of estimation uncertainty (Continued)

b. Impairment of financial assets

The measurement of impairment losses across all categories of financial assets 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 Group'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 Group'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 is Group's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

c. Effective interest rate method

The Group's EIR methodology, as explained in Note 5, 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 characteristics of the product life cycle.

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well expected changes fee income/expense that are integral parts of the instrument.

d. Accounting for deferred taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

The Group has recognised deferred tax assets on carried forward tax losses with respect to certain subsidiaries where the Group believes that the said deferred tax assets shall be recoverable based on the estimated future taxable income which in turn is based on approved business plans and budgets. The losses are allowed to be carried forward to the years in which the Group expects that there will be sufficient taxable profits to offset these losses.

e. Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ('IBR') to measure lease liabilities. Incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

f. 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. B. Standards issued but not yet effective:

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

Edel Finance Company Limited

Notes to the consolidated financial statements for the year ended 31 March 2022 (Continued)

(Currency: Indian rupees in millions)

7. Cash and cash equivalents

| Particulars | 31-Mar-2022 | 31-Mar-2021 |
|---|-----------------|------------------|
| Cash in hand | 0.01 | - |
| Balances with banks | | |
| - in current accounts | 2,167.78 | 3,505.79 |
| - in fixed deposits with original maturity less than 3 months * | 912.99 | 7,486.19 |
| Total | 3,080.78 | 10,991.98 |

* Fixed deposit amounting to ₹ 9.55 million (Previous year: ₹ 2.77 million) held under encumbrance.

8. Bank balances other than cash and cash equivalents

| Particulars | 31-Mar-2022 | 31-Mar-2021 |
|---|-----------------|-----------------|
| Fixed deposits at amortised cost (refer Note 1 below) | 2,491.84 | 961.58 |
| Other bank balances (refer Note 2 below) | 665.48 | 46.33 |
| Total | 3,157.32 | 1,007.91 |

Note 1:

- Pledged fixed deposit aggregating to ₹ 2350.59 million (previous year ₹ 788.02 million) with bank for securing credit facilities, obtaining bank guarantees, securitisation/ assignment under partial credit guarantee scheme.
- Pledged fixed deposit aggregating to ₹ 4.00 million (previous year ₹ 4.14 million) with exchange to meet margin requirement
- Pledged fixed deposit aggregating to ₹ 73.65 million (previous year ₹ 72.91 million) with VAT, Sales Tax and Custom authorities.
- Pledged fixed deposit aggregating to ₹ 14.31 million (previous year ₹ 41.88 million) with agriculture produce market committee for obtaining Mandi license

Note 2:

- Balance held in escrow account charged against debt securities.

Edel Finance Company Limited

Notes to the consolidated financial statements for the year ended 31 March 2022 (Continued)

(Currency: Indian rupees in millions)

9. Derivative financial instruments

| 31-Mar-22 | Notional amount (units) | Fair value of asset (₹) | Notional amount (units) | Fair value of liability (₹) |
|---------------------------------------|----------------------------|----------------------------|----------------------------|--------------------------------|
| (i) Index linked derivatives | | | | |
| Index Futures | | | | |
| Options purchased | 3,30,750 | 17.16 | - | - |
| Options sold (written) | | - | 1,77,050 | 29.17 |
| Less: amounts offset (refer note 9.A) | | - | | - |
| Subtotal (i) | | 17.16 | | 29.17 |
| (ii) Equity linked derivatives | | | | |
| Stock Futures | | | | |
| Less: amounts offset (refer note 9.A) | | - | | - |
| Subtotal (ii) | | - | | - |
| Total | | 17.16 | | 29.17 |

| 31-Mar-21 | Notional amount (units) | Fair value of asset (₹) | Notional amount (units) | Fair value of liability (₹) |
|---------------------------------------|----------------------------|----------------------------|----------------------------|--------------------------------|
| (i) Index linked derivatives | | | | |
| Index Futures | | | | |
| Options purchased | - | - | - | - |
| Options sold (written) | | - | 10,000 | 0.14 |
| Less: amounts offset (refer note 9.A) | | - | | (2.81) |
| Subtotal (i) | | - | | - |
| (ii) Equity linked derivatives | | | | |
| Stock Futures | 28,84,475 | 19.12 | 24,08,547 | 14.31 |
| Less: amounts offset (refer note 9.A) | | (19.12) | | (14.31) |
| Subtotal (ii) | | - | | - |
| Total | | - | | - |

Note:

Notional amount in the above tables refer to number of underlying equity shares in case of stock futures and options, number of underlying index units in case of index-linked derivatives, number of underlying currency units in case of currency derivatives, number of underlying government securities / bonds in case of interest rate future, amount of notional currency in case of interest rate swaps.

Edel Finance Company Limited

Notes to the consolidated financial statements for the year ended 31 March 2022 (Continued)

(Currency: Indian rupees in millions)

9.A Offsetting

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

As at 31 March 2022:

| Financial assets subject to offsetting | 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 | Assets recognised on the balance sheet | Recognised in the balance sheet | After consideration of netting potential |
| Derivative Assets | 17.16 | - | 17.16 | - | - | 17.16 | - | 17.16 | 17.16 |
| Margin placed with broker | - | - | - | - | - | - | - | - | - |

| Financial liabilities subject to offsetting | 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 | Liabilities recognised on the balance sheet | Recognised in the balance sheet | After consideration of netting potential |
| Derivative Liabilities | 29.17 | - | 29.17 | - | - | 29.17 | - | 29.17 | 29.17 |

As at 31 March 2021:

| Financial assets subject to offsetting | 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 | Assets recognised on the balance sheet | Recognised in the balance sheet | After consideration of netting potential |
| Derivative Assets | 19.12 | (19.12) | - | - | - | - | - | - | - |
| Margin placed with broker | 0.24 | - | 0.24 | - | - | 0.24 | - | 0.24 | 0.24 |

| Financial liabilities subject to offsetting | 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 | Liabilities recognised on the balance sheet | Recognised in the balance sheet | After consideration of netting potential |
| Derivative Liabilities | 17.12 | (17.12) | - | - | - | - | - | - | - |

Note:

As at the reporting date, the amount of gross derivative assets and liabilities that has been offset against the cash margin is ₹ Nil Million (Prev. Year ₹ 19.12 million) and ₹ Nil (Prev. Year ₹ 17.12 million) respectively.

Edel Finance Company Limited

Notes to the consolidated financial statements for the year ended 31 March 2022 (Continued)

(Currency: Indian rupees in millions)

10. Stock in trade (Securities held for trading) at FVTPL

| Particulars | 31-Mar-2022 | 31-Mar-2021 |
|---------------------------|-----------------|-----------------|
| Debt Securities | 2,229.73 | 3,112.74 |
| Mutual Fund | - | 67.53 |
| Equity Instruments | - | 65.75 |
| Total | 2,229.73 | 3,246.02 |
| Investments in India | 2,229.73 | 3,246.02 |
| Investments outside India | - | - |
| Total | 2,229.73 | 3,246.02 |

Note:

a. Debt securities amounting to ₹ 1,301.86 million (Previous year: ₹ 1,493.98 million) is charged against debt securities borrowing.

11. Trade receivables

| Particulars | 31-Mar-2022 | 31-Mar-2021 |
|---|---------------|---------------|
| Trade receivables | | |
| Receivables considered good - secured | - | 102.84 |
| Receivables considered good - unsecured | 223.14 | 278.21 |
| Receivables which have significant increase in credit risk | 3.80 | 0.10 |
| Receivables - credit impaired | 386.78 | 435.31 |
| Gross Receivables | 613.72 | 816.46 |
| Allowance for expected credit losses - Receivables considered good - Unsecured | (2.39) | (3.44) |
| Allowance for expected credit losses - Receivables which have significant increase in credit risk | (3.80) | (0.10) |
| Allowance for expected credit losses - Credit impaired | (386.78) | (435.31) |
| Total receivables net of provision | 220.75 | 377.61 |

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Notes to the consolidated financial statements for the year ended 31 March 2022 (Continued)

(Currency: Indian rupees in millions)

11. Trade receivables (Continued)

11.1 Trade receivables ageing schedule

| Particulars | Outstanding for following periods from due date of payment | | | | | Total |
|--|--|------------------|----------------|----------------|-------------------|-----------------|
| | Less than 6 months | 6 months -1 year | 1-2 years | 2-3 years | More than 3 years | |
| As at March 31, 2022 | | | | | | |
| (i) Undisputed Trade receivables – considered good-Gross | 223.14 | - | - | - | - | 223.14 |
| (ii) Undisputed Trade Receivables – which have significant increase in credit risk-Gross | - | - | 3.76 | 0.04 | - | 3.80 |
| (iii) Undisputed Trade Receivables – credit impaired-Gross | - | 5.03 | 12.31 | 25.02 | 344.42 | 386.78 |
| Gross receivables (A) | 223.14 | 5.03 | 16.07 | 25.06 | 344.42 | 613.72 |
| (i) Undisputed Trade receivables – considered good-ECL | (2.39) | - | - | - | - | (2.39) |
| (ii) Undisputed Trade Receivables – which have significant increase in credit risk-ECL | - | - | (3.76) | (0.04) | - | (3.80) |
| (iii) Undisputed Trade Receivables – credit impaired-ECL | - | (5.03) | (12.31) | (25.02) | (344.42) | (386.78) |
| Total ECL provision on receivables (B) | (2.39) | (5.03) | (16.07) | (25.06) | (344.42) | (392.97) |
| Total receivables net of provision = (A)+(B) | 220.75 | - | - | - | - | 220.75 |
| As at March 31, 2021 | | | | | | |
| (i) Undisputed Trade receivables – considered good-Gross | 352.64 | 25.42 | 1.47 | 0.86 | 0.66 | 381.05 |
| (ii) Undisputed Trade Receivables – which have significant increase in credit risk-Gross | - | - | - | 0.10 | - | 0.10 |
| (iii) Undisputed Trade Receivables – credit impaired-Gross | 10.60 | 7.73 | 26.25 | 21.73 | 369.00 | 435.31 |
| Gross receivables (A) | 363.24 | 33.15 | 27.72 | 22.69 | 369.66 | 816.46 |
| (i) Undisputed Trade receivables – considered good-ECL | (1.61) | (1.83) | - | - | - | (3.44) |
| (ii) Undisputed Trade Receivables – which have significant increase in credit risk-ECL | - | - | - | (0.10) | - | (0.10) |
| (iii) Undisputed Trade Receivables – credit impaired-ECL | (10.60) | (7.73) | (26.25) | (21.73) | (369.00) | (435.31) |
| Total ECL provision on receivables (B) | (12.21) | (9.56) | (26.25) | (21.83) | (369.00) | (438.85) |
| Total receivables net of provision = (A)+(B) | 351.03 | 23.59 | 1.47 | 0.86 | 0.66 | 377.61 |

There are no unbilled or not due trade receivables as at 31 March 2022 and 31 March 2021.

11.2. Reconciliation of impairment allowance on trade receivables:

| Particulars | As at | As at |
|---|----------------|----------------|
| | March 31, 2022 | March 31, 2021 |
| Impairment allowance measured as per simplified approach | | |
| Impairment allowance - opening balance | 438.85 | 523.44 |
| Add/ (less): asset originated or acquired (net) | (45.88) | (84.59) |
| Impairment allowance - closing balance | 392.97 | 438.85 |

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.

Edel Finance Company Limited

Notes to the consolidated financial statements for the year ended 31 March 2022 (Continued)

(Currency: Indian rupees in millions)

12. Loans

| Particulars | 31 March 2022 | | | 31 March 2021 | | |
|-----------------------------------|-------------------|-----------------|------------------|-------------------|----------|------------|
| | at amortised cost | at FVTPL | Total | at amortised cost | at FVTPL | Total |
| A Term Loans | | | | | | |
| Corporate and Retail Credit | 41,822.51 | 3,361.82 | 45,184.33 | 72,565.32 | 2,089.30 | 74,654.62 |
| Total gross (A) | 41,822.51 | 3,361.82 | 45,184.33 | 72,565.32 | 2,089.30 | 74,654.62 |
| Less: Impairment loss allowance | (3,320.78) | - | (3,320.78) | (2,975.45) | - | (2,975.45) |
| Total (Net) (A) | 38,501.73 | 3,361.82 | 41,863.55 | 69,589.87 | 2,089.30 | 71,679.17 |
| B Collateral : | | | | | | |
| Secured by tangible assets | 35,289.37 | 3,361.82 | 38,651.19 | 33,091.40 | 2,089.30 | 35,180.70 |
| Unsecured | 6,533.14 | - | 6,533.14 | 39,473.92 | - | 39,473.92 |
| Total gross (B) | 41,822.51 | 3,361.82 | 45,184.33 | 72,565.32 | 2,089.30 | 74,654.62 |
| Less: Impairment loss allowance | (3,320.78) | - | (3,320.78) | (2,975.45) | - | (2,975.45) |
| Total (Net) (B) | 38,501.73 | 3,361.82 | 41,863.55 | 69,589.87 | 2,089.30 | 71,679.17 |
| C Loans in India | | | | | | |
| Public sector | - | - | - | - | - | - |
| Others | 41,822.51 | 3,361.82 | 45,184.33 | 72,565.32 | 2,089.30 | 74,654.62 |
| Total gross (C) | 41,822.51 | 3,361.82 | 45,184.33 | 72,565.32 | 2,089.30 | 74,654.62 |
| Less: Impairment loss allowance | (3,320.78) | - | (3,320.78) | (2,975.45) | - | (2,975.45) |
| Total (Net) (C) (I) | 38,501.73 | 3,361.82 | 41,863.55 | 69,589.87 | 2,089.30 | 71,679.17 |
| Loans outside India | - | - | - | - | - | - |
| Less: Impairment loss allowance | - | - | - | - | - | - |
| Total (Net) (C) (II) | - | - | - | - | - | - |
| Total (C) (I) and (C) (II) | 38,501.73 | 3,361.82 | 41,863.55 | 69,589.87 | 2,089.30 | 71,679.17 |

Edel Finance Company Limited

Notes to the consolidated financial statements for the year ended 31 March 2022 (Continued)

(Currency: Indian rupees in millions)

12. Loans (Continued)

12.1 Credit quality

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Group's internal grading for stage classification are explained in Note 55.D.1 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 55.D.1

Loans at amortised cost

| Particulars | As at March 31, 2022 | | | | As at March 31, 2021 | | | |
|-----------------------|----------------------|-----------------|-----------------|------------------|----------------------|-----------------|-----------------|------------------|
| | Stage I | Stage II | Stage III | Total | Stage I | Stage II | Stage III | Total |
| Performing | | | | | | | | |
| High grade | 33,243.65 | - | - | 33,243.65 | 64,344.99 | - | - | 64,344.99 |
| Standard grade | - | 5,440.81 | - | 5,440.81 | - | 4,432.10 | - | 4,432.10 |
| Non-Performing | | | | | | | | |
| Impaired | - | - | 3,138.05 | 3,138.05 | - | - | 3,788.23 | 3,788.23 |
| Total | 33,243.65 | 5,440.81 | 3,138.05 | 41,822.51 | 64,344.99 | 4,432.10 | 3,788.23 | 72,565.32 |

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 Group'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 Group's lending portfolio.

Gross carrying amount and corresponding ECL reconciliation – Loans

| Particulars | Non Credit Impaired | | | | Credit Impaired | | Total | |
|--|-----------------------|-------------------|-----------------------|-------------------|-----------------------|-------------------|-----------------------|-------------------|
| | Stage I | | Stage II | | Stage III | | Gross carrying Amount | Allowance for ECL |
| | Gross Carrying Amount | Allowance for ECL | Gross carrying Amount | Allowance for ECL | Gross carrying Amount | Allowance for ECL | | |
| Balance as at 31 March 2021 | 64,344.99 | 92.21 | 4,432.10 | 320.87 | 3,788.23 | 2,562.37 | 72,565.32 | 2,975.45 |
| Transfers: | | | | | | | | |
| Transfers to 12 Month ECL (Stage 1) | 1,435.00 | 91.64 | (1,271.30) | (75.13) | (163.70) | (16.51) | - | - |
| Transfers to lifetime ECL (Stage 2) | (1,003.36) | (7.46) | 1,050.03 | 12.15 | (46.67) | (4.69) | - | - |
| Transfers to lifetime ECL- Credit impaired (Stage 3) | (515.83) | (3.46) | (981.44) | (59.68) | 1,497.27 | 63.14 | - | - |
| Remeasurement of ECL arising from transfer of stage (net) | - | (86.61) | - | 50.16 | - | 63.36 | - | 26.91 |
| Net new and further lending/(repayments) (including write-off) and sale to ARC / AIF | (31,017.15) | 215.93 | 2,211.42 | 227.34 | (1,937.08) | (124.85) | (30,742.81) | 318.42 |
| Balance as at 31 March 2022 | 33,243.65 | 302.25 | 5,440.81 | 475.71 | 3,138.05 | 2,542.82 | 41,822.51 | 3,320.78 |

Gross carrying amount and corresponding ECL reconciliation – Loans

| Particulars | Non Credit Impaired | | | | Credit Impaired | | Total | |
|--|-----------------------|-------------------|-----------------------|-------------------|-----------------------|-------------------|-----------------------|-------------------|
| | Stage I | | Stage II | | Stage III | | Gross carrying Amount | Allowance for ECL |
| | Gross Carrying Amount | Allowance for ECL | Gross carrying Amount | Allowance for ECL | Gross carrying Amount | Allowance for ECL | | |
| Balance as at 31 March 2020 | 58,261.25 | 80.60 | 5,540.58 | 452.93 | 3,995.38 | 1,590.10 | 67,797.21 | 2,123.63 |
| Transfers: | | | | | | | | |
| Transfers to 12 Month ECL (Stage 1) | 412.66 | 30.53 | (376.24) | (26.57) | (36.42) | (3.96) | - | - |
| Transfers to lifetime ECL (Stage 2) | (2,965.61) | (6.65) | 2,975.06 | 7.70 | (9.45) | (1.05) | - | - |
| Transfers to lifetime ECL- Credit impaired (Stage 3) | (884.55) | (2.05) | (2,698.22) | (186.45) | 3,582.77 | 188.50 | - | - |
| Net re-measurement of ECL arising from transfer of stage | - | (6.74) | - | 184.87 | - | 34.90 | - | 213.03 |
| Net new and further lending/(repayments) (including write-off) and sale to ARC / AIF | 9,521.24 | (3.48) | (1,009.08) | (111.61) | (3,744.05) | 753.88 | 4,768.11 | 638.79 |
| Balance as at 31 March 2021 | 64,344.99 | 92.21 | 4,432.10 | 320.87 | 3,788.23 | 2,562.37 | 72,565.32 | 2,975.45 |

Edel Finance Company Limited

Notes to the consolidated financial statements for the year ended 31 March 2022 (Continued)

(Currency: Indian rupees in millions)

13. Investments

| | Amortised cost | Through OCI | FVTPL | At Cost (Associates & Others) | Total |
|--------------------------------|-----------------|-------------|------------------|-------------------------------------|------------------|
| 31-03-2022 | | | | | |
| Equity instruments | - | - | 1.00 | 12,780.32 | 12,781.32 |
| Debt Securities | 2,126.26 | - | 4,372.14 | - | 6,498.40 |
| Security Receipt | - | - | 2,702.98 | - | 2,702.98 |
| Warrant | - | - | 111.93 | - | 111.93 |
| Units of AIF | - | - | 3,934.06 | - | 3,934.06 |
| Others | - | - | - | 4.14 | 4.14 |
| Total | 2,126.26 | - | 11,122.11 | 12,784.46 | 26,032.83 |
| (i) Investments outside India | - | - | - | - | - |
| (ii) Investment in India | 2,126.26 | - | 11,122.11 | 12,784.46 | 26,032.83 |
| Total | 2,126.26 | - | 11,122.11 | 12,784.46 | 26,032.83 |
| Less: Allowance for impairment | (5.67) | - | (198.74) | - | (204.41) |
| Total | 2,120.59 | - | 10,923.37 | 12,784.46 | 25,828.42 |
| 31-03-2021 | | | | | |
| Equity instruments | - | - | 1.00 | 5,636.58 | 5,637.58 |
| Debt Securities | 2,126.26 | - | 6,095.09 | - | 8,221.35 |
| Security Receipt | - | - | 1,787.46 | - | 1,787.46 |
| Warrant | - | - | 154.47 | - | 154.47 |
| Units of AIF | - | - | 2,405.86 | - | 2,405.86 |
| Others | - | - | - | 6.76 | 6.76 |
| Total | 2,126.26 | - | 10,443.88 | 5,643.34 | 18,213.48 |
| (i) Investments outside India | - | - | - | - | - |
| (ii) Investment in India | 2,126.26 | - | 10,443.88 | 5,643.34 | 18,213.48 |
| Total | 2,126.26 | - | 10,443.88 | 5,643.34 | 18,213.48 |
| Less: Allowance for impairment | (5.67) | - | (129.33) | - | (135.00) |
| Total | 2,120.59 | - | 10,314.55 | 5,643.34 | 18,078.48 |

13.1 Investments measured at amortised cost:

i) Credit quality of assets:

The table below shows the gross carrying amount of the Group's investments measured at amortised cost by credit risk, based on the Group's internal credit rating system and year-end stage classification. The amount presented are gross of impairment allowances. Details of the Group's internal grading system and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 55.D.1

31-Mar-22

| Particulars | Gross carrying amount (Stage I) | Gross carrying amount (Stage II) | Gross carrying amount (Stage III) | Gross carrying amount Total |
|--------------|---------------------------------|----------------------------------|-----------------------------------|-----------------------------|
| Performing | 2,126.26 | - | - | 2,126.26 |
| High grade | - | - | - | - |
| Total | 2,126.26 | - | - | 2,126.26 |

31-Mar-21

| Particulars | Gross carrying amount (Stage I) | Gross carrying amount (Stage II) | Gross carrying amount (Stage III) | Gross carrying amount Total |
|--------------|---------------------------------|----------------------------------|-----------------------------------|-----------------------------|
| Performing | 2,126.26 | - | - | 2,126.26 |
| High grade | - | - | - | - |
| Total | 2,126.26 | - | - | 2,126.26 |

ii) Reconciliation of gross carrying amount for investments measured at amortised cost

| Particulars | March 31, 2022 | | March 31, 2021 | |
|---|---------------------------------|-----------------------------------|---------------------------------|-----------------------------------|
| | Gross Carrying Amount (Stage I) | 12 months ECL allowance (Stage I) | Gross Carrying Amount (Stage I) | 12 months ECL allowance (Stage I) |
| Gross carrying amount - opening balance | 2,126.26 | (5.67) | 2,126.26 | (5.67) |
| Assets acquired or recognised | - | - | - | - |
| Unwinding of discount (recognised in interest income) | - | - | - | - |
| Changes to contractual cash flows due to modifications not resulting in derecognition | - | - | - | - |
| Assets derecognised or matured | - | - | - | - |
| Closing balance | 2,126.26 | (5.67) | 2,126.26 | (5.67) |

Edel Finance Company Limited

Notes to the consolidated financial statements for the year ended 31 March 2022 (Continued)

(Currency: Indian rupees in millions)

14. Other financial assets

| Particulars | 31-Mar-2022 | 31-Mar-2021 |
|---|---------------|-----------------|
| Deposits placed with/ for exchange/ depositories | 13.36 | 35.76 |
| Deposits- others | 41.36 | 141.45 |
| Rental deposits | 4.34 | 9.97 |
| Margin placed with broker | 7.97 | 506.49 |
| Advances recoverable in cash or in kind or for value to be received | 688.64 | 1,036.73 |
| Others | 0.62 | 0.77 |
| Total | 756.29 | 1,731.17 |

15. Current tax assets (net)

| Particulars | 31-Mar-2022 | 31-Mar-2021 |
|--|-----------------|-----------------|
| Advance income taxes (Net of provision for tax) | 2,020.39 | 1,982.94 |
| Total | 2,020.39 | 1,982.94 |

16. Deferred tax assets and liabilities

| Deferred tax assets | 31-Mar-2022 | 31-Mar-2021 |
|---|-----------------|-----------------|
| Provision for expected credit losses | 869.33 | 1,023.75 |
| Unused tax losses / credits | 1,569.33 | 1,400.56 |
| Employee benefits obligations | 2.26 | 40.64 |
| Fair valuation of Financial Assets | (47.40) | (92.98) |
| Property, Plant and Equipment and Intangible assets | (530.28) | (609.50) |
| Adjustment of effective interest rate on Borrowings | (107.29) | (161.84) |
| Special Reserve u/s 36(1)(viii) | - | (98.70) |
| Total | 1,755.95 | 1,501.93 |

| Deferred tax liabilities | 31-Mar-2022 | 31-Mar-2021 |
|---|--------------|-------------|
| Provision for expected credit losses | (122.77) | - |
| Unused tax losses / credits | - | - |
| Employee benefits obligations | (11.02) | - |
| Fair valuation of Financial Assets | 78.00 | - |
| Property, Plant and Equipment and Intangible assets | 16.66 | - |
| Adjustment of effective interest rate on Borrowings | 9.92 | - |
| Special Reserve u/s 36(1)(viii) | 101.02 | - |
| Total | 71.81 | - |

Edel Finance Company Limited

Notes to the consolidated financial statements for the year ended 31 March 2022 (Continued)

(Currency: Indian rupees in millions)

17. Investment property

| Particulars | Investment Property | | |
|---|---------------------|-----------------|-----------------|
| | Land | Real Estate | Total |
| as at April 1, 2020 | 137.43 | 5,249.20 | 5,386.63 |
| Additions | - | 272.10 | 272.10 |
| Disposals | - | (624.84) | (624.84) |
| as at March 31, 2021 | 137.43 | 4,896.46 | 5,033.89 |
| Additions | - | 510.99 | 510.99 |
| Disposals | - | (829.85) | (829.85) |
| as at March 31, 2022 | 137.43 | 4,577.60 | 4,715.03 |
| Depreciation and amortisation: | | | |
| as at April 1, 2020 | - | 598.56 | 598.56 |
| Impairment charge/ (reversals) for the year | - | - | - |
| Depreciation/amortisation for the year | - | 447.39 | 447.39 |
| Disposals | - | (0.04) | (0.04) |
| as at March 31, 2021 | - | 1,045.91 | 1,045.91 |
| Impairment charge/ (reversals) for the year | - | (50.08) | (50.08) |
| Depreciation/amortisation for the year | - | 195.70 | 195.70 |
| Disposals | - | (15.51) | (15.51) |
| as at March 31, 2022 | - | 1,176.02 | 1,176.02 |
| Net Book Value | | | |
| As at March 31, 2021 | 137.43 | 3,850.55 | 3,987.98 |
| As at March 31, 2022 | 137.43 | 3,401.58 | 3,539.01 |

Fair value of investment properties

| Property | 31 March 2022 | 31 March 2021 |
|----------------------|-----------------|---------------|
| Land | 137.43 | 137.43 |
| Real estate property | 9,151.16 | 9,274.46 |
| Total | 9,288.59 | 9,411.89 |

Edel Finance Company Limited

Notes to the consolidated financial statements for the year ended 31 March 2022 (Continued)

(Currency: Indian rupees in millions)

18. Property, plant and equipment and intangible assets

| Particulars | Property, plant and equipment | | | | | | | | | | | Intangible Assets | | | Total |
|--|-------------------------------|--------|--------------------------|------------------------|---------------------|----------------------------------|------------------------|----------|------------------|-----------|----------|-------------------|----------|----------|----------|
| | Building (Flat)* | Land* | Right-of-use Asset (ROU) | Leasehold improvements | Plant and Equipment | Plant and Machinery- Solar power | Furniture and Fixtures | Vehicles | Office equipment | Computers | Total | Computer Software | Goodwill | Total | |
| as at April 1, 2020 | 2,212.20 | 164.23 | 468.10 | 62.44 | 6.58 | 62.05 | 106.74 | 9.14 | 134.68 | 275.95 | 3,502.11 | 293.22 | 18.68 | 311.90 | 3,814.01 |
| Additions | - | - | 22.47 | 0.14 | 0.01 | - | 1.67 | - | 2.18 | 2.09 | 28.56 | 116.22 | - | 116.22 | 144.78 |
| Disposals | - | - | (202.13) | (44.36) | (2.49) | - | (20.29) | (1.22) | (36.71) | (74.70) | (381.90) | (289.76) | - | (289.76) | (671.66) |
| as at March 31, 2021 | 2,212.20 | 164.23 | 288.44 | 18.22 | 4.10 | 62.05 | 88.12 | 7.92 | 100.15 | 203.34 | 3,148.77 | 119.68 | 18.68 | 138.36 | 3,287.13 |
| Additions | 117.47 | - | 51.96 | 2.63 | - | - | 0.93 | 1.35 | 0.72 | 8.92 | 183.98 | 10.90 | - | 10.90 | 194.88 |
| Disposals | - | - | (11.31) | (2.12) | (3.60) | - | (10.81) | (5.98) | (31.58) | (54.88) | (120.28) | (0.94) | - | (0.94) | (121.22) |
| as at March 31, 2022 | 2,329.67 | 164.23 | 329.09 | 18.73 | 0.50 | 62.05 | 78.24 | 3.29 | 69.29 | 157.38 | 3,212.47 | 129.64 | 18.68 | 148.32 | 3,360.79 |
| Depreciation : | | | | | | | | | | | | | | | |
| as at April 1, 2020 | 0.29 | - | 114.56 | 27.05 | 3.13 | 27.64 | 39.01 | 3.68 | 79.38 | 195.41 | 490.15 | 190.61 | 18.68 | 209.29 | 699.44 |
| Depreciation/amortisation for the year | 122.75 | - | 81.36 | 7.80 | 0.62 | 6.23 | 17.15 | 2.53 | 23.72 | 34.62 | 296.78 | 85.75 | - | 85.75 | 382.53 |
| Disposals | - | - | (10.94) | (24.15) | (1.78) | - | (13.20) | (0.85) | (31.14) | (66.77) | (148.83) | (173.85) | - | (173.85) | (322.68) |
| as at March 31, 2021 | 123.04 | - | 184.98 | 10.70 | 1.97 | 33.87 | 42.96 | 5.36 | 71.96 | 163.26 | 638.10 | 102.51 | 18.68 | 121.19 | 759.29 |
| Depreciation/amortisation for the year | 161.72 | - | 30.60 | 4.41 | 0.16 | 5.33 | 10.97 | 0.88 | 11.36 | 16.30 | 241.73 | 14.04 | - | 14.04 | 255.77 |
| Disposals | - | - | (0.93) | (1.99) | (1.82) | - | (8.89) | (4.78) | (28.59) | (50.27) | (97.27) | (0.95) | - | (0.95) | (98.22) |
| as at March 31, 2022 | 284.76 | - | 214.65 | 13.12 | 0.31 | 39.20 | 45.04 | 1.46 | 54.73 | 129.29 | 782.56 | 115.60 | 18.68 | 134.28 | 916.84 |
| Net Book Value | | | | | | | | | | | | | | | |
| As at March 31, 2021 | 2,089.16 | 164.23 | 103.46 | 7.52 | 2.13 | 28.18 | 45.16 | 2.56 | 28.19 | 40.08 | 2,510.67 | 17.17 | - | 17.17 | 2,527.84 |
| As at March 31, 2022 | 2,044.91 | 164.23 | 114.44 | 5.61 | 0.19 | 22.85 | 33.20 | 1.83 | 14.56 | 28.09 | 2,429.91 | 14.04 | - | 14.04 | 2,443.95 |

*Pledged against issuance of NCDs and Corporate Guarantee.

Edel Finance Company Limited

Notes to the consolidated financial statements for the year ended 31 March 2022 (Continued)

(Currency: Indian rupees in millions)

19. Intangible Assets Under Development

a Intangible assets under development aging schedule

As at 31 March 2022

| Particulars | Amount in Intangible Assets Under Development for a period of | | | | Total |
|---------------------|---|-------------|-----------|-------------------|--------------|
| | Less than 1 year | 1-2 Years | 2-3 years | More than 3 years | |
| Project in progress | 13.13 | 4.22 | - | - | 17.35 |
| Total | 13.13 | 4.22 | - | - | 17.35 |

As at 31 March 2021

| Particulars | Amount in Intangible Assets Under Development for a period of | | | | Total |
|---------------------|---|-------------|-----------|-------------------|-------------|
| | Less than 1 year | 1-2 Years | 2-3 years | More than 3 years | |
| Project in progress | 7.71 | 1.45 | - | - | 9.16 |
| Total | 7.71 | 1.45 | - | - | 9.16 |

- b There are no Intangible Assets Under Development, whose completion is overdue or has exceeded its cost compared to its original plan.

Edel Finance Company Limited

Notes to the consolidated financial statements for the year ended 31 March 2022 (Continued)

(Currency: Indian rupees in millions)

20. Other non-financial assets

| Particulars | 31-Mar-2022 | 31-Mar-2021 |
|-----------------------|---------------|---------------|
| Input tax credit | 274.46 | 311.28 |
| Prepaid expenses | 61.87 | 81.83 |
| Vendor Advances | 50.78 | 92.44 |
| Advances to employees | 4.36 | 3.18 |
| Deposits | 18.83 | 19.39 |
| Others | 23.08 | 62.95 |
| Total | 433.38 | 571.07 |

21. Trade Payables

| Particulars | 31-Mar-2022 | 31-Mar-2021 |
|--|---------------|---------------|
| Total outstanding dues of micro enterprises and small enterprises (MSME) | 7.30 | 0.20 |
| Total outstanding dues to creditors other than micro enterprises and small enterprises | 323.47 | 568.26 |
| Total | 330.77 | 568.46 |

21.A Details of dues to micro and small enterprises

Trade Payables includes ₹ 7.30 million (Previous Year ₹ 0.20 million) payable to "Suppliers" registered under the Micro, Small and Medium Enterprises Development Act, 2006. Interest paid by the Group during the year to "Suppliers" registered under this Act is ₹ 0.05 million (Previous year: ₹ Nil million). The aforementioned is based on the responses received by the Group to its inquiries with suppliers with regard to applicability under the said Act.

21.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 | |
| Particulars | | | | | | | |
| (i) MSME | - | - | 7.30 | - | - | - | 7.30 |
| (ii) Others | 16.61 | - | 303.64 | 0.81 | 1.76 | 0.65 | 323.47 |
| Total | 16.61 | - | 310.94 | 0.81 | 1.76 | 0.65 | 330.77 |

| 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 | |
| Particulars | | | | | | | |
| (i) MSME | 0.08 | - | 0.12 | - | - | - | 0.20 |
| (ii) Others | 17.93 | - | 528.85 | 19.86 | 0.99 | 0.63 | 568.26 |
| Total | 18.01 | - | 528.97 | 19.86 | 0.99 | 0.63 | 568.46 |

22. Debt securities

| Particulars | 31-Mar-2022 | 31-Mar-2021 |
|---------------------------------------|------------------|------------------|
| <i>At amortised cost</i> | | |
| Secured | | |
| Non-convertible redeemable debentures | 20,913.72 | 46,095.25 |
| Unsecured | | |
| Non-convertible redeemable debentures | 6,773.74 | 7,235.88 |
| Commercial Paper | 5,019.00 | 4,769.05 |
| Total (refer Note below) | 32,706.46 | 58,100.18 |
| Debt Securities in India | 32,706.46 | 58,100.18 |
| Debt Securities outside India | - | - |
| Total | 32,706.46 | 58,100.18 |

Note:

For secured debt, the Group has provided collateral in the nature of Pari Passu charge of immovable property, receivable from financing business, securities held for trading, investments, property (excluding intangible assets) and other assets.

Debt Securities as at March 31, 2022

| Maturities | <1 Years | 1-3 Years | >3 Years | Total |
|----------------------------|------------------|---------------|------------------|------------------|
| Rate of Interest | | | | |
| 8.00 - 8.99% | 6,319.00 | - | 6,000.00 | 12,319.00 |
| 9.00 - 9.99% | 1,000.00 | - | 698.42 | 1,698.42 |
| 10.00 - 10.99% | 6,539.19 | - | 4,697.06 | 11,236.25 |
| Zero Coupon Debentures | - | - | 59.84 | 59.84 |
| Various (benchmark linked) | 2,641.50 | 345.70 | 2,084.00 | 5,071.20 |
| Accrued Interest and EIR | 1,816.25 | 52.66 | 452.84 | 2,321.75 |
| Total | 18,315.94 | 398.36 | 13,992.16 | 32,706.46 |

Debt Securities as at March 31, 2021

| Maturities | <1 Years | 1-3 Years | >3 Years | Total |
|----------------------------|------------------|------------------|------------------|------------------|
| Rate of Interest | | | | |
| 8.00 - 8.99% | 4,769.05 | 1,300.00 | 6,000.00 | 12,069.05 |
| 9.00 - 9.99% | 6,125.26 | 1,000.00 | 698.42 | 7,823.68 |
| 10.00 - 10.99% | 14,000.00 | 4,912.81 | 4,847.06 | 23,759.87 |
| 22.00 - 22.99% | 2,250.00 | - | - | 2,250.00 |
| Zero Coupon Debentures | 121.77 | - | 59.84 | 181.61 |
| Various (benchmark linked) | 3,561.80 | 3,041.20 | 2,084.00 | 8,687.00 |
| Accrued Interest and EIR | 2,294.55 | 983.08 | 51.34 | 3,328.97 |
| Total | 33,122.43 | 11,237.09 | 13,740.66 | 58,100.18 |

Edel Finance Company Limited

Notes to the consolidated financial statements for the year ended 31 March 2022 (Continued)

(Currency: Indian rupees in millions)

23. Borrowings (other than debt securities)

| Particulars | 31-Mar-2022 | 31-Mar-2021 |
|---|-------------|-------------|
| At amortised cost | | |
| Secured | | |
| Term Loans | | |
| - From Banks | 11,897.48 | 18,738.53 |
| - National Housing Bank | 1,324.40 | 2,540.58 |
| Bank Overdraft | 943.88 | 149.27 |
| [Secured by charge on receivable from financing business and fixed deposit] | | |
| Bank overdraft is in nature of Committed Cash Credit Lines repayable on demand. | | |
| Working Capital demand loan (WC DL) | 1,200.00 | 1,200.00 |
| [Secured by charge on receivable from financing business] | | |
| Unsecured | | |
| Loan and advances from related parties | | |
| (Interest rate 11.00% to 14.50%) (PY 11.00% to 13.00%) | 23,053.03 | 19,090.00 |
| | 38,418.79 | 41,718.38 |
| Borrowings in India | 38,418.79 | 41,718.38 |
| Borrowings outside India | - | - |
| Total | 38,418.79 | 41,718.38 |

Following is the repayment terms of term loans:

Term loans from Banks - Secured as at 31 March 2022

| Maturities | <1 Years | 1-3 Years | >3 Years | Total |
|--------------------------|----------|-----------|----------|-----------|
| Rate of Interest | | | | |
| 7.00 - 7.99% | 443.88 | 538.85 | - | 982.73 |
| 8.00 - 8.99% | 4,059.87 | 4,675.12 | - | 8,734.99 |
| 10.00 - 10.99% | 1,565.99 | 677.64 | - | 2,243.63 |
| Accrued Interest and EIR | - | - | - | (63.87) |
| Total | 6,069.74 | 5,891.61 | - | 11,897.48 |

Term loans from Banks - Secured as at 31 March 2021

| Maturities | <1 Years | 1-3 Years | >3 Years | Total |
|--------------------------|----------|-----------|----------|-----------|
| Rate of Interest | | | | |
| 7.00 - 7.99% | 291.67 | 583.33 | 247.05 | 1,122.05 |
| 8.00 - 8.99% | 4,520.66 | 7,297.78 | 1,531.34 | 13,349.78 |
| 10.00 - 10.99% | 2,049.38 | 2,310.48 | - | 4,359.86 |
| Accrued Interest and EIR | (93.16) | - | - | (93.16) |
| Total | 6,768.55 | 10,191.59 | 1,778.39 | 18,738.53 |

Term loans from Others - Secured as at 31 March 2022 (NHB)

| Maturities | <1 Years | 1-3 Years | >3 Years | Total |
|------------------|----------|-----------|----------|----------|
| Rate of Interest | | | | |
| 4.00 - 4.99% | 119.29 | 298.32 | 57.80 | 475.41 |
| 5.00 - 5.99% | - | - | - | - |
| 6.00 - 6.99% | 5.33 | 11.10 | - | 16.43 |
| 7.00 - 7.99% | 61.98 | 185.94 | 291.30 | 539.22 |
| 8.00 - 8.99% | 59.31 | 118.81 | 115.22 | 293.34 |
| 9.00 - 9.99% | - | - | - | - |
| Total | 245.91 | 614.17 | 464.32 | 1,324.40 |

Term loans from Others - Secured as at 31 March 2021 (NHB)

| Maturities | <1 Years | 1-3 Years | >3 Years | Total |
|------------------|----------|-----------|----------|----------|
| Rate of Interest | | | | |
| 4.00 - 4.99% | 119.28 | 318.08 | 197.08 | 634.44 |
| 5.00 - 5.99% | 650.00 | - | - | 650.00 |
| 6.00 - 6.99% | 4.35 | 11.60 | 5.30 | 21.25 |
| 7.00 - 7.99% | - | - | - | - |
| 8.00 - 8.99% | 37.68 | 54.79 | 41.01 | 133.48 |
| 9.00 - 9.99% | 93.78 | 250.08 | 757.55 | 1,101.41 |
| Total | 905.09 | 634.55 | 1,000.94 | 2,540.58 |

Edel Finance Company Limited

Notes to the consolidated financial statements for the year ended 31 March 2022 (Continued)

(Currency: Indian rupees in millions)

24. Subordinated Liabilities (at amortised cost)

| | 31-Mar-2022 | 31-Mar-2021 |
|--|-----------------|-----------------|
| Unsecured | | |
| Non-convertible subordinated debt | 641.68 | 669.73 |
| Preference share capital | 2,234.51 | 2,047.86 |
| Total | 2,876.19 | 2,717.59 |
| Subordinated liabilities in India | 2,876.19 | 2,717.59 |
| Subordinated liabilities outside India | - | - |
| Total | 2,876.19 | 2,717.59 |

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

Terms and condition related to subordinated liabilities:

Subordinated Liabilities – March 31, 2022

| Maturities | <1 Years | 1-3 Years | >3 Years | Total |
|--------------------------|----------|-----------------|---------------|-----------------|
| Rate of Interest | | | | |
| 7.00 - 7.99% | - | 1,808.65 | - | 1,808.65 |
| 10.00 - 10.99% | - | - | - | - |
| 11.00 - 11.99% | - | 500.00 | 150.00 | 650.00 |
| 14.00 - 14.99% | - | 397.79 | - | 397.79 |
| Accrued Interest and EIR | - | 8.63 | 11.12 | 19.75 |
| Total | - | 2,715.07 | 161.12 | 2,876.19 |

Subordinated Liabilities – March 31, 2021

| Maturities | <1 Years | 1-3 Years | >3 Years | Total |
|--------------------------|----------|-----------------|---------------|-----------------|
| Rate of Interest | | | | |
| 7.00 - 7.99% | - | 1,686.76 | - | 1,686.76 |
| 10.00 - 10.99% | - | - | 150.00 | 150.00 |
| 11.00 - 11.99% | - | - | 500.00 | 500.00 |
| 14.00 - 14.99% | - | 361.10 | - | 361.10 |
| Accrued Interest and EIR | - | 8.61 | 11.12 | 19.73 |
| Total | - | 2,056.47 | 661.12 | 2,717.59 |

Edel Finance Company Limited

Notes to the consolidated financial statements for the year ended 31 March 2022 (Continued)

(Currency: Indian rupees in millions)

25. Other financial liabilities (at amortised cost unless otherwise specified)

| Particulars | 31-Mar-2022 | 31-Mar-2021 |
|--|-----------------|-----------------|
| Bank overdraft | 44.18 | 542.18 |
| Payable to employees | 93.52 | 43.27 |
| Lease liabilities | 142.39 | 139.95 |
| Payable on account of securitisation | 8,112.68 | 5,665.92 |
| Financial liability associated to financial assets that are not derecognised | 736.20 | - |
| Other Liabilities | 552.00 | 1,111.23 |
| Total | 9,680.97 | 7,502.55 |

26. Current tax liabilities (net)

| Particulars | 31-Mar-2022 | 31-Mar-2021 |
|---|--------------|--------------|
| Provision for taxation (Net of advance tax) | 25.23 | 45.97 |
| Total | 25.23 | 45.97 |

27. Provisions

| Particulars | 31-Mar-2022 | 31-Mar-2021 |
|---------------------------------|--------------|--------------|
| Provision for employee benefits | | |
| Gratuity | 36.57 | 33.66 |
| Compensated leave absences | 15.29 | 10.42 |
| Others | 0.39 | 7.99 |
| Total | 52.25 | 52.07 |

28. Other non-financial liabilities

| Particulars | 31-Mar-2022 | 31-Mar-2021 |
|----------------------------|---------------|---------------|
| Statutory liabilities | 52.57 | 49.74 |
| Income received in advance | 5.66 | 1.86 |
| Others | 58.73 | 380.14 |
| Total | 116.96 | 431.74 |

Edel Finance Company Limited

Notes to the consolidated financial statements for the year ended 31 March 2022 (Continued)

(Currency: Indian rupees in millions)

29. Equity share capital

| Particulars | As at 31-Mar-2022 | | As at 31-Mar-2021 | |
|--|---------------------|------------------|-------------------|-----------|
| | No. of shares | Amount | No. of shares | Amount |
| Authorised : | | | | |
| Equity Shares of ₹ 100 each | 22,85,00,000 | 22,850.00 | 22,50,00,000 | 22,500.00 |
| Preference shares of ₹ 100 each | 5,00,00,000 | 5,000.00 | 5,00,00,000 | 5,000.00 |
| | 27,85,00,000 | 27,850.00 | 27,50,00,000 | 27,500.00 |
| Issued, Subscribed and Paid up: | | | | |
| Equity Shares of ₹ 100 each | 5,56,67,388 | 5,566.75 | 5,56,67,388 | 5,566.75 |
| Total | 5,56,67,388 | 5,566.75 | 5,56,67,388 | 5,566.75 |

29.A Reconciliation of number of shares

| Particulars | As at 31-Mar-2022 | | As at 31-Mar-2021 | |
|---|--------------------|-----------------|-------------------|----------|
| | No. of shares | Amount | No. of shares | Amount |
| Outstanding at the beginning of the year | 5,56,67,388 | 5,566.75 | 5,33,23,638 | 5,332.37 |
| Additional equity shares issued during the year | - | - | 23,43,750 | 234.38 |
| Outstanding at the end of the year | 5,56,67,388 | 5,566.75 | 5,56,67,388 | 5,566.75 |

Notes:

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

29.B Terms/rights attached to equity shares :

The Company has only one class of equity shares having a par value of ₹ 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.

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

| Particulars | As at 31-Mar-2022 | | As at 31-Mar-2021 | |
|--|--------------------|----------------|-------------------|-----------|
| | No. of shares | % holding | No. of shares | % holding |
| Holding company | | | | |
| Edelweiss Financial Services Limited (EFSL)* | 5,56,67,388 | 100.00% | 5,56,67,388 | 100.00% |
| Total | 5,56,67,388 | 100.00% | 5,56,67,388 | 100.00% |

* including 6 shares held by Nominees of EFSL

29.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* | 5,56,67,388 | - | 5,56,67,388 | 100.00% | - |
| Total | 5,56,67,388 | - | 5,56,67,388 | 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* | 5,33,23,638 | 23,43,750 | 5,56,67,388 | 100.00% | - |
| Total | 5,33,23,638 | 23,43,750 | 5,56,67,388 | 100.00% | - |

* including 6 shares held by Nominees of EFSL

Edel Finance Company Limited

Notes to the consolidated financial statements for the year ended 31 March 2022 (Continued)

(Currency: Indian rupees in millions)

29. Equity share capital (Continued)

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

| Particulars | As at 31-Mar-2022 | | As at 31-Mar-2021 | |
|---------------------------------------|--------------------|----------------|--------------------|----------------|
| | No. of shares | % holding | No. of shares | % holding |
| Edelweiss Financial Services Limited* | 5,56,67,388 | 100.00% | 5,56,67,388 | 100.00% |
| Total | 5,56,67,388 | 100.00% | 5,56,67,388 | 100.00% |

* including 6 shares held by Nominees of EFSL

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

30. Instruments entirely equity in nature

| Particulars | As at 31-Mar-2022 | | As at 31-Mar-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 ₹ 100/-) | 1,65,00,000 | 1,650.00 | 1,65,00,000 | 1,650.00 |
| Total | 1,65,00,000 | 1,650.00 | 1,65,00,000 | 1,650.00 |

30.A Reconciliation of number of shares

| Particulars | As at 31-Mar-2022 | | As at 31-Mar-2021 | |
|---|--------------------|-----------------|--------------------|-----------------|
| | No. of shares | Amount | No. of shares | Amount |
| Outstanding at the beginning of the year | 1,65,00,000 | 1,650.00 | - | - |
| Additional shares issued during the year | - | - | 1,65,00,000 | 1,650.00 |
| Outstanding at the end of the year | 1,65,00,000 | 1,650.00 | 1,65,00,000 | 1,650.00 |

Terms of Compulsory Convertible Preference Shares ("CCPS")

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

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

Edel Finance Company Limited

Notes to the consolidated financial statements for the year ended 31 March 2022 (Continued)

(Currency: Indian rupees in millions)

31. Other Equity

| Particulars | 31-Mar-2022 | 31-Mar-2021 |
|--|-------------------|-------------------|
| Capital redemption reserve | 114.34 | 114.34 |
| Capital Reserve | (3,596.26) | (3,596.26) |
| Securities premium reserve | 4,269.44 | 4,269.44 |
| Statutory Reserve under Section 45-IC of the Reserve Bank of India Act, 1934 | 1,414.01 | 1,319.08 |
| Statutory Reserve under Section 29C of the Reserve Bank of India Act, 1934 | 575.42 | 547.80 |
| Retained earnings | (10,007.99) | (9,253.62) |
| Deemed capital contribution - Equity | 52.55 | 52.55 |
| Debenture Redemption Reserve | 1,458.31 | 2,697.55 |
| Revaluation Reserve through other comprehensive income | 915.44 | 960.84 |
| Equity instruments through other comprehensive income | - | (426.25) |
| Impairment reserve | 32.27 | 32.27 |
| Total | (4,772.47) | (3,282.26) |

31.1 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.

31.2 Capital Reserve

Capital reserve represents the gains of capital nature which is not freely available for distribution.

31.3 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.

31.4 Statutory Reserve under Section 45-IC of the Reserve Bank of India Act, 1934

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.

31.5 Statutory Reserve under Section 29C of the Reserve Bank of India Act, 1934

In terms of Section 29C of the National Housing Bank Act, 1987 every housing finance institution which is a company is required to create a reserve fund and transfer therein a sum not less than twenty percent of its net profit every year as disclosed in the profit and loss account before any dividend is declared. Housing Finance Companies (HFCs), are permitted to withdraw from the said reserve fund, the excess amount credited (in excess of the statutory minimum of 20%) in the previous years for any business purposes subject to suitable disclosure in the balance sheet and in the case of HFCs which have transferred only the statutory minimum in the previous years to selectively permit them to withdraw from the reserve fund only for the purpose of provisioning for non-performing assets subject to the conditions that there is no debit balance in the profit and loss account and that the reason for such withdrawal are stated explicitly in the balance sheet.

31.6 Retained earnings

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

31.7 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.

Edel Finance Company Limited

Notes to the consolidated financial statements for the year ended 31 March 2022 (Continued)

(Currency: Indian rupees in millions)

31 Other Equity (Continued)

31.8 Debenture Redemption Reserve

The Companies Act 2013 requires companies that issue debentures to create a debenture redemption reserve from annual profits until such debentures are redeemed. Company being NBFS has to maintain Debenture Redemption reserve upto 25% of the value of debentures issued through public issue. The amounts credited to the debenture redemption reserve may not be utilised except to redeem debentures. On redemption of debentures, the amount may be transferred from debenture redemption reserve to retained earnings.

31.9 Revaluation Reserve through other comprehensive income

Group has decided to change to revaluation model from cost model of accounting for a class of asset. Similarly, group entities have also changed their existing model for Flats and building to align with the Group policy.

31.10 Equity instruments through other comprehensive income

The Group has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the FVOCI equity investments within equity. The Group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

31.11 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 consolidated financial statements for the year ended 31 March 2022 (Continued)

(Currency: Indian rupees in millions)

32. Interest Income

| Particulars | 2021-22 | 2020-21 |
|--|-----------------|-----------------|
| on financial assets measured at amortised cost | | |
| Interest on loans | 6,820.40 | 7,836.06 |
| Interest income from Investments | 1,199.15 | 993.58 |
| Interest on fixed deposits with banks | 171.89 | 177.68 |
| Other interest Income | 45.89 | 20.45 |
| on financial assets measured at fair value through profit or loss | | |
| Interest on loans | 519.28 | - |
| Interest income from Investments | 196.00 | 564.85 |
| Total | 8,952.61 | 9,592.62 |

33. Dividend Income

| Particulars | 2021-22 | 2020-21 |
|------------------------|----------|-------------|
| Dividend on Investment | - | 6.63 |
| Total | - | 6.63 |

34. Fee and commission income

| Particulars | 2021-22 | 2020-21 |
|--------------------------------|-----------------|-----------------|
| Advisory and other fees Income | 1,278.62 | 1,520.34 |
| Total | 1,278.62 | 1,520.34 |

Below is the disaggregation of the revenue from contracts with customers and its reconciliation to amounts reported in statement of profit and loss:

| Particulars | 2021-22 | 2020-21 |
|---|-----------------|-----------------|
| Service transferred at a point in time | 594.51 | 553.81 |
| Service transferred over time | 684.11 | 966.53 |
| Total revenue from contract with customers | 1,278.62 | 1,520.34 |

35. Net gain / (loss) on fair value changes

| Particulars | 2021-22 | 2020-21 |
|---|---------------|-------------------|
| Net gain/ (loss) on financial instruments at fair value through profit or loss | | |
| On trading portfolio | | |
| <u>Investment at FVTPL</u> | | |
| On investments and securities held for trading | 779.72 | 385.27 |
| On trading of securities (net) | (671.20) | (354.08) |
| On Sale of debt instruments | (10.36) | 24.22 |
| On security receipts | (2.82) | 6.31 |
| <u>Derivatives at FVTPL</u> | | |
| On derivatives financial instrument | 31.23 | 82.00 |
| Others | | |
| Other financial instruments | 622.63 | (3,146.32) |
| Total Net gain/(loss) on fair value changes | 749.20 | (3,002.60) |
| Fair value changes | | |
| Realised | 72.72 | 1.88 |
| Unrealised | 676.48 | (3,004.48) |
| Total | 749.20 | (3,002.60) |

36. Other operating income

| Particulars | 2021-22 | 2020-21 |
|-------------------|---------------|---------------|
| Warehouse charges | 54.68 | 411.42 |
| Rental income | 313.05 | 353.77 |
| Total | 367.73 | 765.19 |

37. Other income

| Particulars | 2021-22 | 2020-21 |
|---|-----------------|---------------|
| Profit / (loss) on sale of investments | 1,771.83 | - |
| Interest on Income Tax Refund | 62.78 | 53.28 |
| Profit on sale of property, plant and equipment and tangible assets (net) | 4.17 | - |
| Miscellaneous income | 60.70 | 69.39 |
| Total | 1,899.48 | 122.67 |

Edel Finance Company Limited

Notes to the consolidated financial statements for the year ended 31 March 2022 (Continued)

(Currency: Indian rupees in millions)

38. Finance costs (at amortised cost unless otherwise stated)

| Particulars | 2021-22 | 2020-21 |
|---|------------------|------------------|
| Interest on borrowings other than debt securities | 4,420.82 | 3,893.47 |
| Interest on debt securities | 5,249.32 | 6,719.13 |
| Interest on subordinated liabilities | 72.77 | 72.78 |
| Other Interest Expense | 827.83 | 759.29 |
| Total | 10,570.74 | 11,444.67 |

39. Impairment on financial instruments

| Particulars | 2021-22 | 2020-21 |
|----------------------|---------------|-----------------|
| On loans | 494.27 | 2,362.46 |
| On investments | - | 129.35 |
| On trade receivables | 32.55 | 155.27 |
| Total | 526.82 | 2,647.08 |

40. Employee benefits expense

| Particulars | 2021-22 | 2020-21 |
|---|-----------------|-----------------|
| Salaries and wages | 1,104.78 | 1,618.91 |
| Contribution to provident and other funds | 54.13 | 58.91 |
| Expense on Employee Stock Option Scheme (ESOP) and SAR (refer note below) | 13.36 | 15.54 |
| Staff welfare expenses | 44.22 | 45.20 |
| Total | 1,216.49 | 1,738.56 |

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 consolidated financial statements for the year ended 31 March 2022 (Continued)

(Currency: Indian rupees in millions)

41. Other expenses

| Particulars | 2021-22 | 2020-21 |
|---|-----------------|-----------------|
| Advertisement and business promotion | 4.52 | 2.70 |
| Auditors' remuneration (refer note 41.A) | 21.06 | 17.48 |
| Commission and brokerage | 16.59 | 35.28 |
| Communication expenses | 23.93 | 23.71 |
| Computer expenses | 218.84 | 140.87 |
| Miscellaneous expenses | 44.88 | 91.83 |
| Contribution towards Corporate Social responsibility | 7.60 | 54.29 |
| Directors' sitting fees | 2.26 | 2.02 |
| Dematerialisation charges | 15.00 | 5.60 |
| Electricity charges | 9.92 | 42.95 |
| Insurance | 9.57 | 27.51 |
| Legal and professional fees | 691.16 | 539.23 |
| License fees | 11.14 | 3.79 |
| Loan origination costs amortised | 112.69 | 125.22 |
| Loss / (Gain) on sale of property, plant and equipments (net) | - | 138.08 |
| Office expenses | 90.06 | 141.58 |
| Rates and taxes | 85.55 | 458.47 |
| Rent | 80.26 | 80.89 |
| Repairs and maintenance | 10.39 | 13.39 |
| Stamp duty | 13.98 | 24.26 |
| Security transaction tax | 3.95 | 26.95 |
| Transportation and Freight Expenses | 36.41 | 44.66 |
| Warehousing charges | 55.00 | 192.99 |
| Total | 1,564.76 | 2,233.75 |

41.A Auditors' remuneration:

| Particulars | 2021-22 | 2020-21 |
|---------------------------|--------------|--------------|
| Audit fees | 9.91 | 8.33 |
| Tax Audit | 0.04 | 0.08 |
| Limited Review | 7.00 | 4.65 |
| Certification | 3.99 | 4.18 |
| Reimbursement of expenses | 0.12 | 0.24 |
| Total | 21.06 | 17.48 |

Edel Finance Company Limited

Notes to the consolidated financial statements for the year ended 31 March 2022 (Continued)

(Currency : Indian rupees in millions)

42 Income tax

The components of income tax expense recognised in profit or loss for the years ended March 31, 2022 and March 31, 2021 are:

| Particulars | 2021-22 | 2020-21 |
|---|-----------------|-----------------|
| Current tax | 105.79 | 62.70 |
| Adjustment in respect of current income tax of prior years | (11.87) | (339.75) |
| Deferred tax relating to origination and reversal of temporary differences | (3.66) | 461.64 |
| Deferred tax relating to unused tax losses and unused tax credits (including write-downs) (net) | (168.77) | (34.47) |
| Total tax expense | (78.51) | 150.12 |
| Total current tax | 93.92 | (277.05) |
| Total deferred tax | (172.43) | 427.17 |

42.1 Reconciliation of the total tax expense

The tax expense shown in the statement of profit and loss differs from the tax expense that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the years ended, as follows:

| Particulars | 2021-22 | 2020-21 |
|--|----------------|---------------|
| Profit / (Loss) before tax | (1,032.28) | (9,889.13) |
| Tax rate | 25.17% | 25.17% |
| Income tax expense calculated based on above tax rate | (259.80) | (2,488.90) |
| Adjustment in respect of income tax of prior years | (11.87) | (339.75) |
| Effect of utilisation of tax losses or deferred tax assets on losses earlier recognised now considered not recoverable | - | 3,380.88 |
| Write-down / reversal of write down of deferred tax assets on unused tax credits and unused tax losses (net) | (74.47) | (34.47) |
| Effect of non-recognition of deferred tax asset on current-period losses | 497.64 | 1,303.36 |
| Effect of recognition of deferred tax asset on prior period losses - earlier not recognised | (168.77) | - |
| Different tax rates of subsidiaries | (80.22) | (2,293.26) |
| Others | 18.98 | 622.26 |
| Tax expense recognised in profit or loss | (78.51) | 150.12 |

Edel Finance Company Limited

Notes to the consolidated financial statements for the year ended 31 March 2022 (Continued)

(Currency : Indian rupees in millions)

43. Components of deferred tax

The following table shows deferred tax recorded in the Balance sheet and changes recorded in the income tax expense:

| 31 March 2022 | Opening deferred tax asset/(liability) | Recognised in profit or loss | Recognised in other comprehensive income (OCI) | Recognised directly in equity | Others | Total Movement | Closing deferred tax asset/(liability) |
|---|--|------------------------------|--|-------------------------------|---------------|----------------|--|
| Provision for expected credit losses | 1,023.75 | (31.65) | - | - | - | (31.65) | 992.10 |
| Unused tax losses / credits | 1,400.56 | 168.77 | - | - | - | 168.77 | 1,569.33 |
| Employee benefits obligations | 40.64 | (37.21) | 9.93 | - | (0.08) | (27.36) | 13.28 |
| Fair valuation of Financial Assets | (92.98) | (32.41) | - | - | (0.01) | (32.42) | (125.40) |
| Fair valuation of Derivatives | - | - | - | - | - | - | - |
| Property, Plant and Equipment and Intangible assets | (609.50) | 62.62 | - | - | (0.06) | 62.56 | (546.94) |
| Adjustment of effective interest rate on Borrowings | (161.84) | 44.63 | - | - | - | 44.63 | (117.21) |
| Special Reserve u/s 36(1)(viii) | (98.70) | (2.32) | - | - | - | (2.32) | (101.02) |
| Total | 1,501.93 | 172.43 | 9.93 | - | (0.15) | 182.21 | 1,684.14 |

| March 31, 2021 | Opening deferred tax asset/(liability) | Recognised in profit or loss | Recognised in other comprehensive income | Recognised directly in equity | Others | Total Movement | Closing deferred tax asset/(liability) |
|---|--|------------------------------|--|-------------------------------|----------|-----------------|--|
| Provision for expected credit losses | 1409.38 | (385.63) | - | - | - | (385.63) | 1,023.75 |
| Unused tax losses / credits | 1585.73 | (185.17) | - | - | - | (185.17) | 1,400.56 |
| Employee benefits obligations | 32.55 | 13.48 | (5.39) | - | - | 8.09 | 40.64 |
| Fair valuation of Financial Assets | (218.65) | 125.67 | - | - | - | 125.67 | (92.98) |
| Fair valuation of Derivatives | 29.41 | (29.41) | - | - | - | (29.41) | - |
| Property, Plant and Equipment and Intangible assets | (668.73) | 59.38 | - | (0.15) | - | 59.23 | (609.50) |
| Adjustment of effective interest rate on Borrowings | (137.11) | (24.73) | - | - | - | (24.73) | (161.84) |
| Special Reserve u/s 36(1)(viii) | - | (0.76) | - | (97.94) | - | (98.70) | (98.70) |
| Total | 2032.58 | (427.17) | (5.39) | (98.09) | - | (530.65) | 1,501.93 |

Edel Finance Company Limited

Notes to the consolidated financial statements for the year ended 31 March 2022 (Continued)

(Currency : Indian rupees in millions)

43. Components of deferred tax (Continued)

43.1. Details of temporary differences where deferred tax assets have not been recognised in the balance sheet

As at March 31, 2022

| Financial Year to which the loss relates to | Deductible temporary differences | | Unused tax losses | | | | | | |
|---|----------------------------------|------------------------------|-------------------------|------------------------------|-----------------------------------|------------------------------|--|------------------------------|-----------------|
| | Amount | Expiry year - financial year | Unabsorbed Depreciation | | Unabsorbed Long Term capital loss | | Business Loss/ Short term capital loss | | Total |
| | | | Amount | Expiry year - financial year | Amount | Expiry year - financial year | Amount | Expiry year - financial year | |
| 2015-16 | - | - | 0.87 | No Expiry | - | - | 222.31 | 2023-24 | 223.18 |
| 2016-17 | - | - | 0.82 | No Expiry | - | - | 66.02 | 2024-25 | 66.84 |
| 2017-18 | - | - | 0.71 | No Expiry | - | - | 49.29 | 2025-26 | 50.00 |
| 2018-19 | - | - | 0.73 | No Expiry | - | - | 25.77 | 2026-27 | 26.50 |
| 2019-20 | 1,693.36 | Not Applicable | 2.80 | No Expiry | - | - | 1,382.26 | 2027-28 | 1,385.06 |
| 2020-21 | 9,937.35 | Not Applicable | 1.76 | No Expiry | 936.18 | - | 2,468.99 | 2028-29 | 3,406.93 |
| 2021-22 | 140.55 | - | 0.20 | No Expiry | - | - | 2,152.96 | 2029-30 | 2,153.16 |
| Total | 11,771.26 | | 7.89 | | 936.18 | | 6,367.60 | | 7,311.67 |

As at March 31, 2021

| Financial Year to which the loss relates to | Deductible temporary differences | | Unused tax losses | | | | | | |
|---|----------------------------------|------------------------------|-------------------------|------------------------------|-----------------------------------|------------------------------|--|------------------------------|------------------|
| | Amount | Expiry year - financial year | Unabsorbed Depreciation | | Unabsorbed Long Term capital loss | | Business Loss/ Short term capital loss | | Total |
| | | | Amount | Expiry year - financial year | Amount | Expiry year - financial year | Amount | Expiry year - financial year | |
| 2015-16 | - | - | 0.87 | No Expiry | - | - | 222.31 | 2023-24 | 223.18 |
| 2016-17 | - | - | 0.82 | No Expiry | - | - | 66.02 | 2024-25 | 66.84 |
| 2017-18 | - | - | 0.71 | No Expiry | - | - | 49.29 | 2025-26 | 50.00 |
| 2018-19 | - | - | 0.73 | No Expiry | - | - | 25.77 | 2026-27 | 26.50 |
| 2019-20 | 1,693.36 | Not Applicable | 2.80 | No Expiry | - | - | 1,461.89 | 2027-28 | 3,158.05 |
| 2020-21 | 10,253.11 | Not Applicable | 1.76 | No Expiry | 936.18 | - | 3,199.87 | 2028-29 | 13,454.74 |
| Total | 11,946.47 | | 7.69 | | 936.18 | | 5,025.15 | | 16,979.31 |

44. Earnings per Share (EPS)

In accordance with Indian Accounting Standard 33 – “Earnings Per Share” prescribed by Companies (Accounts) Rules, 2015, the computation of earnings per share is set out below:

| Particulars | 2021-22 | 2020-21 |
|---|-------------|-------------|
| Profit /(loss) for the year attributable to owners of the parent | (1,395.79) | (10,080.44) |
| Weighted average number of shares | | |
| - Number of equity shares outstanding at the beginning of the year | 5,56,67,388 | 5,33,23,638 |
| - Number of equity shares issued during the year | - | 23,43,750 |
| Total number of equity shares outstanding at the end of the year | 5,56,67,388 | 5,56,67,388 |
| Total number of CCPS outstanding at the end of the year | 1,65,00,000 | 1,65,00,000 |
| Weighted average number of equity shares outstanding during the year (based on the date of issue of shares) | 7,21,67,388 | 5,46,33,570 |
| Weighted average number of diluted equity shares outstanding during the year | 7,21,67,388 | 5,53,71,926 |
| Adjusted net profit for diluted EPS | (1,395.79) | (10,080.44) |
| Basic earnings per share (₹) | (19.34) | (182.05) |
| Diluted earnings per share (₹) | (19.34) | (182.05) |

Edel Finance Company Limited

Notes to the consolidated financial statements for the year ended 31 March 2022 (Continued)

(Currency : Indian rupees in millions)

45. Segment information

Primary Segment (Business segment)

The Group's business is organised and management reviews the performance based on the business segments as mentioned below:

| Segment | Activities covered |
|------------------------|--|
| Capital based business | Capital intensive business includes Lending, investing and investment property |
| Financing business | Wholesale and retail financing |
| Treasury management | Interest income and trading in securities |

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

Secondary Segment

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

The following table gives information in terms of provisions of Accounting Standard on Segment Reporting (Ind AS 108)

| Segment information | Particulars | Year Ended | |
|--|--|-------------------|--------------------|
| | | 31-Mar-22 | 31-Mar-21 |
| I Segment Revenue* | | | |
| | Capital based business | 6,715.65 | 1,229.41 |
| | Financing business | 5,482.66 | 6,507.85 |
| | Treasury management | 662.77 | 1,214.41 |
| | Unallocated | 24.84 | 53.18 |
| | Total Income | 12,885.92 | 9,004.85 |
| II Segment Results (Profit/(loss) before tax) | | | |
| | Capital based business | (1,856.94) | (8,448.24) |
| | Financing business | 542.24 | (1,294.85) |
| | Treasury management | (104.15) | (199.33) |
| | Unallocated | 24.85 | 53.29 |
| | Profit / (Loss) before taxation | (1,394.00) | (9,889.13) |
| III Segment Assets | | | |
| | Capital based business | 39,909.50 | 59,043.14 |
| | Financing business | 40,840.17 | 50,334.26 |
| | Treasury management | 3,890.48 | 4,982.18 |
| | Unallocated | 2,870.70 | 3,480.50 |
| | Total assets | 87,510.85 | 1,17,840.08 |
| IV Segment Liabilities | | | |
| | Capital based business | 49,043.30 | 65,028.47 |
| | Financing business | 31,792.22 | 41,687.61 |
| | Treasury management | 3,473.08 | 4,386.09 |
| | Unallocated | - | 34.77 |
| | Total liabilities | 84,308.60 | 1,11,136.94 |
| V Capital Employed | | | |
| | Capital based business | (9,133.80) | (5,985.33) |
| | Financing business | 9,047.95 | 8,646.65 |
| | Treasury management | 417.40 | 596.09 |
| | Unallocated | 2,870.70 | 3,445.73 |
| | Total Capital Employed | 3,202.25 | 6,703.14 |

*Segment revenue includes share in profit/(loss) in associates.

Edel Finance Company Limited

Notes to the consolidated financial statements for the year ended 31 March 2022 (Continued)

(Currency : Indian rupees in millions)

46. Transfer of financial assets

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

| Particulars | 2021-22 | 2020-21 |
|--|-----------------|----------------|
| Securitisations | | |
| Carrying amount of transferred assets (held as Collateral) | 7,862.64 | 5,339.87 |
| Carrying amount of associated liabilities | 7,804.87 | 5,288.95 |
| Fair value of assets | 8,481.31 | 5,588.36 |
| Fair value of associated liabilities | 7,804.87 | 5,288.95 |
| Net position at fair value | 676.44 | 299.41 |

Edel Finance Company Limited

Notes to the consolidated financial statements for the year ended 31 March 2022 (Continued)

(Currency : Indian rupees in millions)

47. Disclosure of interest in other entities

1 Details of non wholly subsidiaries that have material non-controlling interests.

| Name of subsidiary | Place of incorporation and principal place of business | Proportion of ownership interests held by non-controlling interests - Mar 2022 | Proportion of ownership interests held by non-controlling interests - Mar 2021 | Profit/ (loss) allocated to non- controlling interests | |
|-----------------------------------|--|--|--|--|------------|
| | | | | 31-03-2022 | 31-03-2021 |
| Allium Finance Private Limited | India | 29.03% | 44.52% | 73.41 | 29.85 |
| Edelweiss Housing Finance Limited | India | 5.00% | 30.35% | 6.91 | 10.65 |

Summarised financial information in respect of each of the Group's subsidiaries that have material non-controlling interests is set out below. The summarised financial information below represents amounts before intra-group eliminations.

| Allium Finance Private Limited | As at | As at |
|--|------------|------------|
| | 31-03-2022 | 31-03-2021 |
| Financial assets | 1,255.86 | 1,012.90 |
| Non-financial assets | 17.72 | 10.36 |
| Financial liabilities | 0.53 | 0.49 |
| Non-financial liabilities | 1.42 | 4.00 |
| Equity attributable to owners of the company | 902.48 | 565.21 |
| Non-controlling interest | 369.15 | 453.56 |

| Particulars | For the year ended | For the year ended |
|---|--------------------|--------------------|
| | 31-03-2022 | 31-03-2021 |
| Revenue from operations | 343.57 | 96.27 |
| Total income | 343.57 | 96.27 |
| Total expenses | 3.13 | 5.45 |
| Profit / (loss) before tax | 340.44 | 90.82 |
| Tax expense | 87.60 | 23.75 |
| Profit / (loss) for the year | 252.84 | 67.07 |
| Total comprehensive income / (loss) | 252.86 | 67.05 |
| Profit / (loss) for the year attributable to owners of the parent | 179.45 | 37.20 |
| Profit / (loss) for the year attributable non-controlling interests | 73.41 | 29.85 |
| Cash flows (used) / generated from operating activities | 912.96 | 86.76 |
| Cash flows (used) / generated from investing activities | (913.33) | (86.89) |
| Cash flows (used) / generated from financing activities | - | - |
| Net cash inflow/(outflow) | (0.37) | (0.13) |

| Edelweiss Housing Finance Limited | As at | As at |
|--|------------|------------|
| | 31-03-2022 | 31-03-2021 |
| Financial assets | 39,213.42 | 49,027.16 |
| Non-financial assets | 353.17 | 283.84 |
| Financial liabilities | 31,626.27 | 41,595.81 |
| Non-financial liabilities | 164.00 | 87.31 |
| Equity attributable to owners of the company | 7,387.50 | 5,312.82 |
| Non-controlling interest | 388.82 | 2,315.06 |

Edel Finance Company Limited

Notes to the consolidated financial statements for the year ended 31 March 2022 (Continued)

(Currency : Indian rupees in millions)

47. Disclosure of interest in other entities (Continued)

| Particulars | For the year ended 31-03-2022 | For the year ended 31-03-2021 |
|---|----------------------------------|----------------------------------|
| Revenue from operations | 5,120.16 | 5,487.17 |
| Total income | 5,139.10 | 5,510.54 |
| Total expenses | 4,937.28 | 5,591.26 |
| Profit / (loss) before tax | 201.82 | (80.72) |
| Tax expense | 63.75 | (118.01) |
| Profit / (loss) for the year | 138.07 | 37.29 |
| Total comprehensive income / (loss) | 138.16 | 35.08 |
| Profit / (loss) for the year attributable to owners of the parent | 131.25 | 24.43 |
| Profit / (loss) for the year attributable non-controlling interests | 6.91 | 10.65 |
| Cash flows (used) / generated from operating activities | 2,772.62 | 6,438.59 |
| Cash flows (used) / generated from investing activities | (17.47) | (7.01) |
| Cash flows (used) / generated from financial activities | (9,281.40) | (1,904.93) |
| Net cash inflow/(outflow) | (6,526.25) | 4,526.65 |

2 Details of associate

| Particulars | As at 31-03-2022 | As at 31-03-2021 |
|--|----------------------------------|----------------------------------|
| Edel Land Limited | | |
| Financial assets | 41,300.39 | - |
| Non-financial assets | 3,932.42 | - |
| Financial liabilities | 38,218.47 | - |
| Non-financial liabilities | 190.22 | - |
| Total equity | 6,824.12 | - |
| | | |
| Particulars | For the year ended 31-03-2022 | For the year ended 31-03-2021 |
| Revenue from operations | 12,099.21 | - |
| Total income | 12,169.02 | - |
| Total expenses | 12,970.13 | - |
| Profit / (loss) before tax | (801.11) | - |
| Other exceptional items | - | - |
| Profit / (loss) before tax and after exceptional items | (801.11) | - |
| Tax expense | 311.42 | - |
| Profit / (loss) for the year | (1,112.53) | - |
| Total comprehensive income / (loss) | (1,112.61) | - |
| Share in profit / (loss) of associates | (361.72) | - |
| Share in profit / (loss) of associates in other comprehensive income | - | - |
| Cash flows (used) / generated from operating activities | 6,562.91 | - |
| Cash flows (used) / generated from investing activities | 736.61 | - |
| Cash flows (used) / generated from financial activities | (7,433.86) | - |
| Net cash inflow/(outflow) | (134.34) | - |

Edel Finance Company Limited

Notes to the consolidated financial statements for the year ended 31 March 2022 (Continued)

(Currency : Indian rupees in millions)

48. Retirement benefit plan

a) Defined contribution plan - Provident funds and National Pension Scheme

Amount of ₹ 46.75 million (Previous year: ₹ 64.84 million) is recognised as expenses and included in "Employee benefit expense" in the statement of profit and loss

b) Defined benefit plan - Gratuity

The following tables summaries the components of the net benefit expenses recognised in the statement of profit and loss and the funded and unfunded status and amount recognised in the balance sheet for the gratuity benefit plan.

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 | 2021-22 | 2020-21 |
|-----------------------------------|---------------|---------|
| Opening Balance | 88.39 | 106.32 |
| Current service cost | 10.96 | 14.04 |
| Interest cost | 4.07 | 5.39 |
| | 103.42 | 125.75 |
| Other comprehensive Income | | |
| Experience | 2.46 | (6.13) |
| Financial assumptions | (0.70) | 5.08 |
| Demographic assumptions | 1.65 | (2.94) |
| | 3.41 | (3.99) |
| Others | | |
| Transfer In/ (Out) | (7.05) | (11.84) |
| Benefits paid | (25.62) | (21.53) |
| Closing Balance | 74.16 | 88.39 |

ii) Components of defined benefit plan cost:

| Particulars | 2021-22 | 2020-21 |
|--|--------------|---------|
| Recognised in Statement of profit or loss | | |
| Current service cost | 10.96 | 14.04 |
| Interest cost | (0.30) | 1.07 |
| Net Interest on net defined benefit liability/ (asset) | - | (0.09) |
| Net Actuarial (gain)/loss recognized in the year | - | - |
| Total | 10.66 | 15.02 |

iii) Reconciliation of Fair Value of Plan Assets

| Particulars | 2021-22 | 2020-21 |
|--|---------------|---------|
| Fair Value of Plan Assets at start of the year | 100.82 | 83.23 |
| Contributions by Employer | 25.62 | 21.53 |
| Benefits Paid | (25.62) | (21.53) |
| Interest Income on Plan Assets | 5.03 | 4.85 |
| Return on plan assets excluding amount included in net interest on the net defined benefit liability/(asset) | 2.71 | 12.74 |
| Fair Value of Plan Assets at end of the year | 108.56 | 100.82 |
| <i>Actual Return on Plan Assets</i> | 7.74 | 17.59 |

Edel Finance Company Limited

Notes to the consolidated financial statements for the year ended 31 March 2022 (Continued)

(Currency : Indian rupees in millions)

48. Defined benefit plan (continued)

b) Defined benefit plan - Gratuity (continued)

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

| Particulars | 2021-22 | 2020-21 |
|---|---------|---------|
| Present Value of DBO | 74.16 | 88.39 |
| Fair Value of Plan Assets | 108.56 | 100.82 |
| Liability/ (Asset) recognised in the Balance Sheet | (34.40) | (12.43) |
| Funded Status [Surplus/(Deficit)] | 34.40 | 12.43 |
| Amount not recognized as asset [Effect of limiting net assets to asset ceiling] | 41.84 | 13.16 |
| Net Liability/ (Asset) recognised in the Balance Sheet | 7.44 | 0.73 |
| Of which, Short term Liability | 5.82 | 0.16 |
| Experience Adjustment on Plan Liabilities: (Gain)/Loss | 2.46 | (6.13) |

v) Percentage Break-down of Total Plan Assets

| Particulars | 2021-22 | 2020-21 |
|---|----------------|----------------|
| Investment Funds with Insurance Company | 96.56% | 96.30% |
| Of which, Unit Linked | 93.12% | 92.85% |
| Of which, Traditional/ Non-Unit Linked | 3.45% | 3.45% |
| Cash and cash equivalents | 3.44% | 3.70% |
| Total | 100.00% | 100.00% |

vi) Movement in Other Comprehensive Income

| Particulars | 2021-22 | 2020-21 |
|--|----------------|---------------|
| Balance at start of year (Loss)/ Gain | (5.29) | (17.03) |
| a. Actuarial (Loss)/ Gain from changes in demographic assumptions | (3.41) | 2.94 |
| b. Actuarial (Loss)/ Gain from changes in financial assumptions | 2.46 | (5.08) |
| c. Actuarial (Loss)/ Gain from experience over the past year | (2.46) | 6.13 |
| Return on Plan assets, excluding amount included in net interest on the net defined benefit liability/ (asset) | 2.71 | 12.74 |
| 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) | (28.23) | (4.99) |
| Balance at end of year (Loss)/ Gain | (34.22) | (5.29) |

b) Defined benefit plan - Gratuity (continued)

Actuarial assumptions:

| The following were the principal actuarial assumptions at the reporting date: | 2021-22 | 2020-21 |
|---|----------------------------|----------------------------|
| Discount Rate | 5.90% | 5.00%- 5.90% |
| Salary Growth Rate | 7.00% | 7.00% |
| Withdrawal/Attrition Rate (based on categories) | 16.00% | 16.00%-25.00% |
| Mortality Rate | IALM 2012-14 (Ultimate) | IALM 2012-14 (Ultimate) |

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.

| Particulars | As at March 31, 2022 | | As at March 31, 2021 | |
|-----------------------------|----------------------|----------|----------------------|----------|
| | Increase | Decrease | Increase | Decrease |
| Salary Growth Rate (+/- 1%) | 3.82 | (3.51) | 3.32 | (3.18) |
| Discount Rate (+/- 1%) | (3.52) | 3.90 | (3.21) | 3.41 |

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 consolidated financial statements for the year ended 31 March 2022 (Continued)

(Currency : Indian rupees in millions)

49. 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 Group 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 |
| ASSETS | | | | | | |
| Financial Assets | | | | | | |
| Cash and cash equivalents | 3,080.78 | - | 3,080.78 | 10,991.98 | - | 10,991.98 |
| Bank balances other than cash and cash equivalents | 3,136.71 | 20.61 | 3,157.32 | 990.35 | 17.56 | 1,007.91 |
| Derivative financial instruments | 17.16 | - | 17.16 | - | - | - |
| Securities held for trading | 1,616.89 | 612.84 | 2,229.73 | 3,172.89 | 73.13 | 3,246.02 |
| Trade receivables | 220.75 | - | 220.75 | 374.62 | 2.99 | 377.61 |
| Loans | 5,586.56 | 36,276.99 | 41,863.55 | 24,875.51 | 46,803.66 | 71,679.17 |
| Investments | 4,547.32 | 21,281.10 | 25,828.42 | 2,577.27 | 15,501.21 | 18,078.48 |
| Other financial assets | 438.64 | 317.65 | 756.29 | 1,334.81 | 396.36 | 1,731.17 |
| Total financial assets (A) | 18,644.81 | 58,509.19 | 77,154.00 | 44,317.43 | 62,794.91 | 1,07,112.34 |
| Non-financial assets | | | | | | |
| Current tax assets (net) | 320.52 | 1,699.87 | 2,020.39 | 754.57 | 1,228.37 | 1,982.94 |
| Deferred tax assets (net) | 0.20 | 1,755.75 | 1,755.95 | 7.47 | 1,494.46 | 1,501.93 |
| Investment Property | - | 3,539.01 | 3,539.01 | - | 3,987.98 | 3,987.98 |
| Property, Plant and Equipment | 0.05 | 2,429.86 | 2,429.91 | 0.09 | 2,510.58 | 2,510.67 |
| Intangible assets under development | - | 17.35 | 17.35 | - | 9.16 | 9.16 |
| Goodwill | - | 146.82 | 146.82 | - | 146.82 | 146.82 |
| Other Intangible assets | - | 14.04 | 14.04 | 0.01 | 17.16 | 17.17 |
| Other non- financial assets | 431.70 | 1.68 | 433.38 | 569.53 | 1.54 | 571.07 |
| Total non-financial assets (B) | 752.47 | 9,604.38 | 10,356.85 | 1,331.67 | 9,396.07 | 10,727.74 |
| TOTAL ASSETS (C = A+B) | 19,397.28 | 68,113.57 | 87,510.85 | 45,649.10 | 72,190.98 | 1,17,840.08 |
| LIABILITIES | | | | | | |
| Financial Liabilities | | | | | | |
| Derivative financial instruments | 29.17 | - | 29.17 | - | - | - |
| Trade payables | 330.77 | - | 330.77 | 568.46 | - | 568.46 |
| Debt securities | 18,315.94 | 14,390.52 | 32,706.46 | 33,122.43 | 24,977.75 | 58,100.18 |
| Borrowings (other than debt securities) | 7,852.80 | 30,565.99 | 38,418.79 | 28,988.90 | 12,729.48 | 41,718.38 |
| Subordinated Liabilities | 19.75 | 2,856.44 | 2,876.19 | 19.73 | 2,697.86 | 2,717.59 |
| Other financial liabilities | 2,516.11 | 7,164.86 | 9,680.97 | 2,902.01 | 4,600.54 | 7,502.55 |
| Total financial liabilities (D) | 29,064.54 | 54,977.81 | 84,042.35 | 65,601.53 | 45,005.63 | 1,10,607.16 |
| Non-financial liabilities | | | | | | |
| Current tax liabilities (net) | 7.08 | 18.15 | 25.23 | 39.07 | 6.90 | 45.97 |
| Provisions | 45.66 | 6.59 | 52.25 | 39.29 | 12.78 | 52.07 |
| Deferred tax liabilities (net) | - | 71.81 | 71.81 | - | - | - |
| Other non-financial liabilities | 115.14 | 1.82 | 116.96 | 93.38 | 338.36 | 431.74 |
| Total non-financial liabilities (E) | 167.88 | 98.37 | 266.25 | 171.74 | 358.04 | 529.78 |
| TOTAL LIABILITIES (F = D+E) | 29,232.42 | 55,076.18 | 84,308.60 | 65,773.27 | 45,363.67 | 1,11,136.94 |
| NET TOTAL ASSETS / (LIABILITIES) (C-F) | (9,835.14) | 13,037.39 | 3,202.25 | (20,124.17) | 26,827.31 | 6,703.14 |

Edel Finance Company Limited

Notes to the consolidated financial statements for the year ended 31 March 2022 (Continued)

(Currency : Indian rupees in millions)

50. 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 |
|--|------------------------|--------------------|--------------------------|-------------------|-------------------------|
| Borrowings* | 1,02,536.15 | (27,192.09) | - | (1,342.62) | 74,001.44 |
| Total liabilities from financing activities | 1,02,536.15 | (27,192.09) | - | (1,342.62) | 74,001.44 |

| Particulars | As at April 1, 2020 | Cash Flows | Changes in Fair value | Others (net)** | As at March 31, 2021 |
|--|------------------------|-------------------|--------------------------|-----------------|-------------------------|
| Borrowings* | 1,10,066.28 | (9,915.00) | - | 2,384.87 | 1,02,536.15 |
| Total liabilities from financing activities | 1,10,066.28 | (9,915.00) | - | 2,384.87 | 1,02,536.15 |

*Comprises of Debt securities, Subordinated Liabilities and other borrowings.

** Refers to interest expense for the year incurred by entities other than non-banking financial companies in the group.

Edel Finance Company Limited

Notes to the consolidated financial statements for the year ended 31 March 2022 (Continued)

(Currency : Indian rupees in millions)

51. Contingent liabilities, commitments and leasing arrangements:

51.1 Contingent liabilities and commitments

a. Contingent Liability

The Group 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 Group 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, Group 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.

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

Details of contingent liability

| Particulars | As at | As at |
|---|----------------|----------------|
| | March 31, 2022 | March 31, 2021 |
| Taxation matters | 533.40 | 622.33 |
| Claims against the Group not acknowledged as debt | 2.54 | 2.54 |
| Litigation pending against company | 177.90 | - |

b. Commitment

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

Details of commitment

| Particulars | As at | As at |
|--|----------------|----------------|
| | March 31, 2022 | March 31, 2021 |
| Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for | 146.52 | 8.05 |
| Undrawn committed credit lines subject to meeting conditions | 1,021.91 | 1,606.26 |
| Uncalled commitments on investments in AIF/ Venture Fund | 4,743.14 | 3,184.67 |
| Guarantee to trustees of non convertible debenture holders | 2,304.08 | - |
| Corporate guarantee | 281.58 | - |
| Bank Guarantee | 319.23 | - |

During the year ended March 31, 2022, certain assets amounting to ₹ 1,284.40 million were sold to alternative assets funds by the fellow subsidiary NBFCs. Edelweiss Rural & Corporate Services Limited ('ERC SL') a subsidiary, has, vide a put agreement dated July 31, 2021, has guaranteed / undertaken to purchase these financial assets amounting to ₹ 1,284.40 million on occurrence of certain trigger event as per the agreement. Further, as the risks and rewards continues in the Group, these are accounted as financial assets in the consolidated financial statements and the consequent expected credit loss is recorded in the consolidated financial statements.

Edel Finance Company Limited

Notes to the consolidated financial statements for the year ended 31 March 2022 (Continued)

(Currency : Indian rupees in millions)

51 Contingent liabilities, commitments and leasing arrangements: (Continued)

51.2 Leases

- 1) This note provides information for leases where the Group is a lessee. Group has not given any property on lease.

| Set out below are the carrying amounts of lease liabilities and the movements | As at March 31, 2022 | As at March 31, 2021 |
|--|---------------------------------|---------------------------------|
| Balance as at April 1 | 139.95 | 418.21 |
| Addition / disposal during year | 35.84 | (207.46) |
| Interest on lease liabilities | 13.19 | 24.71 |
| Lease pre-closure (Net) | (9.71) | (57.13) |
| Payments during the year/Repayment of lease obligation | (36.88) | (38.38) |
| Balance as at March 31 | 142.39 | 139.95 |

2) Amounts recognised in profit or loss:

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|--|---------------------------------|---------------------------------|
| Depreciation/Amortization expense of right-of-use assets | 30.60 | 81.36 |
| Interest expense on lease liabilities | 13.19 | 24.71 |
| Reversal of lease pre-closure | (4.40) | (13.63) |
| Total | 39.39 | 92.44 |

Edel Finance Company Limited

Notes to the consolidated financial statements for the year ended 31 March 2022 (Continued)

(Currency : Indian rupees in millions)

52. Disclosure as required by Indian Accounting Standard 24 – “Related Party Disclosure”:

List of related parties and relationship:

A Holding Company

Edelweiss Financial Services Limited

B Subsidiaries which are controlled by the Company:

Edelweiss Rural & Corporate Services Limited
Edelweiss Housing Finance Limited
Allium Finance Private Limited
Edelweiss Investment Adviser Limited
Comtrade Commodities Services Limited (Formerly known as Edelweiss Comtrade Limited)

C Fellow subsidiaries with whom the transactions have taken place

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 Gallagher Insurance Brokers Limited (upto 17 October 2021)
Edelweiss General Insurance Company Limited
Edelweiss Global Wealth Management Limited
Edelweiss Retail Finance Limited
Edelweiss Securities And Investments Private Limited
Edelweiss Tokio Life Insurance Company Limited
India Credit Investment Fund II
Edelweiss Capital Services Limited
Edelweiss International (Singapore) Pte. Limited
Edelweiss Trusteeship Company Limited
Lichen Metals Private Limited (upto 30 March 2021)
Edelweiss Value and Growth Fund
ECap Securities And Investments Limited (formerly known as ECap Equities Limited)
Edelweiss Multi Strategy Fund Advisors LLP
Edelweiss Private Equity Tech Fund
Edelweiss Resolution Advisors LLP
EC Global Limited (upto 01 September 2020)
Edelweiss Alternative Asset Advisors Pte. Limited
Edelweiss Capital (Singapore) Pte. Limited (upto 23 December 2020)

D Associates with whom transactions have taken place

Edelweiss Securities Limited (w.e.f. 27 March 2021) - Associate of Holding Company
Edel Land Limited (Refer Note 3)

E Subsidiaries of Edelweiss Securities Limited with whom transactions have taken place

Edelweiss Broking Limited
Edelweiss Custodial Services Limited
Edelweiss Finance & Investments Limited
ESL Securities Limited
Edelweiss Securities (IFSC) Limited

F ARC Trusts with whom transactions have taken place

EARC Trust SC 378
EARC Trust SC 417
EARC Trust SC 418
EARC Trust SC 447
EARC Trust SC 451
EARC Trust SC 459
EARC Trust SC 374
EARC Trust SC 401

G Key Management Personnel (KMP)

S. Ranganathan - Non- executive director
Vidya Shah (from May 28, 2021) - Non- executive director
Sarju Simaria (from May 28, 2021 till February 25, 2022) - Non- executive director
Sunil Phartherpekar - Independent Director
Bharat Bakshi (till April 9, 2021) - Independent Director
Vinod Juneja - Independent Director
Atul Ambavat - Independent Director
Amit Dhawan (till November 15, 2020) - Managing Director & CEO
Deepak Kundalia (from October 1, 2020 till March 31, 2021) - Chief Financial Officer
Ravindra Dhobale (from April 1, 2021 till May 31, 2021) - Chief Financial Officer
Sunil Nagrani (from June 1, 2021 till February 11, 2022) - Chief Financial Officer
Ananya Suneja (from March 21, 2022) - Chief Financial Officer
Sujit Kumar Pandey (till May 24, 2021)- Manager
Ananthkrishanan S (till August 10, 2021) - Company Secretary
Tarun Khurana (from November 25, 2021) - Company Secretary

Edel Finance Company Limited

Notes to the consolidated financial statements for the year ended 31 March 2022 (Continued)

(Currency : Indian rupees in millions)

52. Disclosure as required by Indian Accounting Standard 24 – “Related Party Disclosure”: (Continued)

| Sr. No. | Nature of Transaction | Related Party Name | 31-Mar-22 | 31-Mar-21 |
|---|---|--|-----------|-----------|
| Transactions with related parties: | | | | |
| 1 | Amount paid to broker for cash segment | Edel Investments Limited | 148.86 | - |
| | | Edelweiss Securities Limited | 237.53 | 8,777.65 |
| 2 | Amount received from broker for cash segment | Edel Investments Limited | 168.84 | 249.41 |
| | | Edelweiss Securities Limited | 333.83 | 9,084.48 |
| 3 | Business support service charges from | ECL Finance Limited | 72.36 | 126.36 |
| | | Edel Investments Limited | 1.57 | 2.88 |
| | | Edel Land Limited | 17.15 | 49.40 |
| | | Edelcap Securities Limited | 56.05 | 22.67 |
| | | EdelGive Foundation | 5.57 | 1.57 |
| | | Edelweiss Alternative Asset Advisors Limited | 3.46 | 20.21 |
| | | Edelweiss Asset Management Limited | 3.81 | 23.62 |
| | | Edelweiss Asset Reconstruction Company Limited | 28.20 | 58.74 |
| | | Edelweiss Broking Limited | 2.97 | 87.27 |
| | | Edelweiss Capital Services Limited | 0.01 | - |
| | | Edelweiss Custodial Services Limited | 0.26 | 33.27 |
| | | Edelweiss Finance & Investments Limited | 0.87 | 16.74 |
| | | Edelweiss Financial Services Limited | 43.67 | 220.69 |
| | | Edelweiss Gallagher Insurance Brokers Limited | 10.81 | 7.49 |
| | | Edelweiss General Insurance Company Limited | 43.98 | 31.14 |
| | | Edelweiss Global Wealth Management Limited | 0.24 | 3.73 |
| | | Edelweiss International (Singapore) Pte. Limited | 6.29 | 7.10 |
| | | Edelweiss Retail Finance Limited | 0.76 | 18.04 |
| | | Edelweiss Securities And Investments Private Limited | 43.01 | - |
| | | Edelweiss Securities Limited | 268.18 | 49.14 |
| | | Edelweiss Tokio Life Insurance Company Limited | 68.00 | 39.42 |
| | | Edelweiss Trusteeship Company Limited | 0.01 | - |
| | | ESL Securities Limited | 0.04 | - |
| | | Lichen Metals Private Limited | - | 0.03 |
| 4 | Buyback / redemption- benchmark linked debentures | Edel Land Limited | 4,318.73 | 1,515.81 |
| 5 | Clearing charges paid to | Edelweiss Custodial Services Limited | 0.28 | 46.54 |
| 6 | Collateral management fees received from | ECL Finance Limited | - | 1.59 |
| 7 | Commission and sub-brokerage paid to | ECL Finance Limited | - | 0.04 |
| | | Edel Investments Limited | - | 0.41 |
| | | Edel Land Limited | - | 0.09 |
| | | Edelweiss Broking Limited | - | 0.01 |
| | | Edelweiss Global Wealth Management Limited | - | 6.67 |
| | | Edel Investments Limited | 0.01 | - |
| | | Edelweiss Securities Limited | 3.26 | 11.87 |
| 8 | Corporate Cost | Edelweiss Financial Services Limited | - | 15.01 |
| 9 | Corporate guarantee fee received from | ECL Finance Limited | 0.02 | 142.49 |
| | | Edelweiss Retail Finance Limited | - | 2.32 |
| 10 | Corporate guarantee support fee paid to | Edel Land Limited | 0.03 | 0.01 |
| | | Edelweiss Financial Services Limited | 1.12 | 172.51 |
| 11 | Directors' sitting fees | Atul Ambavat | 0.34 | 0.18 |
| | | Bharat Bakshi | - | 0.36 |
| | | Mr. Sunil Phatarphekar | - | 0.30 |
| | | Vinod Juneja | 0.34 | 0.18 |
| 12 | Remuneration to Key Management Personnel (Refer note 1) | Amit Dhawan | - | 3.62 |
| | | Ananthkrishanan S | 0.50 | - |
| | | Deepak Kundalia | - | 2.51 |
| | | Ravindra Dhobale | 1.49 | - |
| | | Sujit Kumar Pandey | 0.49 | - |
| | | Sunil Nagrani | 7.36 | - |
| 13 | Donation paid to | EdelGive Foundation | 10.53 | 56.52 |
| 14 | Enterprise service charges paid to | ECL Finance Limited | 20.12 | - |
| 15 | ESOP and SAR cost reimbursement | Edelweiss Financial Services Limited | 4.40 | 1.84 |
| 16 | Fair value/ Interest income on securities | Edelweiss Asset Reconstruction Company Limited | 4.76 | 318.99 |
| 17 | Group Mediclaim insurance paid to | Edelweiss General Insurance Company Limited | - | 0.02 |

Edel Finance Company Limited

Notes to the consolidated financial statements for the year ended 31 March 2022 (Continued)

(Currency : Indian rupees in millions)

52. Disclosure as required by Indian Accounting Standard 24 – “Related Party Disclosure”: (Continued)

| Sr. No. | Nature of Transaction | Related Party Name | 31-Mar-22 | 31-Mar-21 |
|---------|---|--|-----------|-----------|
| 18 | Income distribution from Fund | Edelweiss Value and Growth Fund | 283.76 | - |
| | | India Credit Investment Fund II | 64.00 | - |
| 19 | Insurance expenses paid to | Edelweiss Financial Services Limited | - | 0.18 |
| 20 | Interest / dividend on preference shares | ECL Finance Limited | 74.98 | 68.86 |
| | | Edel Land Limited | 103.50 | 88.12 |
| | | Edelweiss Securities Limited | - | 4.53 |
| 21 | Interest expense on Debentures | Edel Investments Limited | 166.01 | 6.92 |
| | | Edel Land Limited | 400.44 | 596.33 |
| | | Edelcap Securities Limited | 74.37 | 235.58 |
| | | Edelweiss Securities And Investments Private Limited | 12.40 | 17.33 |
| | | Edelweiss Tokio Life Insurance Company Limited | - | 18.46 |
| 22 | Interest expense on loans taken from | ECL Finance Limited | - | 125.19 |
| | | Edel Investments Limited | 79.29 | 18.16 |
| | | Edel Land Limited | 281.35 | 376.17 |
| | | Edelcap Securities Limited | 47.36 | - |
| | | Edelweiss Financial Services Limited | 2,142.38 | 360.45 |
| | | Edelweiss Retail Finance Limited | 193.43 | 135.27 |
| | | Edelweiss Securities And Investments Private Limited | 0.02 | 1.51 |
| | | Lichen Metals Private Limited | - | 5.02 |
| 23 | Interest income on loan given to | ECap Securities and Investments Limited | 228.93 | 234.34 |
| | | ECL Finance Limited | 265.07 | 8.53 |
| | | Edel Investments Limited | 10.31 | 0.07 |
| | | Edel Land Limited | 1,391.07 | 329.16 |
| | | Edelcap Securities Limited | 1.30 | - |
| | | Edelweiss Alternative Asset Advisors Limited | 7.35 | 53.03 |
| | | Edelweiss Broking Limited | 43.86 | 62.11 |
| | | Edelweiss Custodial Services Limited | - | 10.59 |
| | | Edelweiss Finance & Investments Limited | - | 0.28 |
| | | Edelweiss Financial Services Limited | - | 30.81 |
| | | Edelweiss Global Wealth Management Limited | 111.37 | 101.13 |
| | | Edelweiss Multi Strategy Fund Advisors LLP | - | 3.12 |
| | | Edelweiss Retail Finance Limited | 24.16 | 32.91 |
| | | Edelweiss Securities And Investments Private Limited | 87.04 | 0.10 |
| | | Edelweiss Securities Limited | - | 0.08 |
| | | Lichen Metals Private Limited | - | 0.57 |
| 24 | Interest expense on Non convertible Debentures | ECL Finance Limited | 8.68 | 3.66 |
| | | Edelweiss Finance & Investments Limited | 0.02 | 0.02 |
| | | Edelweiss Retail Finance Limited | 0.81 | 0.24 |
| | | Edelweiss Tokio Life Insurance Company Limited | 2.58 | - |
| 25 | Interest income on debentures (CCD) | ECL Finance Limited | 239.31 | 217.50 |
| | | Edel Land Limited | 25.16 | 0.01 |
| | | Edelweiss Retail Finance Limited | 1.64 | 1.64 |
| 26 | Interest expense on Securitisation | Edelweiss General Insurance Company Limited | 0.13 | - |
| | | Edelweiss Tokio Life Insurance Company Limited | 0.70 | - |
| 27 | Interest expense on subordinate debt | ECL Finance Limited | 6.16 | 6.17 |
| | | Edel Land Limited | 7.70 | 7.71 |
| 28 | Interest expenses on Security deposit | ECL Finance Limited | 58.68 | 60.50 |
| | | Edel Land Limited | - | 12.10 |
| | | Edelweiss Global Wealth Management Limited | - | 9.07 |
| 29 | Interest Income - Preference Capital (SIT) | ECap Securities and Investments Limited | - | 118.66 |
| 30 | Interest income on investment in debt securities held for trade | Edel Land Limited | 3.50 | - |
| | | Edelweiss Asset Reconstruction Company Limited | 160.87 | 152.29 |
| 31 | Interest income on margin from | Edelweiss Custodial Services Limited | 0.16 | 6.03 |
| 32 | Interest income on Nifty Linked Debentures | Edel Land Limited | 838.39 | 610.88 |
| 33 | Interest income on non convertible debentures | ECL Finance Limited | - | 18.50 |
| | | Edelweiss Retail Finance Limited | - | 10.85 |
| 34 | Interest income on securities | ECap Securities and Investments Limited | - | 9.68 |
| | | Edel Land Limited | 9.39 | - |
| | | Edelweiss Retail Finance Limited | 6.94 | 6.95 |

Edel Finance Company Limited

Notes to the consolidated financial statements for the year ended 31 March 2022 (Continued)

(Currency : Indian rupees in millions)

52. Disclosure as required by Indian Accounting Standard 24 – “Related Party Disclosure”: (Continued)

| Sr. No. | Nature of Transaction | Related Party Name | 31-Mar-22 | 31-Mar-21 |
|---------|--|--|-------------|-------------|
| 35 | Interest on delayed payment | Edelweiss Custodial Services Limited | - | 14.26 |
| 36 | Interim Dividend paid/proposed | ECL Finance Limited | - | 0.70 |
| | | Edel Land Limited | - | 0.70 |
| 37 | Interim Dividend Received | Lichen Metals Private Limited | - | 4.83 |
| 38 | Investment in debt securities held for trading | Edel Land Limited | 316.90 | - |
| | | Edelweiss Asset Reconstruction Company Limited | 1,302.00 | 1,494.00 |
| 39 | Investment in Security Receipts issued by at book Value | EARC Trust SC 378 | - | 22.78 |
| | | EARC Trust SC 417 | 365.93 | - |
| | | EARC Trust SC 418 | 273.19 | - |
| | | EARC Trust SC 447 | 566.27 | - |
| | | EARC Trust SC 451 | 294.44 | - |
| | | EARC Trust SC 459 | 137.10 | - |
| 40 | Investment management support service from | Edelweiss International (Singapore) Pte. Limited | 1.69 | 23.82 |
| 41 | Investments in debentures(Including CCD) | Edel Land Limited | 5,000.00 | 4,600.00 |
| 42 | Investments in other | Edelweiss Private Equity Tech Fund | 5.83 | - |
| | | Edelweiss Value and Growth Fund | 10.09 | 1.70 |
| | | India Credit Investment Fund II | 238.33 | 1,588.97 |
| 43 | Investments purchased from | Edel Land Limited | 68.63 | 6,046.74 |
| 44 | Investments sold to | Edel Land Limited | - | 3,421.83 |
| | | Edelweiss Financial Services Limited | 0.10 | - |
| | | Edelweiss General Insurance Company Limited | - | 106.21 |
| | | Edelweiss Securities And Investments Private Limited | 1,451.97 | - |
| 45 | Issue of Compulsory Convertible Preference Shares to | Edelweiss Financial Services Limited | - | 1,650.00 |
| 46 | Issue of equity shares to (including securities premium) | Edelweiss Financial Services Limited | - | 300.00 |
| 47 | Legal and professional fees paid to | ECL Finance Limited | 0.55 | - |
| | | Edelweiss Alternative Asset Advisors Limited | 0.02 | 32.63 |
| | | Edelweiss Financial Services Limited | - | 0.06 |
| 48 | Loan purchased from | ECL Finance Limited | 1,005.78 | 1,937.86 |
| | | Edel Land Limited | 1,589.28 | 396.50 |
| | | Edelweiss Retail Finance Limited | 282.82 | 1,769.67 |
| 49 | Loans given repaid by | ECL Finance Limited | 18,507.86 | 8,847.45 |
| | | Edel Investments Limited | 5,609.50 | 67.67 |
| | | Edel Land Limited | 1,07,970.10 | 1,27,681.43 |
| | | Edelcap Securities Limited | 784.48 | 3,230.20 |
| | | Edelweiss Alternative Asset Advisors Limited | 1.19 | 3,360.19 |
| | | Edelweiss Broking Limited | 2,200.00 | 2,219.62 |
| | | Edelweiss Custodial Services Limited | - | 2,072.00 |
| | | Edelweiss Finance & Investments Limited | - | 67.89 |
| | | Edelweiss Financial Services Limited | - | 3,313.86 |
| | | Edelweiss Global Wealth Management Limited | 2,100.06 | 1,265.06 |
| | | Edelweiss Multi Strategy Fund Advisors LLP | - | 76.41 |
| | | Edelweiss Retail Finance Limited | 8,240.00 | 20,830.00 |
| | | Edelweiss Securities And Investments Private Limited | 3,489.19 | 4,732.94 |
| | | Edelweiss Securities Limited | - | 1,587.32 |
| | | Lichen Metals Private Limited | - | 265.67 |
| 50 | Loans given repaid by (Max of debit/ credit) | ECL Finance Limited | 2,000.00 | 2,000.00 |
| | | Edel Land Limited | 7,002.90 | 2,446.70 |
| | | Edelweiss Alternative Asset Advisors Limited | - | 400.00 |
| | | Edelweiss Broking Limited | 2,200.00 | 500.00 |
| | | Edelweiss Global Wealth Management Limited | 700.00 | 817.52 |
| | | Edelweiss Retail Finance Limited | 2,500.00 | 4,000.00 |
| | | Edelweiss Securities And Investments Private Limited | - | 700.00 |
| 51 | Loans given to | ECL Finance Limited | 18,287.86 | 9,831.54 |
| | | Edel Investments Limited | 5,609.50 | 512.66 |
| | | Edel Land Limited | 1,04,232.11 | 1,37,393.74 |
| | | Edelcap Securities Limited | 784.48 | 4,882.60 |
| | | Edelweiss Alternative Asset Advisors Limited | 330.00 | 2,240.27 |
| | | Edelweiss Broking Limited | 2,200.00 | 2,216.10 |
| | | Edelweiss Custodial Services Limited | - | 916.00 |
| | | Edelweiss Finance & Investments Limited | - | 38.94 |

Edel Finance Company Limited

Notes to the consolidated financial statements for the year ended 31 March 2022 (Continued)

(Currency : Indian rupees in millions)

52. Disclosure as required by Indian Accounting Standard 24 – “Related Party Disclosure”: (Continued)

| Sr. No. | Nature of Transaction | Related Party Name | 31-Mar-22 | 31-Mar-21 |
|---------|---|--|-----------|-----------|
| | | Edelweiss Financial Services Limited | - | 3,313.86 |
| | | Edelweiss Global Wealth Management Limited | 1,125.60 | 1,372.58 |
| | | Edelweiss Multi Strategy Fund Advisors LLP | - | 45.00 |
| | | Edelweiss Retail Finance Limited | 8,240.00 | 20,830.00 |
| | | Edelweiss Securities And Investments Private Limited | 5,259.17 | 1,865.21 |
| | | Edelweiss Securities Limited | - | 1,578.85 |
| | | Lichen Metals Private Limited | - | 0.46 |
| 52 | Loans given to (Max of debit/ credit) | ECL Finance Limited | 2,000.00 | 1,500.00 |
| | | Edel Land Limited | 1,000.00 | 6,102.50 |
| | | Edelweiss Alternative Asset Advisors Limited | - | 500.00 |
| | | Edelweiss Broking Limited | 1,800.00 | 1,000.00 |
| | | Edelweiss Global Wealth Management Limited | - | 817.52 |
| | | Edelweiss Retail Finance Limited | 2,500.00 | 4,000.00 |
| | | Edelweiss Securities And Investments Private Limited | 250.00 | 850.00 |
| 53 | Loans repaid to | ECL Finance Limited | - | 10,214.00 |
| | | Edel Investments Limited | 14,762.21 | 849.45 |
| | | Edel Land Limited | 16,528.01 | 24,095.19 |
| | | Edelcap Securities Limited | 4,019.26 | - |
| | | Edelweiss Financial Services Limited | 31,859.48 | 19,233.77 |
| | | Edelweiss Retail Finance Limited | 8,310.00 | 2,413.00 |
| | | Edelweiss Securities And Investments Private Limited | 0.40 | 576.30 |
| | | Lichen Metals Private Limited | - | 179.19 |
| 54 | Loans repaid to (Max of debit/ credit) | ECL Finance Limited | - | 250.00 |
| | | Edel Land Limited | 612.04 | 4,644.50 |
| | | Edelweiss Financial Services Limited | 2,000.00 | 2,000.00 |
| | | Edelweiss Retail Finance Limited | 130.00 | 13.00 |
| 55 | Loans sold to | Edelweiss Asset Reconstruction Company Limited | 1,925.70 | 793.00 |
| | | Edelweiss General Insurance Company Limited | 100.83 | - |
| | | Edelweiss Tokio Life Insurance Company Limited | 997.36 | - |
| | | India Credit Investment Fund II | - | 1,342.19 |
| 56 | Loans taken from | ECL Finance Limited | - | 8,360.00 |
| | | Edel Investments Limited | 15,308.88 | 975.58 |
| | | Edel Land Limited | 29,820.81 | 21,392.40 |
| | | Edelcap Securities Limited | 4,963.72 | - |
| | | Edelweiss Financial Services Limited | 44,946.93 | 23,540.85 |
| | | Edelweiss Global Wealth Management Limited | - | - |
| | | Edelweiss Retail Finance Limited | 11,780.00 | 8,148.00 |
| | | Edelweiss Securities And Investments Private Limited | - | 576.70 |
| | | Lichen Metals Private Limited | - | 178.69 |
| 57 | Loans taken from (Max of debit/ credit) | ECL Finance Limited | - | 250.00 |
| | | Edel Land Limited | 724.08 | 6,239.00 |
| | | Edelweiss Financial Services Limited | 4,751.20 | 2,110.00 |
| | | Edelweiss Retail Finance Limited | 250.00 | - |
| 58 | Management and Advisory Fees paid to | ECL Finance Limited | 326.60 | - |
| | | Edelweiss Alternative Asset Advisors Limited | 15.46 | 9.32 |
| | | Edelweiss Asset Reconstruction Company Limited | 76.72 | 55.69 |
| 59 | Management and Advisory fees received from | ECL Finance Limited | 17.50 | 33.93 |
| | | Edelweiss Financial Services Limited | - | 8.05 |
| | | Edelweiss Retail Finance Limited | 4.30 | 9.00 |
| 60 | Margin placed with broker | Edel Investments Limited | 113.00 | - |
| | | Edelweiss Custodial Services Limited | - | 14,181.05 |
| | | Edelweiss Securities Limited | 80.00 | - |
| 61 | Margin withdrawn from broker | Edel Investments Limited | 113.00 | - |
| | | Edelweiss Custodial Services Limited | - | 14,025.82 |
| | | Edelweiss Securities Limited | 86.00 | - |
| 62 | Margin repaid to clearing house (agg of credit) | Edelweiss Custodial Services Limited | 0.47 | 0.96 |
| 63 | Margin repaid to clearing house (max of Credit) | Edelweiss Custodial Services Limited | 0.16 | 1.22 |
| 64 | Margins placed with (refer note (i) below) - Max method | Edel Investments Limited | 1.94 | - |
| | | Edelweiss Custodial Services Limited | 22.66 | 2.36 |
| | | Edelweiss Securities Limited | - | 2.21 |
| 65 | Margins placed with (refer note (i) below) - Total method | Edel Investments Limited | 7.20 | - |
| | | Edelweiss Custodial Services Limited | 1,452.52 | 1,639.93 |

Edel Finance Company Limited

Notes to the consolidated financial statements for the year ended 31 March 2022 (Continued)

(Currency : Indian rupees in millions)

52. Disclosure as required by Indian Accounting Standard 24 – “Related Party Disclosure”: (Continued)

| Sr. No. | Nature of Transaction | Related Party Name | 31-Mar-22 | 31-Mar-21 |
|---------|---|--|-----------|-----------|
| | | Edelweiss Securities Limited | - | 2.21 |
| 66 | Margins withdrawn (refer note (i) below) - Max method | Edel Investments Limited | 1.91 | - |
| | | Edelweiss Custodial Services Limited | 20.22 | 1.18 |
| | | Edelweiss Securities Limited | - | 2.21 |
| 67 | Margins withdrawn (refer note (i) below) - Total method | Edel Investments Limited | 12.67 | - |
| | | Edelweiss Custodial Services Limited | 1,449.77 | 1,635.47 |
| | | Edelweiss Securities Limited | - | 2.67 |
| 68 | Other financial cost paid to | ECL Finance Limited | - | 519.60 |
| | | Edelweiss Alternative Asset Advisors Limited | - | - |
| | | Edelweiss Broking Limited | 23.58 | 37.25 |
| | | Edelweiss Global Wealth Management Limited | - | 38.23 |
| | | Edelweiss Securities Limited | - | 1.04 |
| 69 | Payment Received for Transfer of Employee benefit Related Provision | Lichen Metals Private Limited | - | 0.42 |
| 70 | Sale of equity shares | Edelweiss Financial Services Limited | - | 6,706.17 |
| | | Edelweiss Securities And Investments Private Limited | 846.89 | - |
| 71 | Purchase of equity shares | Edelweiss Financial Services Limited | 2,668.42 | - |
| | | Edelweiss Securities Limited | - | 1,043.33 |
| 72 | Purchase of Property, Plant & Equipment | ECL Finance Limited | 0.50 | 0.20 |
| | | Edel Investments Limited | - | 0.01 |
| | | Edel Land Limited | 0.03 | 0.02 |
| | | Edelcap Securities Limited | 0.03 | 0.05 |
| | | EdelGive Foundation | 0.04 | - |
| | | Edelweiss Alternative Asset Advisors Limited | - | 0.01 |
| | | Edelweiss Asset Management Limited | - | 0.01 |
| | | Edelweiss Broking Limited | 0.03 | 0.14 |
| | | Edelweiss Finance & Investments Limited | 1.35 | 0.01 |
| | | Edelweiss Financial Services Limited | 0.14 | 0.04 |
| | | Edelweiss Gallagher Insurance Brokers Limited | - | 0.03 |
| | | Edelweiss Global Wealth Management Limited | - | 0.01 |
| | | Edelweiss Retail Finance Limited | 0.33 | 0.03 |
| | | Edelweiss Securities Limited | 0.07 | 0.09 |
| 73 | Sale of Property, Plant & Equipment | ECL Finance Limited | 1.12 | 0.41 |
| | | Edel Investments Limited | 0.03 | 0.01 |
| | | Edel Land Limited | 0.07 | 0.09 |
| | | Edelcap Securities Limited | 0.05 | 0.04 |
| | | EdelGive Foundation | 0.01 | 0.01 |
| | | Edelweiss Alternative Asset Advisors Limited | 0.01 | 0.02 |
| | | Edelweiss Asset Management Limited | 0.12 | 0.01 |
| | | Edelweiss Asset Reconstruction Company Limited | 0.02 | 0.10 |
| | | Edelweiss Broking Limited | 0.08 | 3.56 |
| | | Edelweiss Custodial Services Limited | 0.00 | 0.06 |
| | | Edelweiss Finance & Investments Limited | 0.06 | 0.19 |
| | | Edelweiss Financial Services Limited | 0.11 | 0.02 |
| | | Edelweiss Gallagher Insurance Brokers Limited | 0.01 | - |
| | | Edelweiss General Insurance Company Limited | 1.31 | 0.13 |
| | | Edelweiss Global Wealth Management Limited | - | 0.02 |
| | | Edelweiss Retail Finance Limited | 0.02 | 0.02 |
| | | Edelweiss Securities Limited | 0.03 | 0.98 |
| | | Edelweiss Tokio Life Insurance Company Limited | 0.22 | 0.17 |
| 74 | Purchase of securities | ECap Securities and Investments Limited | - | 509.89 |
| | | ECL Finance Limited | 2,297.72 | 855.70 |
| | | Edel Investments Limited | 314.37 | - |
| | | Edel Land Limited | 3,961.00 | 2,363.12 |
| | | Edelcap Securities Limited | - | 661.02 |
| | | Edelweiss Retail Finance Limited | 0.20 | - |
| 75 | Sale of Securities | ECap Securities and Investments Limited | - | 495.24 |
| | | ECL Finance Limited | - | 3,259.46 |
| | | Edel Investments Limited | 3,890.00 | - |
| | | Edel Land Limited | 312.92 | 2,222.04 |
| | | Edelcap Securities Limited | - | 1,009.07 |
| | | Edelweiss Broking Limited | 115.88 | - |
| | | Edelweiss Finance & Investments Limited | - | 10.94 |
| | | Edelweiss Retail Finance Limited | - | 0.08 |
| | | Edelweiss Securities And Investments Private Limited | - | 15.23 |

Edel Finance Company Limited

Notes to the consolidated financial statements for the year ended 31 March 2022 (Continued)

(Currency : Indian rupees in millions)

52. Disclosure as required by Indian Accounting Standard 24 – “Related Party Disclosure”: (Continued)

| Sr. No. | Nature of Transaction | Related Party Name | 31-Mar-22 | 31-Mar-21 |
|--|---|--|-----------------------------|---------------------|
| 76 | Rating Support Fees Income | ECL Finance Limited | 0.68 | 0.91 |
| | | Edel Land Limited | 0.02 | 0.04 |
| | | Edelweiss Asset Reconstruction Company Limited | 0.07 | 0.09 |
| | | Edelweiss Broking Limited | 0.02 | 0.01 |
| | | Edelweiss Custodial Services Limited | 0.03 | 0.04 |
| | | Edelweiss Finance & Investments Limited | 0.13 | 0.14 |
| | | Edelweiss Financial Services Limited | 0.09 | 0.10 |
| | | Edelweiss Retail Finance Limited | 0.06 | 0.08 |
| | | Edelweiss Securities Limited | 0.03 | 0.03 |
| 77 | Rating support fees paid to | Edelweiss Financial Services Limited | - | 0.39 |
| 78 | Redemption - Debentures/bonds | ECL Finance Limited | 1,200.00 | - |
| | | Edel Land Limited | 7,894.62 | - |
| | | Edelweiss Asset Reconstruction Company Limited | 191.63 | 598.69 |
| | | Edelweiss Retail Finance Limited | - | 250.00 |
| 79 | Redemption of preference Shares purchased | ECap Securities and Investments Limited | - | 1,000.00 |
| 80 | Reimbursement paid to | ECap Securities and Investments Limited | - | 0.44 |
| | | ECL Finance Limited | 104.87 | 108.57 |
| | | Edel Land Limited | 0.07 | 12.42 |
| | | Edelcap Securities Limited | 0.01 | 3.04 |
| | | Edelweiss Alternative Asset Advisors Limited | 11.54 | 16.62 |
| | | Edelweiss Broking Limited | 0.08 | 2.04 |
| | | Edelweiss Custodial Services Limited | 0.60 | 0.02 |
| | | Edelweiss Finance & Investments Limited | - | 0.41 |
| | | Edelweiss Financial Services Limited | 9.58 | 84.29 |
| | | Edelweiss International (Singapore) Pte. Limited | 0.01 | - |
| | | Edelweiss Retail Finance Limited | 0.49 | - |
| | | Edelweiss Securities Limited | 1.04 | 7.04 |
| | | 81 | Reimbursement received from | ECL Finance Limited |
| Edel Investments Limited | 1.93 | | | 0.83 |
| Edel Land Limited | 0.57 | | | 6.34 |
| Edelcap Securities Limited | 4.27 | | | 12.41 |
| EdelGive Foundation | 0.08 | | | 0.59 |
| Edelweiss Alternative Asset Advisors Limited | 1.74 | | | 3.08 |
| Edelweiss Asset Management Limited | 1.18 | | | 4.70 |
| Edelweiss Asset Reconstruction Company Limited | 1.91 | | | 4.55 |
| Edelweiss Broking Limited | 2.84 | | | 46.61 |
| Edelweiss Capital Services Limited | 0.15 | | | 0.01 |
| Edelweiss Custodial Services Limited | 5.23 | | | 8.53 |
| Edelweiss Finance & Investments Limited | 0.50 | | | 4.59 |
| Edelweiss Financial Services Limited | 90.64 | | | 19.04 |
| Edelweiss Gallagher Insurance Brokers Limited | 0.22 | | | 3.21 |
| Edelweiss General Insurance Company Limited | 0.59 | | | 9.14 |
| Edelweiss Global Wealth Management Limited | 0.09 | | | 0.50 |
| Edelweiss Retail Finance Limited | 0.38 | | | 1.26 |
| Edelweiss Securities Limited | 12.56 | | | 18.69 |
| Edelweiss Tokio Life Insurance Company Limited | 4.95 | | | 9.80 |
| Edelweiss Trusteeship Company Limited | - | | | 0.01 |
| ESL Securities Limited | 0.09 | - | | |
| Lichen Metals Private Limited | - | 0.03 | | |
| 82 | Rent paid to | ECap Securities and Investments Limited | - | 0.45 |
| | | ECL Finance Limited | - | 0.17 |
| | | Edelweiss Broking Limited | - | 0.01 |
| | | Edelweiss Custodial Services Limited | - | 0.01 |
| 83 | Rental income from | ECL Finance Limited | 11.78 | 42.16 |
| | | Edel Investments Limited | 25.25 | 4.69 |
| | | Edel Land Limited | 2.28 | 8.41 |
| | | Edelcap Securities Limited | 14.01 | 36.60 |
| | | EdelGive Foundation | 1.12 | 1.20 |
| | | Edelweiss Alternative Asset Advisors Limited | 45.18 | 42.00 |
| | | Edelweiss Asset Management Limited | 24.96 | 15.07 |
| | | Edelweiss Asset Reconstruction Company Limited | 44.73 | 34.02 |
| | | Edelweiss Broking Limited | 0.20 | 39.53 |
| | | Edelweiss Custodial Services Limited | 93.72 | 16.97 |
| | | Edelweiss Finance & Investments Limited | - | 12.39 |
| | | Edelweiss Financial Services Limited | 26.89 | 48.71 |
| | | Edelweiss Gallagher Insurance Brokers Limited | - | 0.17 |
| | | Edelweiss General Insurance Company Limited | - | 0.09 |
| | | Edelweiss Global Wealth Management Limited | - | 8.05 |
| | | Edelweiss Retail Finance Limited | - | 1.56 |

Edel Finance Company Limited

Notes to the consolidated financial statements for the year ended 31 March 2022 (Continued)

(Currency : Indian rupees in millions)

52. Disclosure as required by Indian Accounting Standard 24 – “Related Party Disclosure”: (Continued)

| Sr. No. | Nature of Transaction | Related Party Name | 31-Mar-22 | 31-Mar-21 |
|---------|---|--|-----------|-----------|
| | | Edelweiss Securities Limited | 12.93 | 48.71 |
| | | Edelweiss Tokio Life Insurance Company Limited | - | 0.02 |
| | | ESL Securities Limited | - | 0.48 |
| | | Lichen Metals Private Limited | - | 0.40 |
| 84 | Risk and reward sharing fee expenses | Edelweiss Financial Services Limited | 1.94 | 1.17 |
| 85 | Security deposit received from | Edelweiss Custodial Services Limited | 84.44 | - |
| | | Edelweiss Securities Limited | 7.33 | - |
| 86 | Security deposit repaid to | ECL Finance Limited | 500.00 | - |
| | | Edel Land Limited | 100.00 | - |
| | | Edelweiss Global Wealth Management Limited | 75.00 | - |
| 87 | Security Receipts Sold to | Edelweiss Retail Finance Limited | 378.65 | - |
| | | India Credit Investment Fund II | - | 1,835.34 |
| 88 | Service Charges paid | ECL Finance Limited | 1.44 | 0.95 |
| | | Edelweiss Retail Finance Limited | 1.50 | 0.66 |
| 89 | Service fee received from | ECL Finance Limited | 0.11 | 0.11 |
| | | Edelweiss Retail Finance Limited | 0.26 | 0.02 |
| 90 | Share of loss | Edelweiss Multi Strategy Fund Advisors LLP | - | 4.03 |
| | | Edelweiss Resolution Advisors LLP | 0.04 | - |
| 91 | Share of Profit | Edelweiss Multi Strategy Fund Advisors LLP | 4.19 | - |
| | | Edelweiss Resolution Advisors LLP | - | 4.96 |
| 92 | Shared premises cost paid to | ECap Securities and Investments Limited | - | 17.14 |
| | | ECL Finance Limited | 27.50 | 7.51 |
| | | Edel Land Limited | 1.80 | 3.35 |
| | | Edelweiss Broking Limited | 0.07 | 0.44 |
| | | Edelweiss Custodial Services Limited | - | 0.01 |
| | | Edelweiss Retail Finance Limited | 8.66 | 23.97 |
| | | Edelweiss Securities Limited | - | 0.18 |
| 93 | Shared premises cost received from | Edelweiss Broking Limited | - | 0.05 |
| | | Edelweiss Custodial Services Limited | 0.26 | 0.18 |
| | | Edelweiss Financial Services Limited | 0.01 | - |
| | | Edelweiss Gallagher Insurance Brokers Limited | - | 0.03 |
| | | Edelweiss General Insurance Company Limited | 0.26 | 1.26 |
| 94 | Trade exposure charges paid to | Edelweiss Custodial Services Limited | 7.77 | - |
| 95 | Transfer of gratuity liability on account of employee transfer to | Edelweiss Broking Limited | - | 0.95 |
| 96 | Withdrawal of capital from partnership firm | Edelweiss Multi Strategy Fund Advisors LLP | 7.02 | 5.25 |
| | | Edelweiss Resolution Advisors LLP | 0.24 | 7.80 |
| | Balances with related parties: | | | |
| 1 | Accrued interest expenses on loan taken from | ECL Finance Limited | 0.24 | 0.87 |
| | | Edel Investments Limited | 7.29 | 2.41 |
| | | Edel Land Limited | 122.35 | 24.02 |
| | | Edelcap Securities Limited | 7.55 | - |
| | | Edelweiss Alternative Asset Advisors Limited | - | 0.47 |
| | | Edelweiss Financial Services Limited | 244.11 | 51.13 |
| | | Edelweiss Retail Finance Limited | 20.88 | - |
| | | Edelweiss Securities And Investments Private Limited | - | 1.49 |
| 2 | Corporate Guarantee Given to/for | ECL Finance Limited | 249.09 | - |
| | | Edelweiss Retail Finance Limited | 32.49 | - |
| 3 | Corporate Guarantee taken from | Edel Land Limited | 280.22 | 300.82 |
| | | Edelweiss Financial Services Limited | 1,794.40 | 1,890.58 |

Edel Finance Company Limited

Notes to the consolidated financial statements for the year ended 31 March 2022 (Continued)

(Currency : Indian rupees in millions)

52. Disclosure as required by Indian Accounting Standard 24 – “Related Party Disclosure”: (Continued)

| Sr. No. | Nature of Transaction | Related Party Name | 31-Mar-22 | 31-Mar-21 |
|---------|--|--|-----------|-----------|
| 4 | Dividend payable to | ECL Finance Limited | - | 0.70 |
| | | Edel Land Limited | - | 0.70 |
| 5 | Interest accrued but not due on Non convertible debentures held by | ECL Finance Limited | 0.58 | 11.29 |
| | | Edelweiss Retail Finance Limited | 0.52 | 0.52 |
| | | Edelweiss Tokio Life Insurance Company Limited | 1.81 | - |
| 6 | Interest accrued on Securitisation | Edelweiss General Insurance Company Limited | 0.13 | - |
| | | Edelweiss Tokio Life Insurance Company Limited | 0.70 | - |
| 7 | Interest accrued on subordinate debt | ECL Finance Limited | 4.15 | 4.15 |
| | | Edel Land Limited | 5.19 | 5.19 |
| 8 | Interest expenses accrued on Short term borrowings | Edel Land Limited | 0.54 | - |
| | | Edelweiss Retail Finance Limited | 1.87 | - |
| 9 | Interest income accrued on Loans | ECap Securities and Investments Limited | 5.50 | 67.16 |
| | | ECL Finance Limited | 159.38 | 1.57 |
| | | Edel Land Limited | 130.81 | 58.21 |
| | | Edelweiss Alternative Asset Advisors Limited | 3.63 | - |
| | | Edelweiss Global Wealth Management Limited | 6.23 | 2.42 |
| | | Edelweiss Retail Finance Limited | - | 8.14 |
| 10 | Interest payable -Accrued -Group company | Edelweiss Securities And Investments Private Limited | 7.38 | 0.08 |
| | | Edel Land Limited | - | 6.08 |
| 11 | Interest Payable on Debenture | Edelweiss Financial Services Limited | 41.65 | 7.28 |
| | | Edel Investments Limited | 0.53 | 0.18 |
| | | Edel Land Limited | 70.66 | 126.79 |
| | | Edelcap Securities Limited | 4.62 | 44.08 |
| 12 | Interest receivable - accrued on debentures and bonds of | Edelweiss Tokio Life Insurance Company Limited | - | 5.07 |
| | | ECL Finance Limited | - | 249.96 |
| | | Edel Land Limited | 15.40 | - |
| 13 | Interest receivable-Accrued -Group Company | Edelweiss Retail Finance Limited | 1.90 | 1.86 |
| | | Edel Land Limited | 9.45 | 11.43 |
| | | Edelweiss Alternative Asset Advisors Limited | - | 3.97 |
| | | Edelweiss Broking Limited | - | 2.01 |
| 14 | Investment in Security Receipts issued by at book Value | Edelweiss Securities And Investments Private Limited | 2.37 | 0.09 |
| | | EARC Trust SC 374 | - | 57.84 |
| | | EARC Trust SC 378 | - | 20.66 |
| | | EARC Trust SC 401 | 799.51 | 931.62 |
| | | EARC Trust SC 418 | 240.95 | - |
| | | EARC Trust SC 447 | 553.31 | - |
| | | EARC Trust SC 451 | 282.02 | - |
| 15 | Investments in debentures(Including CCD) | EARC Trust SC 459 | 137.10 | - |
| | | ECL Finance Limited | 2,120.60 | 2,120.60 |
| | | Edel Land Limited | 11,892.48 | 10,619.85 |
| | | Edelweiss Asset Reconstruction Company Limited | 19.80 | 15.03 |
| 16 | Investments in equity shares | Edelweiss Retail Finance Limited | 58.40 | 58.40 |
| | | Edelweiss Asset Management Limited | 733.89 | - |
| | | Edelweiss Asset Reconstruction Company Limited | 239.68 | 772.57 |
| | | Edelweiss Retail Finance Limited | 264.00 | 264.00 |
| 17 | Investments in others | Edelweiss Securities Limited | 2,304.08 | - |
| | | Edelweiss Multi Strategy Fund Advisors LLP | 0.05 | 0.05 |
| | | Edelweiss Resolution Advisors LLP | 0.10 | 0.07 |
| | | Edelweiss Private Equity Tech Fund | 199.80 | 199.36 |
| | | Edelweiss Value and Growth Fund | 314.09 | 598.02 |
| 18 | Loans given to | India Credit Investment Fund II | 1,507.03 | 1,502.16 |
| | | ECL Finance Limited | - | 2,120.10 |
| | | Edel Land Limited | 780.00 | 1,000.00 |
| | | Edelweiss Alternative Asset Advisors Limited | 1,875.83 | 12,701.54 |
| | | Edelweiss Global Wealth Management Limited | 330.00 | 1.19 |
| | | Edelweiss Securities And Investments Private Limited | 70.06 | 1,050.14 |
| 19 | Loans taken from | Edelweiss Retail Finance Limited | 1,944.26 | 173.88 |
| | | Edel Investments Limited | 685.00 | 138.33 |
| | | Edel Land Limited | 112.56 | 0.52 |

Edel Finance Company Limited

Notes to the consolidated financial statements for the year ended 31 March 2022 (Continued)

(Currency : Indian rupees in millions)

52. Disclosure as required by Indian Accounting Standard 24 – “Related Party Disclosure”: (Continued)

| Sr. No. | Nature of Transaction | Related Party Name | 31-Mar-22 | 31-Mar-21 |
|---------|---|--|-----------|-----------|
| | | Edelcap Securities Limited | 944.46 | - |
| | | Edelweiss Financial Services Limited | 17,394.53 | 4,307.08 |
| | | Edelweiss Retail Finance Limited | 3,470.00 | - |
| 20 | Margin payable to | Edel Investments Limited | 0.50 | - |
| | | Edelweiss Custodial Services Limited | - | (1.57) |
| | | Edelweiss Securities Limited | - | 0.37 |
| 21 | Margin placed with broker | Edelweiss Custodial Services Limited | - | 0.02 |
| | | Edelweiss Securities Limited | - | 0.22 |
| 22 | Margin placed with clearing house | Edelweiss Custodial Services Limited | 0.10 | 0.26 |
| 23 | Margin receivable from | Edel Investments Limited | 0.45 | - |
| | | Edelweiss Custodial Services Limited | 7.50 | 505.18 |
| | | Edelweiss Securities Limited | - | 6.00 |
| 24 | Non convertible debentures | ECL Finance Limited | - | 1,325.36 |
| | | Edel Land Limited | 555.97 | - |
| | | Edelweiss Retail Finance Limited | 18.61 | 16.04 |
| 25 | Non convertible debentures held by (Face Value) | ECL Finance Limited | 8.33 | 158.38 |
| | | Edel Investments Limited | 300.82 | 10.46 |
| | | Edel Land Limited | 4,064.34 | 5,517.39 |
| | | Edelcap Securities Limited | 350.53 | 1,469.33 |
| | | Edelweiss Finance & Investments Limited | 0.16 | 0.16 |
| | | Edelweiss Retail Finance Limited | 7.47 | 7.60 |
| | | Edelweiss Tokio Life Insurance Company Limited | 225.80 | 200.00 |
| 26 | Other Payable | ECL Finance Limited | - | 0.17 |
| | | Edel Investments Limited | 0.01 | - |
| | | Edelweiss Broking Limited | 0.38 | 1.20 |
| | | Edelweiss Custodial Services Limited | 0.03 | 0.29 |
| | | Edelweiss Finance & Investments Limited | 0.08 | 5.49 |
| | | Edelweiss Financial Services Limited | 1.44 | 17.78 |
| | | Edelweiss Retail Finance Limited | - | 0.03 |
| | | Edelweiss Securities (IFSC) Limited | 0.03 | 0.10 |
| | | Edelweiss Securities Limited | 0.16 | 5.07 |
| 27 | Other Receivable | ECL Finance Limited | 0.93 | 0.33 |
| | | Edel Land Limited | - | 0.13 |
| | | Edelcap Securities Limited | - | 0.03 |
| | | EdelGive Foundation | 0.56 | - |
| | | Edelweiss Alternative Asset Advisors Limited | - | 0.02 |
| | | Edelweiss Asset Management Limited | 0.02 | - |
| | | Edelweiss Asset Reconstruction Company Limited | 0.03 | - |
| | | Edelweiss Broking Limited | 0.00 | 0.11 |
| | | Edelweiss Custodial Services Limited | - | 0.07 |
| | | Edelweiss Finance & Investments Limited | 0.01 | 0.50 |
| | | Edelweiss Financial Services Limited | - | 4.26 |
| | | Edelweiss General Insurance Company Limited | 0.12 | 0.04 |
| | | Edelweiss Global Wealth Management Limited | - | 0.01 |
| | | Edelweiss Retail Finance Limited | 0.08 | - |
| | | Edelweiss Securities And Investments Private Limited | 0.13 | - |
| | | Edelweiss Securities Limited | - | 0.09 |
| | | ESL Securities Limited | 0.01 | 0.01 |
| | | India Credit Investment Fund II | - | 2.38 |
| 28 | Partner's current account - receivable from | Edelweiss Multi Strategy Fund Advisors LLP | 3.18 | 6.01 |
| | | Edelweiss Resolution Advisors LLP | 0.32 | 0.63 |
| 29 | Rental deposits payable to | ECL Finance Limited | - | 500.00 |
| | | Edel Land Limited | - | 100.00 |
| | | Edelweiss Asset Reconstruction Company Limited | 50.00 | 50.00 |
| | | Edelweiss Custodial Services Limited | 84.44 | - |
| | | Edelweiss Global Wealth Management Limited | - | 75.00 |
| | | Edelweiss Securities Limited | 7.33 | - |
| 30 | Risk and Rewards Guarantee taken from | Edelweiss Financial Services Limited | 2,208.60 | 1,446.13 |
| 31 | Security deposit given including accrued interest | ECap Securities and Investments Limited | - | 80.91 |
| 32 | Stock in trade - debentures and bonds | Edel Land Limited | 3.00 | 237.76 |
| | | Edelweiss Multi Strategy Fund Advisors LLP | - | 577.40 |

Edel Finance Company Limited

Notes to the consolidated financial statements for the year ended 31 March 2022 (Continued)

(Currency : Indian rupees in millions)

52. Disclosure as required by Indian Accounting Standard 24 – “Related Party Disclosure”: (Continued)

| Sr. No. | Nature of Transaction | Related Party Name | 31-Mar-22 | 31-Mar-21 |
|------------------------|--------------------------------|--|-----------|-----------|
| 33 | Subordinate debt issued to | ECL Finance Limited | 56.00 | 56.00 |
| | | Edel Land Limited | 70.00 | 70.00 |
| 34 | Subordinated Preference Shares | ECL Finance Limited | 918.36 | 843.38 |
| | | Edel Land Limited | 1,296.51 | 1,193.01 |
| 35 | Trade Payables to | EC Global Limited | 0.02 | 0.02 |
| | | ECap Securities and Investments Limited | - | 1.62 |
| | | ECL Finance Limited | 102.45 | 100.80 |
| | | Edel Investments Limited | - | 0.19 |
| | | Edel Land Limited | 2.00 | 0.24 |
| | | Edelweiss Alternative Asset Advisors Limited | - | 3.57 |
| | | Edelweiss Alternative Asset Advisors Pte. Limited | 0.14 | - |
| | | Edelweiss Broking Limited | 1.80 | 2.31 |
| | | Edelweiss Finance & Investments Limited | 0.40 | - |
| | | Edelweiss Financial Services Limited | 4.97 | 130.43 |
| | | Edelweiss General Insurance Company Limited | 0.05 | - |
| | | Edelweiss Global Wealth Management Limited | - | 4.73 |
| | | Edelweiss Retail Finance Limited | 6.22 | 1.87 |
| | | Edelweiss Securities Limited | 0.22 | 0.56 |
| | | ESL Securities Limited | - | 0.38 |
| 36 | Trade Receivables from | ECL Finance Limited | 35.56 | 13.56 |
| | | Edel Investments Limited | 1.87 | - |
| | | Edel Land Limited | 0.79 | - |
| | | Edelcap Securities Limited | 6.28 | - |
| | | EdelGive Foundation | 0.33 | - |
| | | Edelweiss Alternative Asset Advisors Limited | 6.09 | - |
| | | Edelweiss Asset Management Limited | 2.89 | 0.04 |
| | | Edelweiss Asset Reconstruction Company Limited | 6.73 | - |
| | | Edelweiss Broking Limited | 1.17 | 0.05 |
| | | Edelweiss Capital (Singapore) Pte. Limited | - | 0.02 |
| | | Edelweiss Custodial Services Limited | 8.24 | 0.78 |
| | | Edelweiss Finance & Investments Limited | - | 0.02 |
| | | Edelweiss Financial Services Limited | 30.06 | 13.34 |
| | | Edelweiss General Insurance Company Limited | 8.56 | 0.16 |
| | | Edelweiss International (Singapore) Pte. Limited | 1.79 | 30.92 |
| | | Edelweiss Multi Strategy Fund Advisors LLP | 0.01 | - |
| | | Edelweiss Retail Finance Limited | 3.98 | 0.61 |
| | | Edelweiss Securities And Investments Private Limited | 5.32 | - |
| | | Edelweiss Securities Limited | 64.37 | 53.82 |
| | | Edelweiss Tokio Life Insurance Company Limited | 7.14 | - |
| ESL Securities Limited | 0.01 | - | | |

0.00 indicates amount less than ₹ 0.01 million

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').

53. Capital Management

The objective of the Group's Capital Management is to maximise shareholder value, safeguard business continuity and support the growth of its subsidiaries. The Group determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through loans and operating cash flows generated.

Edel Finance Company Limited

Notes to the consolidated financial statements for the year ended 31 March 2022 (Continued)

(Currency : Indian rupees in millions)

54 Fair Value Measurement

54.1. 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 5.11 for more details on fair value hierarchy

54.2. Valuation governance :

The Group'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 Group 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, Group 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 responsible for establishing procedures governing valuation and ensuring fair values are in compliance with accounting standards

54.3. Assets and liabilities by fair value hierarchy

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy. Exchange traded and OTC derivatives are at gross amount i.e. before offsetting margin money. The impact of offsetting is explained in note 9.A.

| Particulars | 31-Mar-22 | | | |
|---|-----------|----------|-----------|-----------|
| | Level 1 | Level 2 | Level 3 | Total |
| Assets measured at fair value on a recurring basis | | | | |
| Derivative financial instruments (assets) | | | | |
| Exchange-traded derivatives | 17.16 | - | - | 17.16 |
| Total derivative financial instruments (assets) | 17.16 | - | - | 17.16 |
| Stock-in-trade | | | | |
| Debt Securities | 592.63 | 1,121.78 | 515.32 | 2,229.73 |
| Stock-in-trade | 592.63 | 1,121.78 | 515.32 | 2,229.73 |
| Investments | | | | |
| Debt securities | - | 4,372.14 | - | 4,372.14 |
| Security receipts | - | - | 2,702.98 | 2,702.98 |
| Warrants | - | - | - | - |
| Equity instruments | - | - | 1.00 | 1.00 |
| Units of AIF | - | - | 3,847.25 | 3,847.25 |
| Total investments measured at fair value | - | 4,372.14 | 6,551.23 | 10,923.37 |
| Loans and other financial assets measured at fair value | - | - | 3,361.82 | 3,361.82 |
| Property Plant and equipment | - | - | 2,205.58 | 2,205.58 |
| Total financial assets measured at fair value on a recurring basis | 609.79 | 5,493.92 | 12,633.95 | 18,737.66 |

Edel Finance Company Limited

Notes to the consolidated financial statements for the year ended 31 March 2022 (Continued)

(Currency : Indian rupees in millions)

54 Fair Value Measurement (continued)

54.3. Assets and liabilities by fair value hierarchy (continued)

| Particulars | 31-Mar-21 | | | Total |
|---|-----------------|-----------------|------------------|------------------|
| | Level 1 | Level 2 | Level 3 | |
| Assets measured at fair value on a recurring basis | | | | |
| Derivative financial instruments (assets) | | | | |
| Exchange-traded derivatives | 19.12 | - | - | 19.12 |
| Total derivative financial instruments (assets) | 19.12 | - | - | 19.12 |
| Stock-in-trade | | | | |
| Debt Securities | 1,375.84 | 5.04 | 1,731.86 | 3,112.74 |
| Mutual Fund | 67.53 | - | - | 67.53 |
| Equity Instruments | 65.75 | - | - | 65.75 |
| Stock-in-trade | 1,509.12 | 5.04 | 1,731.86 | 3,246.02 |
| Investments | | | | |
| Debt securities | - | 6,095.09 | - | 6,095.09 |
| Security receipts | - | - | 1,787.47 | 1,787.47 |
| Units of AIF | 19.51 | - | 2,299.55 | 2,319.06 |
| Warrants | - | - | 111.93 | 111.93 |
| Equity instruments | - | - | 1.00 | 1.00 |
| Total investments measured at fair value | 19.51 | 6,095.09 | 4,199.95 | 10,314.55 |
| Loans and other financial assets measured at fair value | - | - | 2,089.30 | 2,089.30 |
| Property Plant and equipment | - | - | 2,249.18 | 2,249.18 |
| Total financial assets measured at fair value on a recurring basis | 1,547.75 | 6,100.13 | 10,270.29 | 17,918.17 |

| Particulars | 31-Mar-22 | | | Total |
|--|--------------|----------|----------|--------------|
| | Level 1 | Level 2 | Level 3 | |
| Liabilities measured at fair value on a recurring basis | | | | |
| Derivative financial instruments (liabilities): | | | | |
| Exchange-traded derivatives | 29.17 | - | - | 29.17 |
| Total financial liabilities measured at fair value on a recurring basis | 29.17 | - | - | 29.17 |

| Particulars | 31-Mar-21 | | | Total |
|--|--------------|----------|----------|--------------|
| | Level 1 | Level 2 | Level 3 | |
| Liabilities measured at fair value on a recurring basis | | | | |
| Derivative financial instruments (liabilities): | | | | |
| Exchange-traded derivatives | 17.12 | - | - | 17.12 |
| Total financial liabilities measured at fair value on a recurring basis | 17.12 | - | - | 17.12 |

Edel Finance Company Limited

Notes to the consolidated financial statements for the year ended 31 March 2022 (Continued)

(Currency : Indian rupees in millions)

54 Fair Value Measurement (Continued)

54.4. Fair valuation techniques :

Debt securities

Whilst most of these instruments are standard fixed or floating rate securities, however nifty linked debentures have embedded derivative characteristics. Fair value of these instruments is derived based on the indicative quotes of price and yields prevailing in the market as at the reporting date. Group has used quoted price of national stock exchange wherever bonds are traded actively. In cases where debt securities are not actively traded Group has used CRISIL Corporate Bond Valuer model for measuring fair value.

Security receipts

The market for these securities is not active. Therefore, the Group 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

The majority of equity instruments are actively traded on recognised 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 fund net asset value (NAV), taking into account redemption and/or other restrictions. Such NAV Such instruments are generally Level 3. Equity instruments in non-listed entities are initially measured at transaction price and re-measured at each reporting date at valuation provided by external valuer at instrument level. Such unlisted equity securities are classified at Level 3.

Units of Alternative Investment Funds and Mutual Fund.

Units held in Alternative Investment funds are measured based on fund net asset value (NAV), taking into account redemption and/or other restrictions. Such instruments are classified at Level 3.

Open-ended funds that are redeemable at any time, and that report a daily net asset value (NAV) and for which sufficient subscriptions and redemptions occur at NAV are measured at NAV and classified as level 1.

Loans measured at fair value through profit or loss

Loans are segregated, as far as possible, into portfolios of similar characteristics. Fair values are based on observable market transactions, when available. When they are unavailable, fair values are estimated using valuation models incorporating range of input assumptions. Group has determine fair value with help of internal valuation team and independent valuer on case to case basis. Valuation is based on discounted cash flow, comparable transaction market price, market research and marked trend as considered appropriate.

Derivatives

The Company enters into derivative financial instruments with various counter-parties, primarily banks with investment grade credit ratings. Derivatives valued using valuation techniques with market observable inputs are mainly interest rate swaps, exchange traded futures and options contracts. The most frequently applied valuation techniques include quoted price for exchange traded derivatives and Black Scholes models (for option valuation).

Exchange traded derivatives

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

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(Currency : Indian rupees in millions)

54. Fair Value Measurement (Continued)

54.5. Financial instruments not measured at fair value

The following table sets out the fair values of financial instruments not measured at fair value and analysing them by the level in the fair value hierarchy into which each fair value measurement is categorised. The information given below is with respect to financial assets and financial liabilities measured at amortised cost for which the fair value is different than the carrying amount. Carrying amounts of cash and cash equivalents, trade receivables, trade and other payables as on 31 March 2022 approximate the fair value because of their short-term nature. Difference between carrying amounts and fair values of bank deposits, other financials assets and other financial liabilities is not significant in each of the years presented.

| Particulars | 31 March 2022 | | | | |
|--|-----------------------|------------------|------------------|------------------|------------------|
| | Total Carrying Amount | Total fair value | Level 1 | Level 2 | Level 3 |
| Financial assets: | | | | | |
| Loans | 38,501.73 | 38,501.73 | - | - | 38,501.73 |
| Financial liabilities | | | | | |
| Debt securities | 32,706.46 | 31,755.53 | 1,830.50 | 13,676.33 | 16,248.70 |
| Borrowing (other than debt securities) | 38,418.79 | 38,415.15 | 15,836.11 | 14,482.09 | 8,096.95 |
| Subordinated liabilities | 2,876.19 | 2,877.39 | - | 2,877.39 | - |
| Total | 74,001.44 | 73,048.07 | 17,666.61 | 31,035.81 | 24,345.65 |
| Off-balance sheet items | | | | | |
| Loan commitments | 871.91 | 435.96 | - | - | 435.96 |
| Total | 871.91 | 435.96 | - | - | 435.96 |

| Particulars | 31 March 2021 | | | | |
|--|-----------------------|--------------------|-----------------|------------------|------------------|
| | Total Carrying Amount | Total fair value | Level 1 | Level 2 | Level 3 |
| Financial assets: | | | | | |
| Loans | 69,589.87 | 69,589.87 | - | - | 69,589.87 |
| Financial liabilities | | | | | |
| Debt securities | 58,100.18 | 56,639.87 | 2,433.06 | 20,782.35 | 33,424.46 |
| Borrowing (other than debt securities) | 41,718.38 | 41,718.38 | 2,421.88 | 39,296.50 | - |
| Subordinated liabilities | 2,717.59 | 2,728.36 | - | 2,728.36 | - |
| Total | 1,02,536.15 | 1,01,086.61 | 4,854.94 | 62,807.21 | 33,424.46 |
| Off-balance sheet items | | | | | |
| Loan commitments | 1,281.26 | 640.63 | - | - | 640.63 |
| Total | 1,281.26 | 640.63 | - | - | 640.63 |

54.5 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 Group'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 financials 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.

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Notes to the consolidated financial statements for the year ended 31 March 2022 (Continued)

(Currency : Indian rupees in millions)

54. Fair Value Measurement (Continued)

54.6 There have been no transfers between levels during the year ended March 31, 2022 and March 31, 2021.

54.7 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

| Particulars | Security receipts | Units of AIF | Equity instruments/ Warrants | Preference Shares | Warrants | Loans at FVTPL | Stock-in-trade | Total |
|--|-------------------|--------------|---------------------------------|-------------------|----------|----------------|----------------|------------|
| Investments - at April 1, 2021 | 1,787.47 | 2,299.55 | 112.93 | - | - | 2,089.30 | 1,731.86 | 8,021.11 |
| Purchase | 1,636.93 | 2,076.29 | - | - | - | 1,590.71 | 4,256.58 | 9,560.51 |
| Sale / redemption | (718.60) | (513.43) | (111.93) | - | - | (971.51) | (4,663.56) | (6,979.03) |
| Transfer into level 3 | - | (15.16) | - | - | - | - | (809.27) | (824.43) |
| Accrued Interest Income | - | - | - | - | - | 225.63 | 0.12 | 225.75 |
| Profit / Fair value change for the year recognised in profit or loss | (2.82) | - | - | - | - | 427.69 | (0.41) | 424.46 |
| Investments - at March 31, 2022 | 2,702.98 | 3,847.25 | 1.00 | - | - | 3,361.82 | 515.32 | 10,428.37 |
| Unrealised gain/(Loss) related to balances held at the end of the year | (13.22) | (15.16) | - | - | - | - | 1.28 | (27.10) |

| Particulars | Security receipts | Units of AIF | Equity instruments/ Warrants | Preference Shares | Warrants | Loans at FVTPL | Stock-in-trade | Total |
|--|-------------------|--------------|---------------------------------|-------------------|----------|----------------|----------------|-------------|
| Investments - at April 1, 2020 | 3,847.62 | 3,083.73 | 402.19 | 36.99 | 52.50 | 5,479.21 | 163.49 | 13,065.73 |
| Purchase | 701.91 | 2,619.34 | - | - | - | 33.75 | 4,946.06 | 8,301.06 |
| Sale / redemption | (2,768.51) | (3,331.67) | (255.63) | (41.70) | (52.50) | (111.44) | (4,028.17) | (10,589.62) |
| Accrued Interest Income | - | - | - | - | - | - | 0.21 | 0.21 |
| Profit / Fair value change for the year recognised in profit or loss | 6.45 | (71.85) | (33.63) | 4.71 | - | (3,312.22) | 650.27 | (2,756.27) |
| Investments - at March 31, 2021 | 1,787.47 | 2,299.55 | 112.93 | - | - | 2,089.30 | 1,731.86 | 8,021.11 |
| Unrealised gain/(Loss) related to balances held at the end of the year | (10.40) | 266.06 | (75.15) | - | - | - | 3.10 | 183.61 |

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Notes to the consolidated financial statements for the year ended 31 March 2022 (Continued)

(Currency : Indian rupees in millions)

54 Fair Value Measurement (Continued)

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

As at March 31, 2022

| Type of Financial Instruments | Valuation Techniques | Significant Unobservable input | Range of estimates for unobservable input | Increase in the unobservable input | Change in fair value because of increase in unobservable input | Decrease in the unobservable input | Change in fair value because of decrease in unobservable input |
|--|---|--------------------------------------|---|--|--|--|--|
| Security receipts | Discounted Cash flow. The present value of expected future economic benefits to be derived from the ownership of the underlying investments of the Trust. | Expected future cash flows | 4,714.07 | 5% increase in Expected future Cash flow | 149.01 | 5% Decrease in Expected future Cash flow | (149.01) |
| | | Risk-adjusted discount rate | 12.00% To 22.00% | 0.5% increase in Risk-adjusted discount rate | (12.15) | 0.5% Decrease in Risk-adjusted discount rate | 12.25 |
| Stock-in-trade | Discounted projected cash flow | Expected gross recoveries | 17,911.07 | 5% | 25.55 | 5% | (25.55) |
| | | Discount rates | 11.50% to 12.50% | 50 basis point | (2.56) | 50 basis point | 2.56 |
| Loans classified as FVTPL | Comparable transaction value | Discounting rate | 15% - 20% | 1% change in the discounting rate used in fair valuation of Level 3 assets docs not have a significant impact in its value | | 1% change in the discounting rate used in fair valuation of Level 3 assets docs not have a significant impact in its value | |
| Loans classified as FVTPL | Comparable transaction value | Discounting rate | 15% - 20% | 1% change in the discounting rate used in fair valuation of Level 3 assets docs not have a significant impact in its value | | 1% change in the discounting rate used in fair valuation of Level 3 assets docs not have a significant impact in its value | |
| Nifty linked debentures | Fair value using Black scholes Model or Monte Carlo approach based on the embedded derivative | Market index | - | 5% | 0.21 | 5% | (0.21) |
| | | Risk - adjusted discounted rate | 4.5% - 6% | 1% | 0.04 | 1% | (0.04) |
| Investments in units of AIF | Net Assets Approach | Fair value of underlying investments | - | 5% | 212.95 | 5% | (212.95) |
| Investments in unquoted equity shares categorised at Level 3 | Comparable transaction and P/E and discounted cash flow | Fair value per share | - | 5% | 0.05 | 5% | (0.05) |

As at March 31, 2021

| Type of Financial Instruments | Valuation Techniques | Significant Unobservable input | Range of estimates for unobservable input | Increase in the unobservable input | Change in fair value | Decrease in the unobservable input | Change in fair value |
|--|---|--------------------------------------|---|--|----------------------|--|----------------------|
| Security receipts | Discounted Cash flow. The present value of expected future economic benefits to be derived from the ownership of the underlying investments of the Trust. | Expected future cash flows | 3,836.31 | 5% increase in Expected future Cash flow | 86.59 | 5% Decrease in Expected future Cash flow | (86.59) |
| | | Risk-adjusted discount rate | 12.00% to 25.34% | 0.5% increase in Risk-adjusted discount rate | (8.56) | 0.5% Decrease in Risk-adjusted discount rate | 7.18 |
| Stock-in-trade | Discounted projected cash flow | Expected gross recoveries | 23,651.24 | 5% | 105.50 | 5% | (105.50) |
| | | Discount rates | 11.50% to 12.50% | 50 basis point | -24.16 | 50 basis point | 24.71 |
| Loans classified as FVTPL | Comparable transaction value | Discounting rate | 15% - 20% | 1% change in the discounting rate used in fair valuation of Level 3 assets docs not have a significant impact in its value | | 1% change in the discounting rate used in fair valuation of Level 3 assets docs not have a significant impact in its value | |
| Nifty linked debentures | Fair value using Black scholes Model or Monte Carlo approach based on the embedded derivative | Market index | - | 5% | 6.8 | 5% | (6.80) |
| | | Risk - adjusted discounted rate | 4.5% - 6% | 1% | 0.8 | 1% | (0.80) |
| Investments in units of AIF | Net Assets Approach | Fair value of underlying investments | - | 5% | 119.31 | 5% | (119.31) |
| Investments in unquoted equity shares categorised at Level 3 | Comparable transaction and P/E and discounted cash flow | Fair value per share | - | 5% | 5.64 | 5% | (5.64) |

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Notes to the consolidated financial statements for the year ended 31 March 2022 (Continued)

(Currency : Indian rupees in millions)

55. Risk Management

A. Introduction and risk profile

Risk is an inherent part of Group's business activities. When the Group extends a corporate or retail loan, buys or sells securities in market, or offers other products or services, the Group takes on some degree of risk. The Group'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 Group.

The Group believes that effective risk management requires:

- 1) Acceptance of responsibility, including identification and escalation of risk issues, by all individuals within the Group;
- 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 Group 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 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 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 Group's risk management framework. The board has established the Risk Management Committee, which is responsible for developing and monitoring the Group'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 Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. 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 Group'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.

The Board Risk Committee is the overseeing body for Risk Management. The Committee meets at regular intervals to review the risk profile of the Company.

It is the Group'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 Group is exposed to. The Group's continuous training and development emphasises that employees are made aware of the Group's risk appetite and they are supported in their roles and responsibilities to monitor and keep their exposure to risk within the Group'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 Group's risks are generally categorized in the following risk types:

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

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Notes to the consolidated financial statements for the year ended 31 March 2022 (Continued)

(Currency : Indian rupees in millions)

55. Risk Management

55.D.1 Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's Trade receivables and Loans. The Group 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 Group.

The Group'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 Group 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 Group and market intelligence. Outstanding customer receivables are regularly monitored. The credit quality review process aims to allow the Group 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 Group is also exposed to a settlement risk, being the risk that the Group honours its obligation, but the counterparty fails to deliver the counter value.

Impairment Assessment:

The Group 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 Group 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 | Stages |
|-----------------------|-------------------|---------|
| Performing | | |
| High grade | 0 dpd and 1 to 31 | Stage 1 |
| Standard grade | 31 to 90 dpd | Stage 2 |
| Non-performing | | |
| Individually impaired | 90+ dpd | Stage 3 |

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

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

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

Significant increase in credit risk (SICR)

Group 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 Group 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.

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Notes to the consolidated financial statements for the year ended 31 March 2022 (Continued)

(Currency : Indian rupees in millions)

55. Risk Management (continued)

55.D.1 Credit Risk (continued)

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 Group. While arriving at the PD, the Group also ensures that the factors that affects the macro economic trends are considered to a reasonable extent, wherever necessary. Group 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.

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 Group, there might be variable exposure that may increase the EAD. These exposures are of the nature where the Group 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,

Drawn Credit Line = Current outstanding amount

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

Undrawn Credit Line = Difference between the total amount which the Group 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 Group 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 Group 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 Group 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 Group 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.

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55. Risk Management (continued)

55.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 Group's performance to developments affecting a particular industry or geographical location.

In order to avoid excessive concentrations of risk, the Group'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

Industry analysis - Risk concentration as at March 31, 2022

| Particulars | Financial services | Government | Manufacturing | Retail and wholesale | Oil & gas | Services | Others | Total |
|----------------------------------|--------------------|------------|---------------|----------------------|-----------|-----------------|----------|------------------|
| Financial Assets | | | | | | | | |
| Cash and bank balances | 6,238.10 | - | - | - | - | - | - | 6,238.10 |
| Derivative financial instruments | 17.16 | - | - | - | - | - | - | 17.16 |
| Stock in trade | 2,229.73 | - | - | - | - | - | - | 2,229.73 |
| Trade receivables | 139.54 | - | - | - | - | 81.21 | - | 220.75 |
| Loans | 6,129.67 | - | - | 34,527.50 | - | 1,206.38 | - | 41,863.55 |
| Investments | 19,437.56 | - | - | - | - | 6,390.86 | - | 25,828.42 |
| Other financial assets | 620.75 | - | - | 135.54 | - | - | - | 756.29 |
| Total | 34,812.51 | - | - | 34,663.04 | - | 7,678.45 | - | 77,154.00 |
| Other Commitments | 281.58 | - | - | - | - | - | - | 281.58 |

Industry analysis - Risk concentration as at March 31, 2021

| Particulars | Financial services | Government | Manufacturing | Retail and wholesale | Oil & gas | Services | Others | Total |
|----------------------------------|--------------------|---------------|---------------|----------------------|-----------|---------------|--------------|--------------------|
| Financial Assets | | | | | | | | |
| Cash and bank balances | 11,999.89 | - | - | - | - | - | - | 11,999.89 |
| Derivative financial instruments | - | - | - | - | - | - | - | - |
| Securities held for trading | 3,246.02 | - | - | - | - | - | - | 3,246.02 |
| Trade receivables | 216.65 | - | - | - | - | 107.94 | 53.02 | 377.61 |
| Loans | 34,958.85 | - | - | 36,648.64 | - | 71.68 | - | 71,679.17 |
| Investments | 17,965.55 | - | - | - | - | 112.93 | - | 18,078.48 |
| Other financial assets | 1,400.49 | 287.84 | - | - | - | 1.88 | 40.96 | 1,731.17 |
| Total | 69,787.45 | 287.84 | - | 36,648.64 | - | 294.43 | 93.98 | 1,07,112.34 |
| Other Commitments | - | - | - | 1,281.26 | - | - | - | 1,281.26 |

55 D.3 Overview of modified and forborne loans

From a risk management point of view, once an asset is forborne or modified, the Group's special department for distressed assets continues to monitor the exposure until it is completely and ultimately derecognised.

The table below includes Stage 2 and 3 assets that were modified and, therefore, treated as forborne during the period, with the related modification loss suffered by the Group.

| Particulars | For the year ended March 31, 2022 | For the year ended March 31, 2021 |
|--|--------------------------------------|--------------------------------------|
| Amortised costs of financial assets modified during the year | 1,279.54 | 241.29 |
| Net modification gain / (loss) | 67.05 | 12.54 |

Edel Finance Company Limited

Notes to the consolidated financial statements for the year ended 31 March 2022 (Continued)

(Currency : Indian rupees in millions)

55. Risk Management (continued)

55.D.4 Collateral held and other credit enhancements

The tables on the following pages show the maximum exposure to credit risk by class of financial asset

| Particulars | Maximum exposure to credit risk | | Principal type of collateral |
|---|---------------------------------|----------------|--------------------------------------|
| | March 31, 2022 | March 31, 2021 | |
| Financial assets | | | |
| Trade Receivables | 220.75 | 377.61 | Fixed deposits and other assets |
| Loans: | | | |
| Corporate and Retail Credit | 38,501.73 | 69,589.87 | Investment and other tangible assets |
| Debt instruments and other investments at amortised cost | 2,120.59 | 2,120.59 | Investments and Book debts |
| Total financial assets at amortised cost | 40,843.07 | 72,088.07 | |
| Derivative financial instruments | 17.16 | - | Margin money |
| Financial assets at FVTPL | 14,285.19 | 12,403.85 | Tangible assets |
| Total financial instruments at fair value through profit or loss | 14,302.35 | 12,403.85 | |
| Total Financial assets | 55,145.42 | 84,491.92 | |
| Other commitments | 1,153.49 | 1,281.26 | Tangible assets |
| Total | 56,298.91 | 85,773.18 | |

Edel Finance Company Limited

Notes to the consolidated financial statements for the year ended 31 March 2022 (Continued)

(Currency : Indian rupees in millions)

55 Risk Management (continued):

55.D.5 Financial assets that are stage 3 and related collateral held in order to mitigate potential losses are given below:

As at March 31, 2022

| Particulars | Maximum exposure to credit risk (carrying amount before ECL) | Associated ECL | Carrying amount | Fair value of collateral |
|---|--|-----------------|-----------------|--------------------------|
| Loans | 3,138.05 | 2,542.82 | 595.23 | 595.23 |
| Total financial assets at amortised cost | 3,138.05 | 2,542.82 | 595.23 | 595.23 |
| Loan commitments | 3.94 | 1.68 | 2.26 | 6.53 |
| Financial guarantee contracts | 281.58 | 0.09 | 281.49 | - |
| Total | 3,423.57 | 2,544.59 | 878.98 | 601.76 |

As at March 31, 2021

| Particulars | Maximum exposure to credit risk (carrying amount before ECL) | Associated ECL | Carrying amount | Fair value of collateral |
|---|--|-----------------|-----------------|--------------------------|
| Loans | 3,788.23 | 2,562.37 | 1,225.86 | 1,225.86 |
| Total financial assets at amortised cost | 3,788.23 | 2,562.37 | 1,225.86 | 1,225.86 |
| Loan commitments | 13.98 | 1.40 | 12.58 | 20.28 |
| Total | 3,802.21 | 2,563.77 | 1,238.44 | 1,246.14 |

Edel Finance Company Limited

Notes to the consolidated financial statements for the year ended 31 March 2022 (Continued)

(Currency : Indian rupees in millions)

55. Risk Management (Continued)

55.E Liquidity Risk

Liquidity risk is defined as the risk that the Group 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 Group 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.

Group 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 Group 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 financial liabilities, financial assets, derivatives and financial commitments by remaining contractual maturities

| Non-derivative financial assets | Upto 3 Months | 3 to 6 Months | 6 Months to 1 year | 1 year to 3 years | More than 3 years | Total |
|---|------------------|-----------------|--------------------|-------------------|-------------------|------------------|
| Financial Assets | | | | | | |
| Cash and cash equivalent and other bank balances | 4,864.87 | 35.78 | 977.72 | 355.67 | 4.06 | 6,238.10 |
| Stock-in-trade | 1,632.83 | 4.29 | 7.86 | 556.23 | 28.52 | 2,229.73 |
| Trade receivables | 57.42 | 106.69 | 56.64 | - | - | 220.75 |
| Loans | 2,793.11 | 2,025.18 | 9,257.90 | 20,414.54 | 27,068.54 | 61,559.27 |
| Investment at fair value through profit or loss | 4,410.15 | 110.43 | 22.08 | 4,402.28 | 1,978.43 | 10,923.37 |
| Investments at amortised cost | - | - | - | 11,391.10 | 3,513.95 | 14,905.05 |
| Other financial assets | 402.04 | - | 12.89 | 24.88 | 316.48 | 756.29 |
| Total undiscounted non- derivative financial assets | 14,160.42 | 2,282.37 | 10,335.09 | 37,144.70 | 32,909.98 | 96,832.56 |
| Non-derivative financial liabilities | | | | | | |
| Trade payables | 233.64 | 97.13 | - | - | - | 330.77 |
| Debt securities | 13,190.90 | 491.60 | 5,081.55 | 1,443.48 | 15,175.28 | 35,382.81 |
| Borrowings (other than debt securities) | 4,719.36 | 1,591.31 | 8,764.62 | 24,315.04 | 561.13 | 39,951.46 |
| Subordinated Liabilities | - | 7.05 | 2,290.75 | 112.50 | 738.50 | 3,148.80 |
| Other financial liabilities | 1,349.89 | 361.99 | 803.98 | 3,301.14 | 3,863.97 | 9,680.97 |
| Total undiscounted non- derivative financial liabilities | 19,493.79 | 2,549.08 | 16,940.90 | 29,172.16 | 20,338.88 | 88,494.81 |

As at March 31, 2021 - Analysis of financial liabilities, financial assets, derivatives and financial commitments by remaining contractual maturities

| Non-derivative financial assets | Upto 3 Months | 3 to 6 Months | 6 Months to 1 year | 1 year to 3 years | More than 3 years | Total |
|---|------------------|------------------|--------------------|-------------------|-------------------|--------------------|
| Financial Assets | | | | | | |
| Cash and cash equivalent and other bank balances | 11,041.16 | 69.13 | 827.49 | 17.17 | 44.94 | 11,999.89 |
| Stock-in-trade | 58.13 | 1,553.24 | 1,561.52 | 30.53 | 42.60 | 3,246.02 |
| Trade receivables | 167.37 | 102.30 | 107.94 | - | - | 377.61 |
| Loans | 10,595.11 | 4,018.69 | 8,196.10 | 24,665.15 | 47,581.84 | 95,056.89 |
| Investments at fair value through profit or loss | 30.80 | - | 2,458.58 | 6,131.35 | 1,693.81 | 10,314.54 |
| Investments | - | - | - | - | 7,763.94 | 7,763.94 |
| Other financial assets | 986.60 | 289.52 | 13.14 | 76.06 | 365.85 | 1,731.17 |
| Total undiscounted non- derivative financial assets | 22,879.17 | 6,032.88 | 13,164.77 | 30,920.26 | 57,492.98 | 1,30,490.06 |
| Non-derivative financial liabilities | | | | | | |
| Financial Liabilities | | | | | | |
| Trade payables | 123.54 | 444.92 | - | - | - | 568.46 |
| Debt securities | 3,279.17 | 7,401.11 | 21,495.28 | 12,588.95 | 17,893.35 | 62,657.86 |
| Borrowings (other than debt securities) | 11,606.07 | 4,381.82 | 4,197.87 | 12,347.27 | 12,199.84 | 44,732.87 |
| Subordinated Liabilities | - | 16.50 | 56.25 | 2,160.36 | 777.23 | 3,010.34 |
| Other financial liabilities | 1,789.31 | 297.92 | 477.44 | 2,348.41 | 2,589.47 | 7,502.55 |
| Total undiscounted non- derivative financial liabilities | 16,798.09 | 12,542.27 | 26,226.84 | 29,444.99 | 33,459.89 | 1,18,472.08 |

Edel Finance Company Limited**Notes to the consolidated financial statements for the year ended 31 March 2022 (Continued)**

(Currency : Indian rupees in millions)

55. Risk Management (Continued)**55.E Liquidity Risk (continued)**

All derivatives which are entered into for trading purpose are shown in the earliest time band. With respect to other derivatives, the remaining contractual maturity information has been given based on undiscounted cash flows.

As at March 31, 2022

| Derivatives | Upto 3 Months | 3 to 6 Months | 6 Months to 1 year | 1 year to 3 years | More than 3 years | Total |
|--|----------------|---------------|--------------------|-------------------|-------------------|----------------|
| Net Settled derivatives entered into for trading purpose | (12.01) | - | - | - | - | (12.01) |
| Total | (12.01) | - | - | - | - | (12.01) |

As at March 31, 2021

| Derivatives | Upto 3 Months | 3 to 6 Months | 6 Months to 1 year | 1 year to 3 years | More than 3 years | Total |
|--|---------------|---------------|--------------------|-------------------|-------------------|-------------|
| Net Settled derivatives entered into for trading purpose | 2.00 | - | - | - | - | 2.00 |
| Total | 2.00 | - | - | - | - | 2.00 |

Contractual expiry of commitments

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

As at March 31, 2022

| Particulars | Upto 3 Months | 3 to 6 Months | 6 Months to 1 year | 1 year to 3 years | More than 3 years | Total |
|------------------------------------|---------------|---------------|--------------------|-------------------|-------------------|-----------------|
| Undrawn loan and other commitments | 759.12 | 34.92 | 65.60 | 579.85 | - | 1,439.49 |
| | 759.12 | 34.92 | 65.60 | 579.85 | - | 1,439.49 |

The Group has undrawn lines of credit available aggregating ₹ 988.56 million as at 31 March 2022 to meet any possible liquidity shortfall.

As at March 31, 2021

| Particulars | Upto 3 Months | 3 to 6 Months | 6 Months to 1 year | 1 year to 3 years | More than 3 years | Total |
|------------------------------------|-----------------|---------------|--------------------|-------------------|-------------------|-----------------|
| Undrawn loan and other commitments | 1,242.08 | 16.44 | 48.05 | 162.69 | - | 1,469.26 |
| | 1,242.08 | 16.44 | 48.05 | 162.69 | - | 1,469.26 |

The Group has undrawn lines of credit available aggregating ₹ 1,400.70 million as at 31 March 2021 to meet any possible liquidity shortfall.

Edel Finance Company Limited

Notes to the consolidated financial statements for the year ended 31 March 2022 (Continued)

(Currency : Indian rupees in millions)

55. Risk Management (continued)

55.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 Group'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 Group'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

| | 2021-22 | | | | | |
|-----|--------------------------|-----------------------------|-----------------------|--------------------------|-----------------------------|-----------------------|
| | Increase in basis points | Effect on profit before tax | Effect on Equity | Decrease in basis points | Effect on profit before tax | Effect on Equity |
| INR | 25 | (19.04) | (8.11) | 25 | 19.04 | 8.11 |
| INR | 0.25 | 0.28 | - | 0.25 | (0.28) | - |
| | 2020-21 | | | | | |
| | Increase in basis points | Sensitivity of Profit | Sensitivity of Equity | Decrease in basis points | Sensitivity of Profit | Sensitivity of Equity |
| INR | 25 | 20.50 | 35.74 | 25 | (20.50) | (35.74) |
| INR | 0.25 | - | - | 0.25 | - | - |

Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk arise majorly on account of foreign currency borrowings.

The table below indicates the currencies to which the Group had significant exposure at the end of the reported periods. The analysis calculates the effect of a reasonably possible movement of the currency rate against the INR (all other variables being constant) on the statement of profit and loss (due to the fair value of currency sensitive non-trading monetary assets and liabilities) and equity (due to the change in fair value of currency swaps and forward foreign exchange contracts used as cash flow hedges).

| | 2021-22 | | | | | |
|-----|--------------------------|-----------------------|-----------------------|--------------------------|-----------------------|-----------------------|
| | Increase in basis points | Sensitivity of Profit | Sensitivity of Equity | Decrease in basis points | Sensitivity of Profit | Sensitivity of Equity |
| USD | 25 | - | - | 25 | - | - |
| | 2020-21 | | | | | |
| | Increase in basis points | Sensitivity of Profit | Sensitivity of Equity | Decrease in basis points | Sensitivity of Profit | Sensitivity of Equity |
| USD | 25 | 114.93 | - | 25 | (114.93) | - |

Edel Finance Company Limited

Notes to the consolidated financial statements for the year ended 31 March 2022 (Continued)

(Currency : Indian rupees in millions)

55. Risk Management (continued)

55.F Market Risk (continued)

Equity price risk

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

| | 2021-22 | | | | | |
|----------------------------------|--------------------------|-----------------------|-----------------------|--------------------------|-----------------------|-----------------------|
| | Increase in basis points | Sensitivity of Profit | Sensitivity of Equity | Decrease in basis points | Sensitivity of Profit | Sensitivity of Equity |
| Derivative financial instruments | 5 | (0.60) | - | 5 | 0.60 | - |
| Others | 5 | 65.09 | - | 5 | (65.09) | - |

| | 2020-21 | | | | | |
|-------------|--------------------------|-----------------------|-----------------------|--------------------------|-----------------------|-----------------------|
| | Increase in basis points | Sensitivity of Profit | Sensitivity of Equity | Decrease in basis points | Sensitivity of Profit | Sensitivity of Equity |
| Derivatives | 5 | 179.29 | - | 5 | (179.29) | - |
| Others | 5 | 3.38 | - | 5 | (3.38) | - |

Index price risk

Index price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the level of equity indices.

| | 2021-22 | | | | | |
|-------------|--------------------------|-----------------------|-----------------------|--------------------------|-----------------------|-----------------------|
| | Increase in basis points | Sensitivity of Profit | Sensitivity of Equity | Decrease in basis points | Sensitivity of Profit | Sensitivity of Equity |
| Derivatives | 25 | - | - | 25 | - | - |

| | 2020-21 | | | | | |
|-------------|--------------------------|-----------------------|-----------------------|--------------------------|-----------------------|-----------------------|
| | Increase in basis points | Sensitivity of Profit | Sensitivity of Equity | Decrease in basis points | Sensitivity of Profit | Sensitivity of Equity |
| Derivatives | 5 | (101.36) | - | 5 | 101.36 | - |

Other price risk

| | 2021-22 | | | | | |
|--------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | Increase in price (%) | Sensitivity of Profit | Sensitivity of Equity | Decrease in price (%) | Sensitivity of Profit | Sensitivity of Equity |
| Others | 5 | 183.94 | - | 5 | (183.94) | - |

| | 2020-21 | | | | | |
|--------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | Increase in price (%) | Sensitivity of Profit | Sensitivity of Equity | Decrease in price (%) | Sensitivity of Profit | Sensitivity of Equity |
| Others | 0.25 | 0.30 | - | 0.25 | (0.30) | - |
| Others | 5 | 104.47 | - | 5 | (104.47) | - |

Edel Finance Company Limited

Notes to the consolidated financial statements for the year ended 31 March 2022 (Continued)

(Currency : Indian rupees in millions)

56. Composition of the Group

| Sr. | Name of the Entity | Note | Country of Incorporation | Proportion of ownership interest as at March 31, 2022 | Proportion of ownership interest as at March 31, 2021 |
|----------------------|--|------|--------------------------|---|---|
| Subsidiaries: | | | | | |
| 1 | Edelweiss Housing Finance Limited | a | India | 95.00% | 69.65% |
| 2 | Edelweiss Investment Adviser Limited | | India | 100.00% | 100.00% |
| 3 | EC Commodity Limited | b | India | - | 100.00% |
| 4 | Edelweiss Rural & Corporate Services Limited | | India | 100.00% | 100.00% |
| 5 | Comtrade Commodities Services Limited (Formerly known as Edelweiss Comtrade Limited) | | India | 100.00% | 100.00% |
| 6 | Allium Finance Private Limited | c | India | 70.97% | 55.48% |
| Associate | | | | | |
| 1 | Edel Land Limited | d | India | 52.31% | 32.40% |

Notes:

- With effect from 06 August, 2022 the Group has increased its stake in Edelweiss Housing Finance Limited, one of its subsidiary from 69.65% to 95.00% and same has be consolidated accordingly.
- With effect from 01 April 2021, EC Commodities Limited and trading business of Ecap Equities Limited have been merged with Edel Land Limited , a wholly owned subsidiary of the Company, pursuant to the scheme of arrangement approved by National Company Law Tribunal vide its Order dated 25 March 2022 .
- With effect from 21 February 2022, Edelweiss Rural and Corporate Services Limited, wholly owned subsidiary of the Company has increased its stake in Allium Finance Private Limited, one of its subsidiary from 55.48% to 70.97% and same has be consolidated accordingly.
- With effect from 30 March 2022, the Group has purchased 19.91% stake of Edel Land Limited, its associate, whereby it has increased its total stake from 32.40% to 52.31% and accordingly associate pick up has been done in the consolidation for the year.

Edel Finance Company Limited

Notes to the consolidated financial statements for the year ended 31 March 2022 (Continued)

(Currency : Indian rupees in millions)

57 Additional Information, as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as Subsidiary or Associates

| Sr. No. | Name of the Entity | Net Assets i.e. Total Assets minus Total Liabilities | | Share in Profit or Loss | | Share in Other Comprehensive Income | | Share in Total Comprehensive Income | |
|---|--|--|-----------------------|-------------------------------------|-----------------------|---|-----------------------|---|-----------------------|
| | | As % of consolidated net assets | Amount (₹ in Million) | As % of consolidated profit or loss | Amount (₹ in Million) | As % of consolidated other comprehensive Income | Amount (₹ in Million) | As % of consolidated total comprehensive Income | Amount (₹ in Million) |
| Parent | | | | | | | | | |
| | Edel Finance Company Limited | 392.88% | 12,580.93 | (16.86)% | 221.79 | 3.84% | (0.72) | (16.57)% | 221.07 |
| Subsidiaries | | | | | | | | | |
| Indian | | | | | | | | | |
| 1 | Edelweiss Housing Finance Limited | 242.84% | 7,776.33 | (10.50)% | 138.07 | (0.48)% | 0.09 | (10.36)% | 138.17 |
| 2 | Edelweiss Investment Adviser Limited | (94.48)% | (3,025.57) | 64.03% | (842.27) | 0.75% | (0.14) | 63.14% | (842.41) |
| 3 | Edelweiss Rural & Corporate Services Limited | 196.50% | 6,292.55 | 56.71% | (746.05) | 96.48% | (18.10) | 57.27% | (764.14) |
| 4 | Comtrade Commodities Services Limited (Formerly known as Edelweiss Comtrade Limited) | 0.37% | 11.88 | 0.34% | (4.46) | (0.48)% | 0.09 | 0.33% | (4.37) |
| 5 | Allium Finance Private Limited | 39.71% | 1,271.63 | (19.22)% | 252.84 | (0.11)% | 0.02 | (18.95)% | 252.86 |
| | Non-Controlling Interests | 23.67% | 757.97 | (6.10)% | 80.30 | (0.05)% | 0.01 | (6.02)% | 80.31 |
| | Adjustments arising out of consolidation | (690.19)% | (22,101.75) | 4.11% | (54.01) | 0.05% | (0.01) | 4.05% | (54.02) |
| Associate (Investment as per the equity method) - Indian | | | | | | | | | |
| | Edel Land Limited | (11.30)% | (361.72) | 27.50% | (361.72) | 0.00% | - | 27.11% | (361.72) |
| | Total | 100.00% | 3,202.25 | 100.00% | (1,315.49) | 100.00% | (18.76) | 100.00% | (1,334.25) |

Edel Finance Company Limited

Notes to the consolidated financial statements for the year ended 31 March 2022 (Continued)

(Currency : Indian rupees in millions)

58. Utilisation of Borrowed funds and share premium

58.A During the year, the Group 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 :

- 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 to or on behalf of the Ultimate Beneficiaries

58.B During the year, the Group 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, other than as disclosed in note (1) below:

- 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 to or on behalf of the Ultimate Beneficiaries

Note (1)

During the year, the Group has taken loans from its holding company and given loan to its subsidiaries/fellow subsidiary companies in the ordinary course of business, which are at Arm's length and the same is approved by Board Audit Committee of the Group. The Group confirm that the below transactions are in accordance with relevant provisions of the Foreign Exchange Management Act, 1999 (42 of 1999) and Companies Act, 2013 and the such transactions are not in violation of the Prevention of Money-Laundering Act, 2002 (15 of 2003).

| Name of Lender | Nature | Date | Rs. in millions | Name of Company in which investment done by the Company | Nature | Date | Rs. in millions | Remarks |
|---|------------|---------------|-----------------|---|------------|---------------|-----------------|---|
| Edelweiss Financial Services Limited (EFSL) | Loan Taken | Various dates | 8,200 | ECL Finance Limited (ECL Finance) | Loan Given | Various dates | 8,200 | 1) EFSL is ultimate holding Company of Edelweiss Rural & Corporate Services Limited (ERSCL) and ECL Finance is subsidiary of EFSL and is fellow subsidiary of ERSCL 2) ECL finance has repaid Rs. 7,420 million back to ERSCL and ERSCL has also repaid the same back to EFSL. |
| Edelweiss Financial Services Limited (EFSL) | Loan Given | 09-Jun-22 | 1,130 | Edel Land Limited (ELL) | Loan Given | 09-Jun-22 | 1,130 | 1) EFSL is ultimate holding Company of ERSCL and Edel Land is wholly owned subsidiary of EFSL and fellow subsidiary of ERSCL 2) Edel Land has repaid Rs. 1,130 million back to ERSCL and ERSCL has also repaid the same back to EFSL. |

Note (2)

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.

59. Other Additional Regulatory Information

59.1. Title deeds of Immovable Properties not held in name of the Group

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

59.2. Loans and Advances

The Group has granted loans or advances in the nature of loans, without specifying period of repayment of principal to companies. However, during the year the Group has executed supplementary agreement with such companies to stipulate the schedule for repayment of principal. Of these following are the details of the aggregate amount of loans or advances in the nature of loans granted to promoters or related parties as defined in clause (76) of section 2 of the Companies Act, 2013:

| Type of Borrower | Amount of loan or advance in the nature of loan outstanding | Percentage to the total Loans and Advances in the nature of loans |
|------------------|---|---|
| Promoters | Nil | NA |
| Directors | Nil | NA |
| KMPs | Nil | NA |
| Related Parties | 29,653.40 | 5.5% to 52% |

59.3. Details of Benami Property held

The Group does not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.

59.4. Security of current assets against borrowings

The Group has borrowings from banks or financial institutions on the basis of security of current assets. Quarterly return and statement filed by the Group with such banks or financial institutions are in agreement with the books of account of the Group, wherever applicable.

59.5. Willful Defaulter

The Group is not declared as willful defaulter by any bank or financial Institution or other lender.

59.6. Relationship with Struck off Companies

For March 31, 2022

| Name of struck off Company | Nature of transactions with struck off Company | Balance outstanding | Relationship with the struck off Company |
|---|--|---------------------|--|
| Reuters India Private Limited | Rent expenses | Nil | Vendor |
| NMCI Inspections and Survey Company Private Limited | Sale of Scrap | Nil | Client |
| Glossy Creations Private Limited | Receivables | 0.66 | Client |

For March 31, 2021

| Name of struck off Company | Nature of transactions with struck off Company | Balance outstanding | Relationship with the struck off Company |
|-----------------------------|--|---------------------|--|
| Vector Projects (I) Pvt Ltd | Office Expenses | Nil | Vendor |

59.7. Undisclosed income

The Group does not have any 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).

59.8. The Group is in compliance with number of layers of companies, as prescribed under clause (87) of section 2 of the Companies Act, 2013 read with the Companies (Restriction on number of Layers) Rules, 2017.

59.9. Details of Crypto Currency or Virtual Currency

The Group has not traded or invested in Crypto Currency or Virtual Currency during the financial year.

Edel Finance Company Limited

Notes to the consolidated financial statements for the year ended 31 March 2022 (Continued)

(Currency : Indian rupees in millions)

60. 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 Group will evaluate the rules, assess the impact if any, and account for the same once the rules are notified and become effective.
61. The Group 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 Group has used internal and external sources of information. The Group 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 Group's liquidity position over the next 12 months. The Group 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 Group's financial statements may differ from that estimated as at the date of approval of these financial statements and the Group will continue to closely monitor any material changes to future economic conditions.
62. 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 Group has estimated ₹ 0.90 million and made provision for refund/ adjustment as at March 31, 2021.
63. During the year ended March 31, 2022, certain assets amounting to ₹ 1,284.40 million were sold to alternative assets funds by the fellow subsidiary NBFCs. Edelweiss Rural & Corporate Services Limited ('ERC SL') a subsidiary, has vide a put agreement dated July 31, 2021, has guaranteed / undertaken to purchase these financial assets amounting to ₹ 1,284.40 million on occurrence of certain trigger event as per the agreement. Further, as the risks and rewards continues in the Group, these are accounted as financial assets in the consolidated financial statements and the consequent expected credit loss is recorded in the consolidated financial statements.
64. 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

For and on behalf of the Board of Directors

Sd/-
Shailendra Dadhich
Partner
Membership No: 425098

Sd/-
S. Ranganathan
Director
DIN : 00125493

Sd/-
Vidya Shah
Director
DIN : 00274831

Sd/-
Ananya Suneja
Chief Financial Officer

Sd/-
Tarun Khurana
Company Secretary

Mumbai May 27, 2022

Mumbai May 27, 2022

Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accountant) Rules, 2014)
Statement containing salient features of the financial statements of subsidiaries/ associate companies/ joint ventures

Part "A": Subsidiaries

(Currency : Indian rupees in millions)

| Name of the Subsidiary Company | Edelweiss Housing Finance Limited | Edelweiss Investment Adviser Limited | Edelweiss Rural & Corporate Services Limited | Comtrade Commodities Services Limited (Formerly known as Edelweiss Comtrade Limited) | Allium Finance Private Limited |
|-------------------------------------|-----------------------------------|--------------------------------------|--|--|--------------------------------|
| Reporting currency | INR | INR | INR | INR | INR |
| Exchange rate | | | | | |
| Paid-up Equity Share Capital | 693.50 | 6,755.50 | 9,965.35 | 290.00 | 68.26 |
| Reserves of the Subsidiary | 7,082.82 | (9,781.07) | (3,672.77) | (278.12) | 1,203.38 |
| Total Assets of the Subsidiary | 39,566.59 | 8,653.56 | 41,906.77 | 35.29 | 1,273.58 |
| Total Liabilities of the Subsidiary | 31,790.27 | 11,679.14 | 35,614.19 | 23.41 | 1.95 |
| Investments | 2,618.06 | - | 22,460.78 | - | 1,084.95 |
| Total Turnover | 5,139.10 | 2,098.08 | 10,841.31 | 0.75 | 343.57 |
| Profit/(Loss) before taxation | 201.82 | (833.41) | (820.48) | (4.40) | 340.44 |
| Provision for taxation | 63.75 | 8.85 | (74.47) | 0.06 | 87.60 |
| Profit/(Loss) after taxation | 138.07 | (842.27) | (746.01) | (4.46) | 252.84 |
| Proposed dividend | - | - | - | - | - |
| % of shareholding | 100% | 100% | 100% | 100% | 85% |

For and on behalf of the Board of Directors

Sd/-

S. Ranganathan

Director

DIN : 00125493

Sd/-

Vidya Shah

Director

DIN : 00274831

Sd/-

Ananya Suneja

Chief Financial Officer

Sd/-

Tarun Khurana

Company Secretary

May 27, 2022

Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accountst/) Rules, 2014)
Statement containing salient features of the financial statements of subsidiaries/ associate companies/ joint ventures

Part "B": Associates

(Currency : Indian rupees in millions)

| Sr No | Name of the Associate | Edel Land Limited |
|--------------|--|--------------------------|
| 1 | Latest Audited Balance sheet date | 31-Mar-22 |
| 2 | Share of Associate held by the Company on the year end | |
| | Number of shares | 31,758,000 |
| | Amount of Investment in Associates (₹ in millions) | 8,000.00 |
| | Extend of Holding % | 52.31% |
| 3 | Reason why the associate is not consolidated | No Control |
| 4 | Networth attributable to Shareholding as per latest audited Balance Sheet (₹ in millions) | 3,569.70 |
| 5 | Profit / (Loss) for the year | |
| | i. Considered in Consolidation | (361.72) |
| | ii. Not Considered in Consolidation (including exceptional items) | (750.81) |

For and on behalf of the Board of Directors

Sd/-

S. Ranganathan

Director

DIN : 00125493

Sd/-

Vidya Shah

Director

DIN : 00274831

Sd/-

Ananya Suneja

Chief Financial Officer

Sd/-

Tarun Khurana

Company Secretary

May 27, 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.

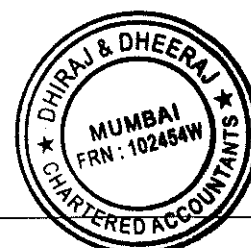


Key Audit Matters

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) & 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"> • We considered management's assessment of impairment from the management experts wherever considered necessary and assessed whether any impairment indicators existed for investment in individual subsidiary and other group companies. • We traced the net-worth of the individual subsidiary and other group companies from their financial statements. • 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. |



| 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.

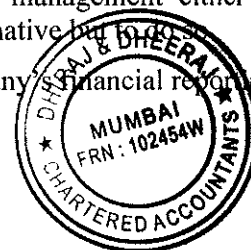
In connection with our audit of the Standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears 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.

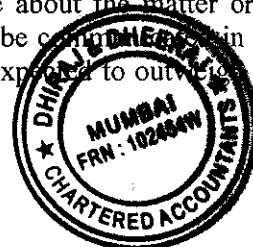
As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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.

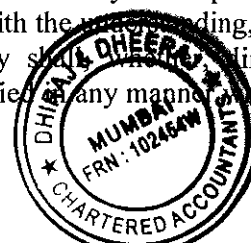
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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 Note 38 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



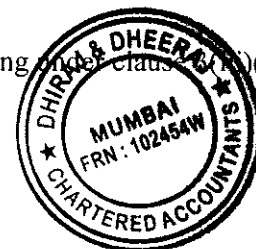
Shalendra Dadhich
Partner

Membership Number: 425098
Place: Mumbai
Date: 27th 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.



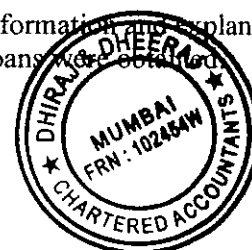
- (f) According to the information and explanations given to us and on the basis of our examination of the records, the Company has not given any loans either repayable on demand or without specifying any terms or period of repayment.
- iv. The Company has complied with the provisions of Sections 185 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.

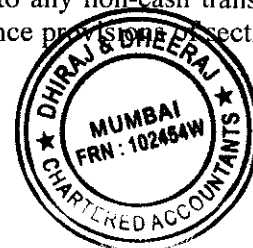
- (b) Details of statutory dues referred to in sub-clause (a) above which have not been deposited as on March 31, 2022 on account of disputes are given below:

| 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

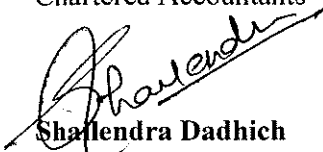


- (d) On an overall examination of the financial statements of the Company, funds raised on short term basis have, prima facie, not been used during the year for long-term purposes by the Company.
- (e) On an overall examination of the financial statements of the Company, the Company has not taken any 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 45-1A 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: 27th 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

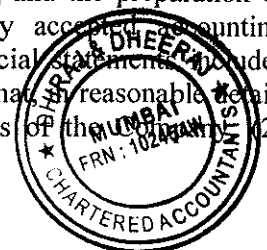
Our responsibility is to express an opinion on the Company's internal financial controls with reference to these financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") 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: 27th 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 |
|---|------|-------------------------|-------------------------|
| ASSETS | | | |
| Financial assets | | | |
| (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 |
| Total financial assets | | 29,488.31 | 29,787.52 |
| Non-financial assets | | | |
| (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 |
| Total non-financial assets | | 770.53 | 630.95 |
| TOTAL ASSETS | | 30,258.84 | 30,418.47 |
| LIABILITIES AND EQUITY | | | |
| Liabilities | | | |
| Financial liabilities | | | |
| (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 |
| Total financial liabilities | | 17,649.91 | 18,020.09 |
| Non-financial liabilities | | | |
| (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 |
| Total non-financial liabilities | | 27.98 | 38.53 |
| Equity | | | |
| (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 |
| Total equity | | 12,580.95 | 12,359.85 |
| TOTAL LIABILITIES AND EQUITY | | 30,258.84 | 30,418.47 |

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

Director

DIN : 00125493

Vidya Shah

Director

DIN : 00274831

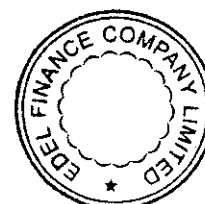
Tarun Khurana

Company Secretary

Anagya Suneja

Chief Financial Officer

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 |
|--|------|--------------------------------------|--------------------------------------|
| Revenue from operations | | | |
| Interest income | 28 | 252.37 | 1,325.62 |
| Fee income | 29 | - | 22.31 |
| Net gain on fair value changes | 30 | 944.90 | 528.68 |
| Total revenue from operations | | 1,197.27 | 1,876.61 |
| Other income | 31 | 689.33 | 1.23 |
| Total Revenue | | 1,886.60 | 1,877.84 |
| Expenses | | | |
| 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 |
| Total expenses | | 1,829.07 | 3,361.89 |
| Profit / (Loss) before tax | | 57.53 | (1,484.05) |
| 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) |
| | | 0.14 | (212.90) |
| (2) Deferred tax expense / (credit) (net) | | | |
| | 36 | (164.43) | (29.59) |
| Total Tax | | (164.29) | (242.49) |
| Profit / (Loss) for the year | | 221.82 | (1,241.56) |
| Other comprehensive income / (loss) | | | |
| (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 | - |
| Total | | (0.72) | (0.41) |
| Total comprehensive income / (loss) | | 221.10 | (1,241.97) |
| Earnings per equity share (Face value of Rs. 100 each): | | | |
| (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

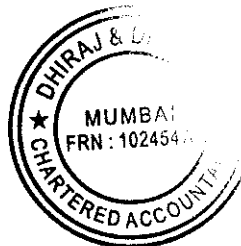
Chartered Accountants

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
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

Statement of Changes in Equity for the year ended March 31, 2022

(Currency: Indian rupees in millions)

A. Equity Share Capital

| | For the year ended March 31, 2022 | | | | For the year ended March 31, 2021 | | | |
|---|-----------------------------------|--|---|------------------------|-----------------------------------|---|------------------------|----------------------------------|
| | Outstanding as on April 1, 2021 | Changes in Equity Share Capital due to prior period errors | Restated balance at the beginning of the current reporting period | Issued during the year | Outstanding as on March 31, 2022 | Restated balance at the beginning of the current reporting period | Issued during the year | Outstanding as on March 31, 2021 |
| Issued, subscribed and paid up (Equity shares of Rs. 100 each, fully paid-up) | 5,566.75 | - | - | - | 5,566.75 | - | 234.38 | 5,566.75 |

B. Other Equity

| | Capital Reserves | Capital redemption reserve | Securities Premium | Statutory Reserve | Retained Earnings | Deemed Capital Contribution - Equity | Impairment Reserve | Total Attributable to equity holders |
|--|------------------|----------------------------|--------------------|-------------------|-------------------|--------------------------------------|--------------------|--------------------------------------|
| Balance as at April 1, 2020 | (3,999.11) | 84.34 | 4,419.64 | 1,238.59 | 4,573.62 | 2.25 | - | 6,319.33 |
| Changes in accounting policy/prior period errors | - | - | - | - | - | - | - | - |
| Restated balance as at April 1, 2020 | (3,999.11) | 84.34 | 4,419.64 | 1,238.59 | 4,573.62 | 2.25 | - | 6,319.33 |
| Loss for the year | - | - | - | - | (1,241.56) | - | - | (1,241.56) |
| Other comprehensive loss | - | - | - | - | (0.41) | - | - | (0.41) |
| Premium received on issue of equity shares | - | - | 4,419.64 | 1,238.59 | 3,331.65 | 2.25 | - | 5,077.36 |
| Transfer to impairment reserve | - | - | 65.74 | - | - | - | 32.27 | 65.74 |
| Balance as at March 31, 2021 | (3,999.11) | 84.34 | 4,485.38 | 1,238.59 | 3,299.38 | 2.25 | 32.27 | 5,143.10 |
| Changes in accounting policy/prior period errors | - | - | - | - | - | - | - | - |
| Restated balance as at March 31, 2021 | (3,999.11) | 84.34 | 4,485.38 | 1,238.59 | 3,299.38 | 2.25 | 32.27 | 5,143.10 |
| Profit for the year | - | - | - | - | 221.82 | - | - | 221.82 |
| Other comprehensive loss | - | - | - | - | (0.72) | - | - | (0.72) |
| Transfer to statutory reserve | - | - | 4,485.38 | 1,238.59 | 3,520.48 | 2.25 | 32.27 | 5,364.20 |
| Balance as at March 31, 2022 | (3,999.11) | 84.34 | 4,485.38 | 1,282.95 | 3,576.12 | 2.25 | 32.27 | 5,364.20 |

As per our report of even date attached. The accompanying notes 1 to 61 are an integral part of the financial statements

For Dhiraj & Dheeraj

Chartered Accountants

ICAI Firm Registration Number: 102455W

Shri Pradeep

Partner

Membership No. 425098



For and on behalf of the Board of Directors

S. Rangannathan

Director

DIN: 03125493

Vidya Shah

Director

DIN: 00274841

Tarun Khurana

Company Secretary

Anshya Suneja

Chief Financial Officer

Mumbai, May 27, 2022

Mumbai, May 27, 2022

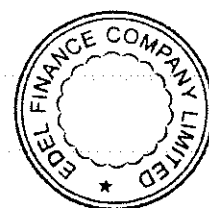
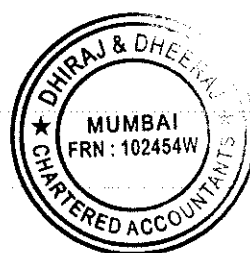


Edel Finance Company Limited

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 |
|--|--------------------------------------|--------------------------------------|
| A Cash flow from operating activities | | |
| Profit / (Loss) before tax | 57.53 | (1,484.05) |
| Adjustments for: | | |
| 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 of fixed assets (net) | (0.04) | (0.01) |
| Operating cash flow before working capital changes | (1,500.43) | (667.75) |
| Adjustments for: | | |
| 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 |
| Cash used in operating activities | (1,105.70) | (4,540.23) |
| Income taxes (paid) (net of refund) | 18.44 | (104.34) |
| Net cash used in operating activities -A | (1,087.26) | (4,644.57) |
| B Cash flow from investing activities | | |
| 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 |
| Net cash generated from investing activities - B | 0.47 | 0.01 |
| C Cash flow from financing activities | | |
| 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 |
| Net cash (used in) / generated from financing activities - C | (102.86) | 4,428.58 |
| Net decrease in cash and cash equivalents (A+B+C) | (1,189.65) | (215.98) |
| 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

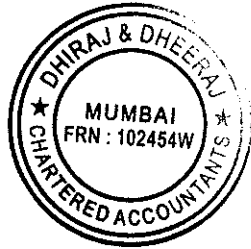
Chartered Accountants

ICAI Firm Registration Number: 102454W

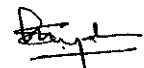

Shailendra Dadhich

Partner

Membership No: 425098



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

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 09th October, 2018.

2. Basis of preparation:

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

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

3. Presentation of financial statements:

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

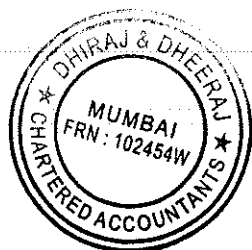
4. Significant accounting policies

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:

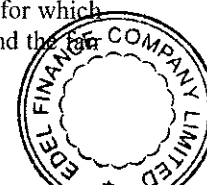
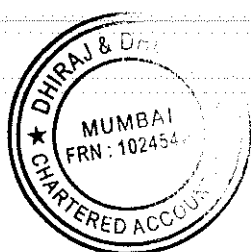
Financial assets and liabilities with exception of loans and borrowings are initially recognised on the trade date, i.e. the date the Company becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery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

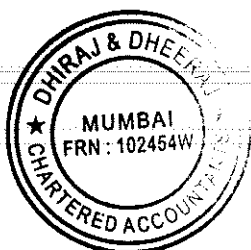
4.3 Financial assets and liabilities:

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:

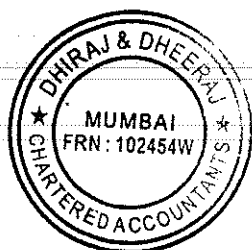
The Company measures debt issued and other borrowed funds at Amortised cost at each reporting date. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the EIR.

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

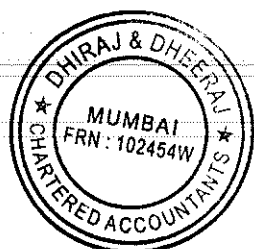
A financial asset (or, where applicable a part of a financial asset or a part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Company also derecognises the financial asset if it has both transferred the financial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

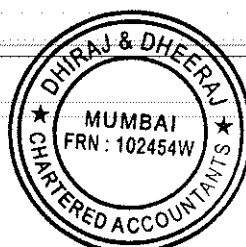
4.5.2 Derecognition of financial liabilities

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.

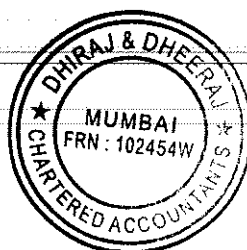
Stage 2 assets:

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;

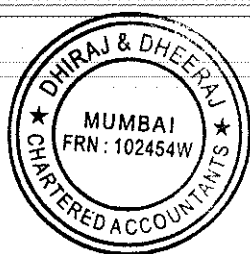
- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

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



Edel Finance Company Limited

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

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.

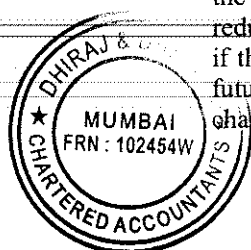
The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company applies a single recognition and measurement approach for all leases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

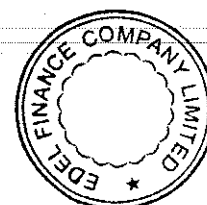
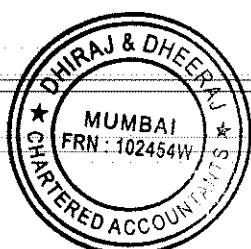
The Company contributes to a recognised provident fund and national pension scheme which is a defined contribution scheme. The contributions are accounted for on an accrual basis and recognised in the statement of profit and loss.

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.

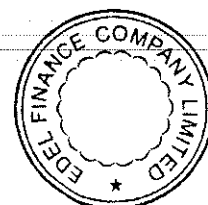
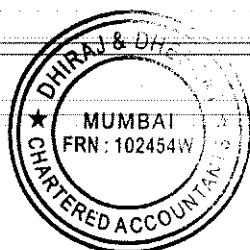
Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives. Depreciation is provided on a written down value basis from the date the asset is ready for its intended use or put to use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

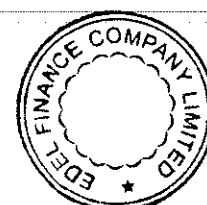
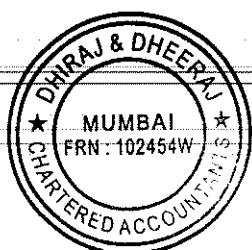
Income tax expense represents the sum of the tax currently payable and deferred tax.

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:

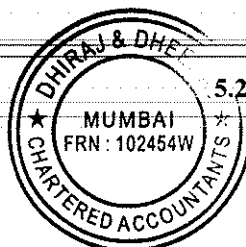
The following are the critical judgements, apart from those involving estimations, that the management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

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.

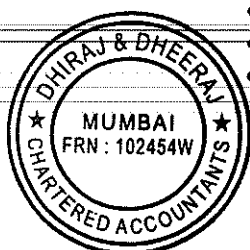
This estimation, by nature requires an element of judgement regarding the expected behaviour and life cycle of the instrument, as well expected changes India's base rate and other fee income, expenses that are integral part of the instrument

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



Edel Finance Company Limited

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

- 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.

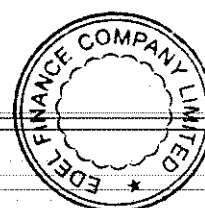
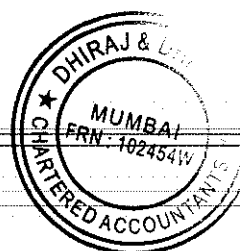
Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectation of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

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)

| | <u>As at</u> <u>March 31, 2022</u> | <u>As at</u> <u>March 31, 2021</u> |
|-------------------------------------|---------------------------------------|---------------------------------------|
| 7. Cash and cash equivalents | | |
| Balances with banks | | |
| - 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 | | | |
| Margin placed with broker | 0.24 | - | 0.24 | - | - | 0.24 | 0.24 |

Financial Liabilities subject to offsetting, netting arrangements

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

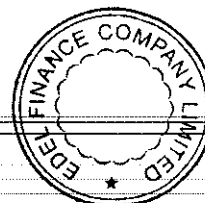
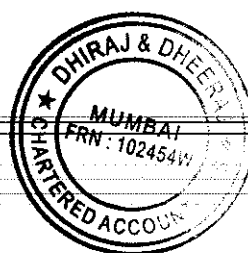
| | As at March 31, 2022 | As at March 31, 2021 |
|---|-------------------------|-------------------------|
| Impairment allowance measured as per simplified approach | | |
| Impairment allowance - opening balance | 1.64 | 73.70 |
| Add/ (less): asset originated or acquired (net) | (1.64) | (72.06) |
| 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 |
|--|-------------------------|-------------------------|
| Term Loans; | | |
| Corporate credit | 1,888.46 | 8,447.25 |
| Total gross | 1,888.46 | 8,447.25 |
| Less: Impairment loss allowance (Refer note 10.A) | (7.55) | (1.52) |
| Total net | 1,880.91 | 8,445.73 |
| Collateral : | | |
| Unsecured | 1,888.46 | 8,447.25 |
| Total gross | 1,888.46 | 8,447.25 |
| Less: Impairment loss allowance (Refer note 10.A) | (7.55) | (1.52) |
| Total net | 1,880.91 | 8,445.73 |
| Loans in India | | |
| Public sector | - | - |
| Others | 1,888.46 | 8,447.25 |
| Total gross | 1,888.46 | 8,447.25 |
| Less: Impairment loss allowance (Refer note 10.A) | (7.55) | (1.52) |
| Total net | 1,880.91 | 8,445.73 |



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

| | As at March 31, 2022 | | | | As at March 31, 2021 | | | |
|------------|----------------------|----------|----------|-----------------|----------------------|----------|----------|-----------------|
| | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total |
| Performing | | | | | | | | |
| High grade | 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

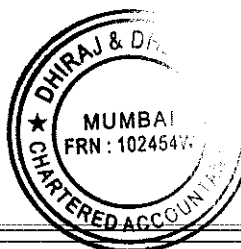
| Particulars | Non Credit Impaired | | | | Credit Impaired | | Total | |
|---|-----------------------|-------------------|-----------------------|-------------------|-----------------------|-------------------|-----------------------|-------------------|
| | Stage 1 | | Stage 2 | | Stage 3 | | Gross 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 (ERC SL), 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 |
| TOTAL - Gross (A) | - | - | 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 |
| Total (B) | - | - | 4,372.14 | - | 4,372.14 | 23,222.00 | 27,594.14 |
| Less: Allowance for impairment (C) | - | - | - | - | - | - | - |
| Total Net (A-C) | - | - | 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 |
| TOTAL - Gross (A) | - | - | 6,095.09 | - | 6,095.09 | 13,945.12 | 20,040.21 |
| (i) Investments outside India | - | - | - | - | - | - | - |
| (ii) Investment in India | - | - | 6,095.09 | - | 6,095.09 | 13,945.12 | 20,040.21 |
| Total (B) | - | - | 6,095.09 | - | 6,095.09 | 13,945.12 | 20,040.21 |
| Less: Allowance for impairment (C) | - | - | - | - | - | - | - |
| Total Net (A-C) | - | - | 6,095.09 | - | 6,095.09 | 13,945.12 | 20,040.21 |

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:

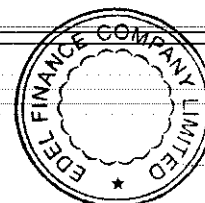
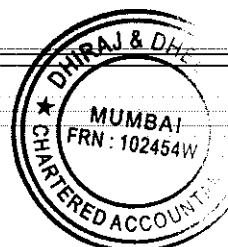
The table below shows the credit quality and the maximum exposure to credit risk based on the Company's year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Company's internal grading for stage classification are explained in Note 47.D.1 and policies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

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

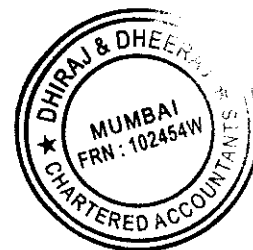
| | As at March 31, 2022 | | | As at March 31, 2021 | | |
|--|----------------------|------------|------------------|----------------------|------------|------------------|
| | Face Value (Rs.) | Quantity | Amount | Face Value (Rs.) | Quantity | Amount |
| Equity Instruments (Fully paid up) | | | | | | |
| <i>At Cost</i> | | | | | | |
| Subsidiary company | | | | | | |
| 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 |
| Fellow Subsidiaries | | | | | | |
| 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 | - | - | - |
| Associate companies | | | | | | |
| Edelweiss Securities Limited*** | 10 | 1,834,455 | 2,304.08 | - | - | - |
| Total (A) | | | 23,222.00 | | | 13,945.12 |
| Debt Securities | | | | | | |
| <i>At fair value through profit and loss account</i> | | | | | | |
| 9.75% Edelweiss Retail Finance Limited Perpetual Bonds | 1,000,000 | 71 | 60.26 | 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 |
| Total (B) | | | 4,372.14 | | | 6,095.09 |
| Total (A+B) | | | 27,594.14 | | | 20,040.21 |

* 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

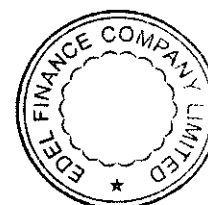


Edel Finance Company Limited

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 |
|---|-------------------------|-------------------------|
| 12. Other financial assets | | |
| 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 |
| | 2.33 | 48.05 |
| 13. Current tax assets (net) | | |
| Advance income taxes (Net of provision for tax) | 311.92 | 330.50 |
| | 311.92 | 330.50 |
| 14. Deferred tax assets (net) | | |
| Deferred tax assets / (Liabilities) | | |
| <u>Loans / Security Receipts</u> | | |
| Provision for expected credit loss | 1.90 | 0.38 |
| <u>Receivables</u> | | |
| Provision for expected credit loss | - | 0.41 |
| <u>Unused tax loss</u> | | |
| Accumulated losses | 421.03 | 252.26 |
| <u>Employee benefit obligations</u> | | |
| Disallowances under section 43B of the Income Tax Act. 1961 | (0.02) | 0.26 |
| <u>Property, plant and equipment and intangibles</u> | | |
| Difference between book and tax depreciation | 0.21 | (0.01) |
| <u>Investments and other financial instruments</u> | | |
| Unrealised (gain) / loss on investments (net) | - | 6.77 |
| Others | 32.33 | 30.71 |
| | 455.45 | 290.78 |



Edel Finance Company Limited

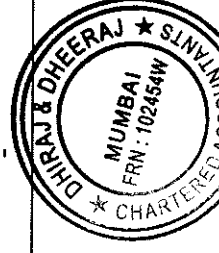
Notes to the financial statements for the year ended March 31, 2022

(Currency: Indian rupees in millions)

15. Property, plant and equipment and intangible assets

| Particulars | Property, plant and equipment | | | | Intangible Assets | | Total |
|--|-------------------------------|----------|-----------|--------|-------------------|-------|--------|
| | Building (Flat) \$ | Vehicles | Computers | Total | Computer Software | Total | |
| Deemed cost | | | | | | | |
| as at April 1, 2020 | 2.90 | 1.06 | 1.83 | 5.79 | 6.94 | 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 | 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 | 6.94 | 10.51 |
| Depreciation / Amortisation: | | | | | | | |
| as at April 1, 2020 | 0.29 | 0.08 | 1.33 | 1.70 | 2.89 | 2.89 | 4.59 |
| Depreciation/amortisation for the year | 0.13 | 0.57 | 0.21 | 0.91 | 2.31 | 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 | 5.20 | 7.42 |
| Depreciation/amortisation for the year | 0.12 | 0.17 | 0.04 | 0.33 | 1.74 | 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 | 6.94 | 8.09 |
| Net Book Value | | | | | | | |
| As at March 31, 2021 | 2.48 | 0.41 | 0.29 | 3.18 | 1.74 | 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 |
|--|-------------------------|-------------------------|
| 16. Other non-financial assets | | |
| (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 | - |
| | 0.74 | 4.75 |

| | | |
|--|--------------|--------------|
| 17. Trade Payables | | |
| 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 |
| | 17.24 | 40.89 |

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 |
| Total | 10.41 | - | 6.83 | - | - | - | 17.24 |

| 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 |
| Total | 12.88 | - | 10.97 | 16.39 | 0.65 | - | 40.89 |

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

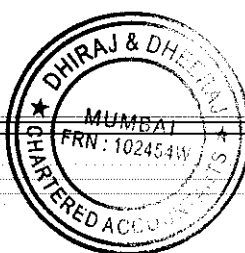
6,691.33 **10,665.81**

Debt Securities in India

6,691.33 10,665.81

Debt Securities outside India

6,691.33 **10,665.81**



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.

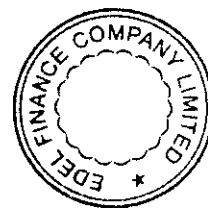
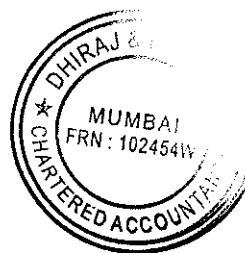
In case of benchmark linked debentures, the interest rate is linked to the performance of the underlying indices and is fluctuating in nature.

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 |
| Total | 4,716.65 | 8,334.89 | 1,974.68 | 2,330.92 |

* 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 |
|--|-------------------------|-------------------------|
| 19. Borrowings (other than debt securities) | | |
| <i>At amortised cost</i> | | |
| <u>Unsecured</u> | | |
| Loan and advances from related parties | 10,771.37 | 7,136.05 |
| | 10,771.37 | 7,136.05 |
| Borrowings in India | 10,771.37 | 7,136.05 |
| Borrowings outside India | - | - |
| | 10,771.37 | 7,136.05 |

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 |
| Rate of interest | 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 | - |
| | 10,687.90 | 7,110.00 |
| Associated accruals * | 83.47 | 26.05 |
| Total | 10,771.37 | 7,136.05 |

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

20. Subordinated Liabilities

At amortised cost

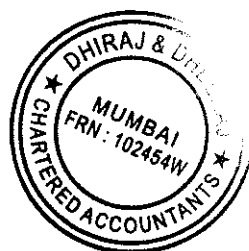
(Refer note 20.A)

Unsecured

Subordinated debentures

Privately placed redeemable non-convertible debentures

| | | |
|--|---------------|---------------|
| | 161.12 | 161.12 |
| | 161.12 | 161.12 |
| Subordinated liabilities in India | 161.12 | 161.12 |
| Subordinated liabilities outside India | - | - |
| | 161.12 | 161.12 |



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

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

| Maturity Month | Unsecured subordinated liabilities - Interest Rate 11.00% p.a. Amount outstanding as at | |
|------------------------|---|----------------|
| | March 31, 2022 | March 31, 2021 |
| Jul-2025 | 150.00 | 150.00 |
| | 150.00 | 150.00 |
| Add: interest accrued* | 11.12 | 11.12 |
| Total | <u>161.12</u> | <u>161.12</u> |

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

21. Other financial liabilities

| | | |
|-------------------------------|-------------|--------------|
| Other payables | 1.64 | 13.99 |
| Unclaimed matured debentures | 6.61 | - |
| Accrued salaries and benefits | 0.60 | 2.23 |
| | <u>8.85</u> | <u>16.22</u> |

22. Current tax liabilities (net)

| | | |
|---|--------------|--------------|
| Provision for taxation (Net of advance tax) | 18.16 | 18.16 |
| | <u>18.16</u> | <u>18.16</u> |

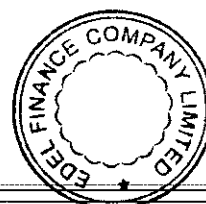
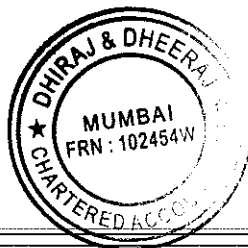
23. Provisions

| | | |
|---------------------------------|-------------|-------------|
| Provision for employee benefits | | |
| Gratuity (Refer note 40) | - | 0.78 |
| Compensated leave absences | 0.01 | 0.25 |
| | <u>0.01</u> | <u>1.03</u> |

24. Other non-financial liabilities

| | | |
|------------------------|-------------|--------------|
| Statutory liabilities* | 9.54 | 19.34 |
| Others | 0.27 | - |
| | <u>9.81</u> | <u>19.34</u> |

* 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 | As at March 31, 2022 | | As at March 31, 2021 | |
|--|----------------------|------------------|----------------------|------------------|
| | No. of shares | Amount | No. of shares | Amount |
| Authorised : | | | | |
| Equity Shares of Rs.100 each | 228,500,000 | 22,850.00 | 225,000,000 | 22,500.00 |
| Preference shares of Rs. 100 each | 50,000,000 | 5,000.00 | 50,000,000 | 5,000.00 |
| | 278,500,000 | 27,850.00 | 275,000,000 | 27,500.00 |
| Issued, Subscribed and Paid up: | | | | |
| Equity Shares of Rs.100 each | 55,667,388 | 5,566.75 | 55,667,388 | 5,566.75 |
| | 55,667,388 | 5,566.75 | 55,667,388 | 5,566.75 |

25.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 | 55,667,388 | 5,566.75 | 53,323,638 | 5,332.37 |
| Additional equity shares issued during the year | - | - | 2,343,750 | 2,34.38 |
| Outstanding at the end of the year | 55,667,388 | 5,566.75 | 55,667,388 | 5,566.75 |

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 | As at March 31, 2022 | | As at March 31, 2021 | |
|--|----------------------|----------------|----------------------|----------------|
| | No. of shares | % holding | No. of shares | % holding |
| Edelweiss Financial Services Limited (EFSL)* | 55,667,388 | 100.00% | 55,667,388 | 100.00% |
| | 55,667,388 | 100.00% | 55,667,388 | 100.00% |

* 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% | - |

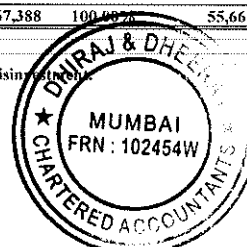
* including 6 shares held by Nominees of EFSL.

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% |
| | 55,667,388 | 100.00% | 55,667,388 | 100.00% |

* 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 |
| | <u>16,500,000</u> | <u>1,650.00</u> | <u>16,500,000</u> | <u>1,650.00</u> |

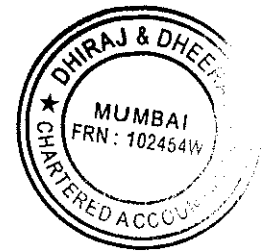
26.A Reconciliation of number of shares

| | 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 |
| Outstanding at the end of the year | <u>16,500,000</u> | <u>1,650.00</u> | <u>16,500,000</u> | <u>1,650.00</u> |

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 |
| | <u>5,364.20</u> | <u>5,143.10</u> |

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

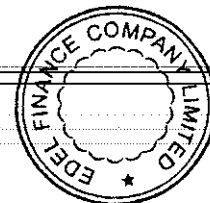
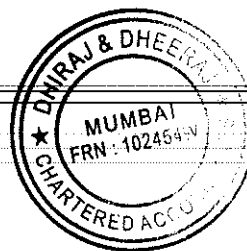
Retained earnings comprises of the Company's undistributed earnings after taxes.

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.

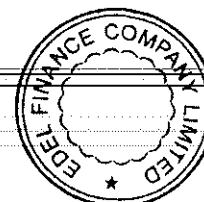
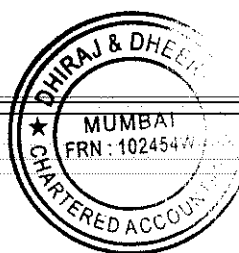


Edel Finance Company Limited

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 |
|---|--------------------------------------|--------------------------------------|
| 28. Interest Income | | |
| on financial assets measured at amortised cost | | |
| 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 | - |
| on financial assets measured at fair value through profit or loss | | |
| Interest income on debt securities | 6.94 | 369.10 |
| | 252.37 | 1,325.62 |
| 29. Fee income | | |
| Processing and other fees | - | 22.31 |
| | - | 22.31 |
| 30. Net gain / (loss) on fair value changes | | |
| Net gain/ (loss) on financial instruments at fair value through profit or loss | | |
| On investments and securities held for trading | 944.90 | 296.49 |
| On derivatives financial instrument | - | 226.15 |
| On security receipts | - | 6.04 |
| | 944.90 | 528.68 |
| Fair value changes | | |
| Realised | 342.92 | 555.59 |
| Unrealised | 601.98 | (26.91) |
| | 944.90 | 528.68 |
| 31. Other income | | |
| Profit on sale of investments | 650.08 | - |
| Interest on Income Tax Refund | 37.95 | 0.12 |
| Miscellaneous income | 1.30 | 1.11 |
| | 689.33 | 1.23 |



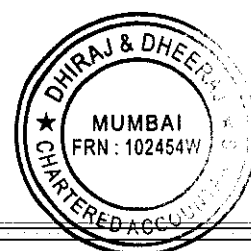
Edel Finance Company Limited**Notes to the financial statements for the year ended March 31, 2022**

(Currency: Indian rupees in millions)

| | For the year ended March 31, 2022 | For the year ended March 31, 2021 |
|---|--|--|
| 32. Finance costs | | |
| On financial liabilities measured at amortised cost | | |
| 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 |
| | 1,766.47 | 1,986.18 |
| 33. Impairment on financial instruments | | |
| On financial instruments measured at amortised cost | | |
| Expected credit loss | | |
| Loans and financial instruments | 6.04 | (218.66) |
| Loss on sale of financial instruments | - | 1,006.99 |
| Trade receivables | (0.71) | 4.95 |
| | 5.33 | 793.28 |
| 34. Employee benefits expense | | |
| 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 |
| | 11.38 | 34.07 |

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.

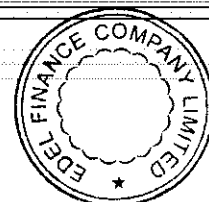
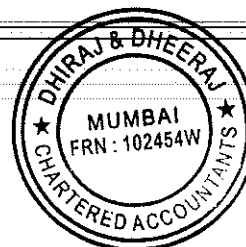


Edel Finance Company Limited

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 |
|--|--------------------------------------|--------------------------------------|
| 35. Other expenses | | |
| 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 |
| | 43.82 | 545.14 |
| 35.A Auditors' remuneration: | | |
| 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 |
| | 3.26 | 2.15 |
| 35.B Details of CSR Expenditure: | | |
| Gross Amount required to be spent by the Company as per the provisions of Section 135 of Companies Act 2013. | - | 34.98 |
| Amount Spent (paid in cash) | | |
| i) Construction/ acquisition of any assets | - | - |
| ii) On purpose other than (i) above | - | 35.00 |
| Amount Spent (yet to be paid in cash) | | |
| i) Construction/ acquisition of any assets | - | - |
| ii) On purpose other than (i) above | - | - |
| | - | 35.00 |
| Amount paid to EdelGive Foundation (refer note 43 related party disclosure) | - | 35.00 |
| Paid to external parties | - | - |
| | - | 35.00 |
| 35.C Operating leases | | |
| 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. | | |
| 35.D Cost sharing | | |
| Edelweiss Financial Services Limited, being the holding company along with fellow subsidiaries incurs expenditure like Group mediclaim, insurance, rent, electricity charges etc. which is for the common benefit of itself and its certain subsidiaries, fellow subsidiaries including the Company. This cost so expended is reimbursed by the Company on the basis of number of employees, time spent by employees of other companies, actual identifications etc. On the same lines, employees' costs expended (if any) by the Company for the benefit of fellow subsidiaries is recovered by the Company. Accordingly, and as identified by the management, the expenditure heads in note 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)

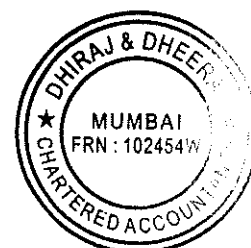
36. Income Tax

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) | - |
| Total tax charge for the year (refer note 36.A) | <u>(164.29)</u> | <u>(242.49)</u> |
| 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 |
|---|--------------------------------------|--------------------------------------|
| Profit/ (loss) before taxes | 57.53 | (1,484.05) |
| Statutory Income Tax rate | 25.168% | 25.168% |
| Tax charge at statutory rate | 14.48 | (373.51) |
| Adjustment in respect of current income tax of prior year | 0.14 | (212.90) |
| Tax effect of: | | |
| 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 |
| Current Tax Expenses Reported in Statement of Profit and Loss | <u>(164.29)</u> | <u>(242.49)</u> |
| Effective Income Tax Rate | -285.57% | 16.34% |



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

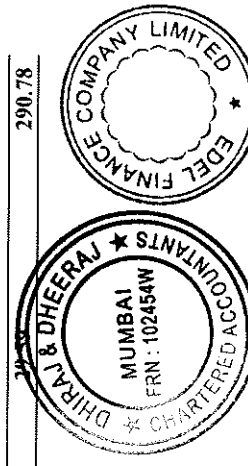
| | As on March 31, 2021 | Movement for the period (2021-22) | | | As on March 31, 2022 |
|---|----------------------|-----------------------------------|-------------------|----------------------------|----------------------|
| | | Recognised in profit or loss | Recognised in OCI | Recognised in other equity | |
| Deferred Tax Assets / (Liabilities) | | | | | |
| Employee benefits obligations | 0.26 | (0.52) | 0.24 | - | (0.28) |
| 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 | - | - | 168.77 |
| 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 |
| Deferred Tax Asset (net) | 290.78 | 164.43 | 0.24 | - | 164.67 |

Financial Year 2020-21

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

Deferred Tax Asset (net)

290.78



Edel Finance Company Limited

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

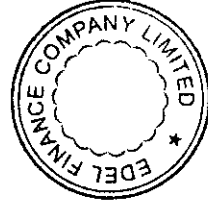
(Currency: Indian rupees in millions)

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 | Total Amount | Amount | Expiry year - financial year |
| FY 2020-21 | - | - | - | - | - | - | 639.63 | FY 2028-29 | 639.63 | - | - |
| Total | - | - | - | - | - | - | 639.63 | - | 639.63 | - | - |



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.

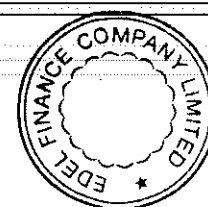
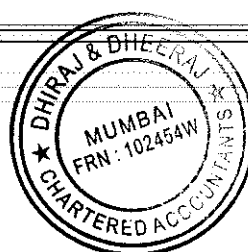
Details of contingent liability

| 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

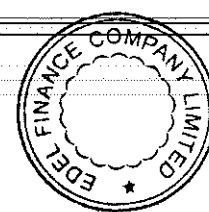
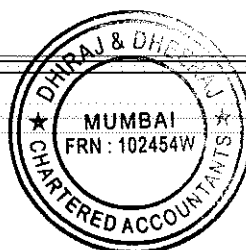
Since the business operations of the Company are primarily concentrated in India, the Company is considered to operate only in the domestic segment and therefore there is no reportable geographic segment.

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:

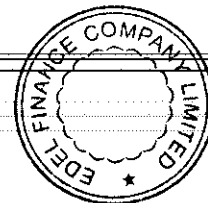
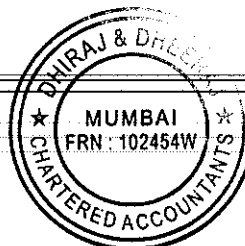
| Particulars | Defined benefit obligation | |
|-------------------------------------|----------------------------|----------------|
| | March 31, 2022 | March 31, 2021 |
| Opening Balance | 2.15 | 8.10 |
| Current service cost | - | 0.38 |
| Interest cost | 0.03 | 0.13 |
| | 2.18 | 8.61 |
| Other comprehensive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

ii) Components of defined benefit plan cost:

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

iii) Reconciliation of Fair Value of Plan Assets

| | As at | As at |
|--|----------------|----------------|
| | March 31, 2022 | 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 |
| <i>Re-measurements</i> | | - |
| 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 | 2.80 | 2.60 |
| <i>Actual Return on Plan Assets</i> | 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 | <u>(2.81)</u> | <u>(0.44)</u> |
| 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

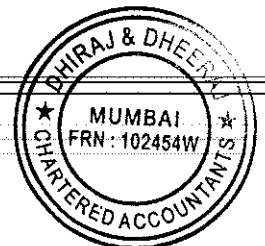
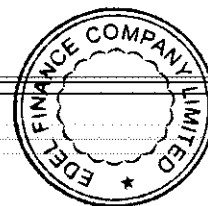
| | As at March 31, 2022 | As at March 31, 2021 |
|---|-------------------------|-------------------------|
| Equity instruments | 0% | 0% |
| Debt instruments | 0% | 0% |
| Real estate | 0% | 0% |
| Derivatives | 0% | 0% |
| Investment Funds with Insurance Company | 100% | 100% |
| Of which, Unit Linked | 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 | <u>100.00%</u> | <u>100.00%</u> |

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 | <u>(0.96)</u> | <u>-</u> |

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:

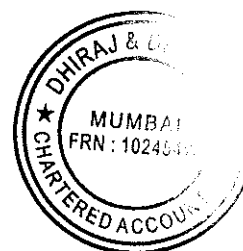
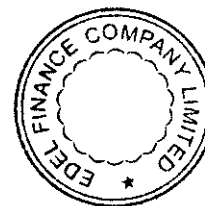
Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

| | 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

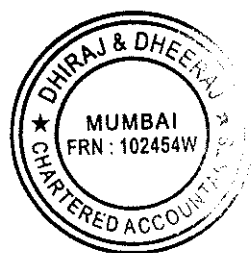
(Currency: Indian rupees in millions)

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 |
| | 17,962.98 | (102.86) | - | (236.30) | 17,623.82 |

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

* 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 | | Total |
|---|----------------------|------------------|----------------------|------------------|------------------|
| | Within 12 months | After 12 months | Within 12 months | After 12 months | |
| Financial Assets | | | | | |
| Cash and cash equivalents | 10.93 | - | 10.93 | - | 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 | 20,040.21 |
| Other financial assets | 1.21 | 1.12 | 2.33 | 48.05 | 48.05 |
| Non-financial assets | | | | | |
| Current tax assets (net) | - | 311.92 | 311.92 | - | 330.50 |
| Deferred tax assets (net) | - | 455.45 | 455.45 | - | 290.78 |
| Property, Plant and Equipment | - | 2.42 | 2.42 | - | 3.18 |
| Other Intangible assets | - | - | - | 1.74 | 1.74 |
| Other non-financial assets | 0.66 | 0.08 | 0.74 | 4.75 | 4.75 |
| Total Assets | 5,694.71 | 24,564.13 | 30,258.84 | 12,109.76 | 18,308.71 |
| Financial Liabilities | | | | | |
| Trade payables | 17.24 | - | 17.24 | 40.89 | 40.89 |
| Debt securities | 4,136.73 | 2,554.60 | 6,691.33 | 4,492.32 | 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 |
| Other financial liabilities | 8.85 | - | 8.85 | 16.22 | 16.22 |
| Non-financial liabilities | | | | | |
| Current tax liabilities (net) | - | 18.16 | 18.16 | - | 18.16 |
| Provisions | - | 0.01 | 0.01 | 0.22 | 0.81 |
| Other non-financial liabilities | 9.81 | - | 9.81 | 19.34 | 19.34 |
| Total Liabilities | 4,271.32 | 13,406.57 | 17,677.89 | 11,734.32 | 6,324.30 |
| Net total assets/ (liabilities) | 1,423.39 | 11,157.56 | 12,580.95 | 375.44 | 11,984.41 |
| | | | | | 12,359.85 |



Edel Finance Company Limited

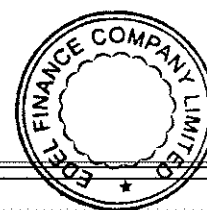
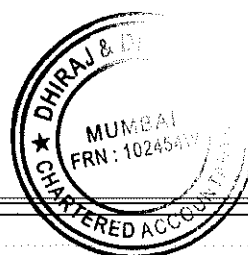
Notes to the financial statements for the year ended March 31, 2022

(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) Ananthkrishanan 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 |



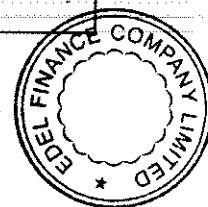
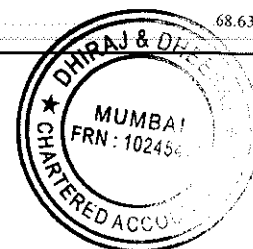
Edel Finance Company Limited

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 |
|---|--|--|--|---|
| Transactions with related parties: | | | | |
| (I) Capital account transactions | | | | |
| 1 | Issue of equity shares to (including securities premium) | Edelweiss Financial Services Limited | - | 300.00 |
| 2 | Issue of Compulsory Convertible Preference Shares to | Edelweiss Financial Services Limited | - | 1,650.00 |
| 3 | Purchase of ECL Finance equity shares | Edelweiss Rural & Corporate Services Limited | - | 4,906.17 |
| 4 | Sale of ECL Finance equity shares | Edelweiss Financial Services Limited | - | 6,706.17 |
| 5 | 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 |
| (II) Current account transactions | | | | |
| 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 19.17 | 1,515.81 - |
| 7 | Other investment purchased from | Edel Land Limited | - | 68.63 |



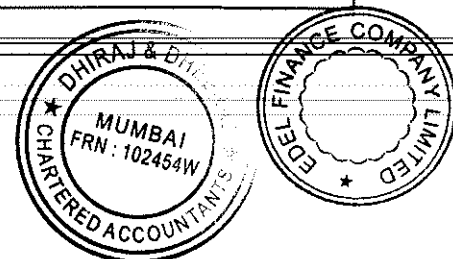
Edel Finance Company Limited

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 |



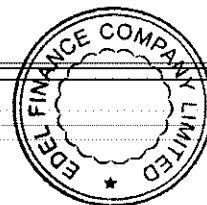
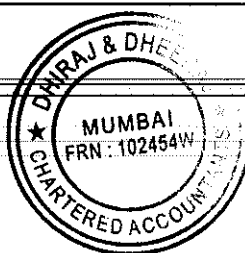
Edel Finance Company Limited

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 |
|--|--|--|--|---|
| (II) Current account transactions (continued) | | | | |
| 28 | Loan purchased from | Edel Land Limited | - | 396.50 |
| 29 | Loans sold to | Edelweiss Asset Reconstruction Company Limited India Credit Investment Fund II | - - | 766.20 1,342.19 |
| 30 | Security Receipts Sold to | Allium Finance Private Limited India Credit Investment Fund II | - - | 88.38 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 Ravindra Dhobale Sujit Kumar Pandey Sunil Nagrani Ananthkrishnan S Deepak Kundalia | - 1.49 0.49 7.36 0.50 - | 3.62 - - - - 2.51 |
| 34 | Directors' sitting fees | Bharat Bakshi Atul Ambavat Vinod Juneja Sunil Pharterpekar | - 0.34 0.34 - | 0.36 0.18 0.18 0.30 |
| (III) Secondary market transactions | | | | |
| 1 | Sale of securities (Stock in trade) to | ECL Finance Limited Edelweiss Finance & Investments Limited Edel Land Limited Edelweiss Investment Adviser Limited Edelcap Securities Limited | - - - - - | 460.04 10.94 1,504.76 1,633.94 563.93 |
| 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* Edelweiss Broking Limited Edelweiss Financial Services Limited* Edelweiss Gallagher Insurance Brokers Limited* | - - - - | 0.00 0.01 0.00 0.00 |
| 8 | Sale of Property, Plant & Equipment | Edelweiss Broking Limited Edelweiss Securities Limited* Edelweiss Finance & Investments Limited Edelweiss Custodial Services Limited* Edelweiss General Insurance Company Limited Edelweiss Rural & Corporate Services Limited* Edelweiss Tokio Life Insurance Company Limited ECL Finance Limited* | 0.01 - 0.02 0.00 - 0.00 0.22 0.00 | 0.01 0.00 0.09 0.01 0.01 - - - |
| (IV) Balances with related parties | | | | |
| 1 | Investments in equity shares | Edelweiss Retail Finance Limited Edelweiss Asset Reconstruction Company Limited Edelweiss Rural & Corporate Services Limited Edelweiss Housing Finance Limited Edelweiss Asset Management Limited Edelweiss Securities Limited | 264.00 129.33 5,356.17 2,934.53 733.89 2,304.08 | 264.00 326.14 2,854.97 1,000.00 - - |
| 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 Edel Land Limited | 9,000.00 2,000.00 | 9,000.00 - |



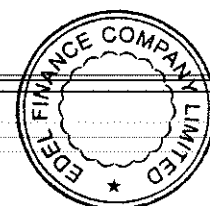
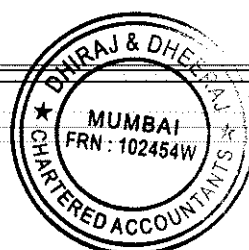
Edel Finance Company Limited

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 |
|---|--|--|---------------|--------------------------------------|
| (IV) Balances with related parties (continued) | | | | |
| 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 |
| | | 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)

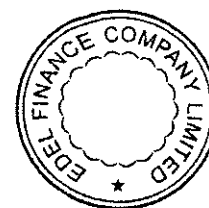
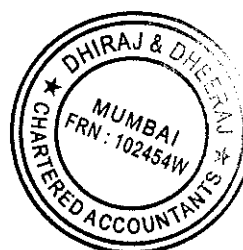
43. Disclosure of Related Party Transactions pursuant to IND AS 24 "Related Party Transactions" (continued)

| Sr.No. | Nature of Transaction | Related Party Name | 20 21-22 | 2020-21 |
|--------|--|--|----------|---------|
| (IV) | Balances with related parties (continued) | | | |
| 17 | Interest receivable - accrued on debentures and bonds of | Edelweiss Retail Finance Limited | 1.86 | 1.82 |
| | | Fdelweiss Rural & Corporate Services Limited | - | 0.01 |
| | | Edel Land Limited* | 0.00 | - |
| 18 | Margin placed with broker | Edelweiss Custodial Services Limited | - | 0.02 |
| | | Fdelweiss 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

- 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.
- 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.
- 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

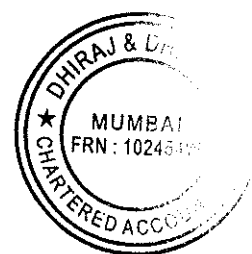
The Reserve Bank of India (RBI) sets and monitors capital adequacy requirements for the Company from time to time. The Core Investment Companies (Reserve Bank) Directions, 2016, stipulate that the Adjusted Net Worth of a CIC-ND-SI shall at no point in time be less than 30% its risk weighted assets on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

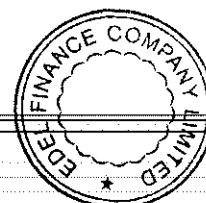
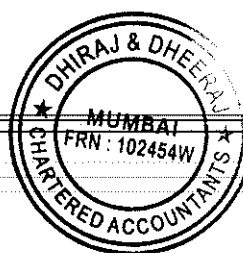
The Company's fair value methodology and the governance over its models includes a number of controls and other procedures to ensure appropriate safeguards are in place to ensure its quality and adequacy. All new product initiatives (including their valuation methodologies) are subject to approvals by 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 |
|---|----------|-----------------|----------|-----------------|
| Assets measured at fair value on a recurring basis | | | | |
| Investments | | | | |
| Other debt securities | - | 4,372.14 | - | 4,372.14 |
| Total investments measured at fair value | - | 4,372.14 | - | 4,372.14 |
| As at March 31, 2021 | Level 1 | Level 2 | Level 3 | Total |
| Assets measured at fair value on a recurring basis | | | | |
| Investments | | | | |
| Other debt securities | - | 6,095.09 | - | 6,095.09 |
| Total investments measured at fair value | - | 6,095.09 | - | 6,095.09 |



Edel Finance Company Limited

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

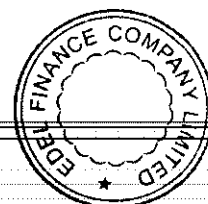
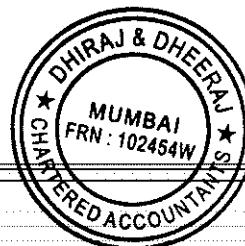
Exchange traded derivatives includes index/stock options, index/stock futures, company uses exchange traded prices to value these derivative and classify these instrument as level 1.

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 |
|---|------------------|----------|------------------|-----------------|------------------|
| Financial Assets | | | | | |
| Loans | 1,880.91 | - | - | 1,880.91 | 1,880.91 |
| Investments | 23,222.00 | - | 23,222.00 | - | 23,222.00 |
| Total Financial Assets | 25,102.91 | - | 23,222.00 | 1,880.91 | 25,102.91 |
| Financial Liabilities | | | | | |
| 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 |
| Total Financial Liabilities | 17,623.82 | - | 5,741.37 | - | 16,512.74 |
| As at March 31, 2021 | | | | | |
| Financial Assets | | | | | |
| Loans | 8,445.73 | - | - | 8,445.73 | 8,445.73 |
| Investments | 13,945.12 | - | 13,945.12 | - | 13,945.12 |
| Total Financial Assets | 22,390.85 | - | 13,945.12 | 8,445.73 | 22,390.85 |
| Financial Liabilities | | | | | |
| Debt securities | 10,665.81 | - | 9,105.60 | - | 9,105.60 |
| Borrowings (other than debt securities) | 7,136.05 | - | - | 7,136.05 | 7,136.05 |
| Subordinated Liabilities | 161.12 | - | 171.89 | - | 171.89 |
| Total Financial Liabilities | 17,962.98 | - | 9,277.49 | - | 16,413.54 |

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

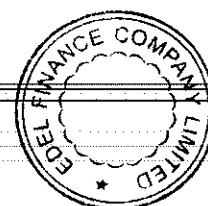
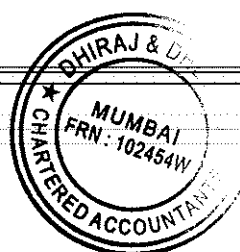
Carrying amounts of cash and cash equivalents, bank balances other than cash and cash equivalents, trade and other receivables, trade payables approximate the fair value because of their short-term nature. Difference between carrying amounts and fair values of other financial assets and other financial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

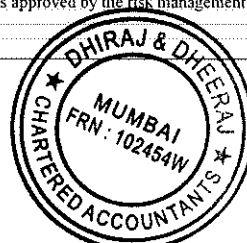
It is the Company's policy that a monthly briefing is given to the Board of Directors and all other relevant members of the Company in the utilisation of market limits, proprietary investments and liquidity, plus any other risk developments.

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



Edel Finance Company Limited

Notes to the financial statements for the year ended March 31, 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 |
|-----------------------|------------------------------|---------|
| Performing | | |
| High grade | 0 dpd and 1 to 30 dpd | Stage 1 |
| Standard grade | 31 to 90 dpd | Stage 2 |
| Non-performing | | |
| Individually impaired | 90+ dpd | Stage 3 |

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

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

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

Significant increase in credit risk (SICR)

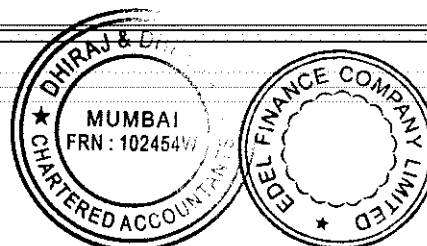
Company considers a financial instrument defaulted, classified as Stage 3 (credit-impaired) for ECL calculations, in all cases when the borrower becomes 90 days past due. Classification of assets from stage 1 to stage 2 has been carried out based on SICR criterion. Accounts which are more than 30 days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

Probability of Default

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

Loss Given Default (LGD)

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



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.

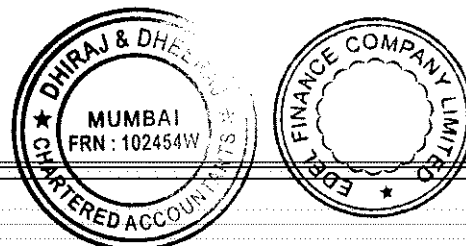
Predicted relationship between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analysing historical data over the past 5 years.

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 |
|---------------------------|--------------------|----------------------------|-------------|----------|-------------|------------------|--------------|----------|------------------|
| Financial Assets | | | | | | | | | |
| 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 |
| Total Assets | 14,632.07 | - | - | - | - | 14,856.24 | - | - | 29,488.31 |

Industry analysis - Risk concentration as at March 31, 2021

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

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 |
|-------------------------------|-------------------------|-------------------------|--|
| Financial assets | | | |
| 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 | |
| Total Financial Assets | 29,488.31 | 29,787.52 | |



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.

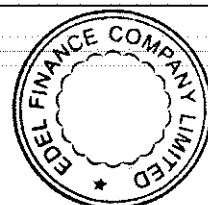
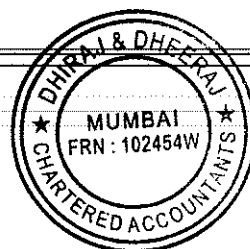
To manage the stressed circumstances the Company has ensured maintenance of a Liquidity Cushion in the form of Investments in Government Securities, Mutual Funds and Quoted Equity Shares. These assets carry minimal credit risk and can be liquidated in a very short period of time. A liquidity cushion 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 |
|---|--------------|-----------------|---------------|--------------------|-------------------|-------------------|------------------|
| Financial Assets | | | | | | | |
| (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 |
| Total undiscounted financial assets | 10.93 | 4,702.82 | 130.35 | 849.95 | 9,985.71 | 13,808.55 | 29,488.31 |
| Financial Liabilities | | | | | | | |
| (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 |
| Total undiscounted financial liabilities | - | 4,149.06 | 108.66 | 3.79 | 11,294.85 | 2,093.55 | 17,649.91 |
| Total net financial assets / (liabilities) | 10.93 | 553.76 | 21.69 | 846.16 | (1,309.14) | 11,715.00 | 11,838.40 |

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

| | On Demand | Upto 3 Months | 3 to 6 Months | 6 Months to 1 year | 1 year to 5 years | More than 5 years | Total |
|---|-----------------|-----------------|-----------------|--------------------|-------------------|-------------------|------------------|
| Financial Assets | | | | | | | |
| (a) Cash and cash equivalents | 1,200.58 | - | - | - | - | - | 1,200.58 |
| (b) 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 |
| Total undiscounted financial assets | 1,200.58 | 7,123.04 | 1,423.69 | 2,357.70 | 3,663.96 | 14,018.55 | 29,787.52 |
| Financial Liabilities | | | | | | | |
| (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 |
| Total undiscounted financial liabilities | - | 7,193.16 | 1,684.51 | 2,824.31 | 4,236.52 | 2,153.02 | 18,091.52 |
| Total net financial assets / (liabilities) | 1,200.58 | (70.12) | (260.82) | (466.61) | (572.56) | 11,865.53 | 11,696.00 |



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 | |
| Financial Assets | | | | | | | |
| 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 | |
| Total Assets | 29,488.31 | - | 29,488.31 | 29,787.52 | - | 29,787.52 | |
| Financial Liabilities | | | | | | | |
| Trade payables | - | - | - | - | - | - | |
| (i) total outstanding dues of micro enterprises and small enterprises | 17.24 | - | 17.24 | 40.89 | - | 40.89 | Interest rate |
| (ii) total outstanding dues of creditors other than micro enterprises and small enterprises | 6,691.33 | - | 6,691.33 | 10,665.81 | - | 10,665.81 | Price risk, interest rate risk |
| Debt securities | 10,771.37 | - | 10,771.37 | 7,136.05 | - | 7,136.05 | Interest rate risk |
| Borrowings (other than debt securities) | 161.12 | - | 161.12 | 161.12 | - | 161.12 | Interest rate risk |
| Subordinated Liabilities | 8.85 | - | 8.85 | 16.22 | - | 16.22 | Interest rate risk |
| Other financial liabilities | - | - | - | - | - | - | |
| Total Liabilities | 17,649.91 | - | 17,649.91 | 18,020.09 | - | 18,020.09 | |



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

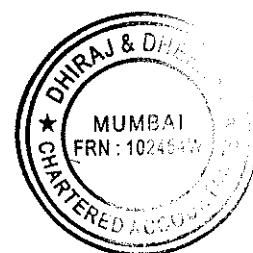
Interest rate sensitivity

As at March 31, 2022

| | Increase in basis points | Sensitivity of Profit | Sensitivity of Equity | Decrease in basis points | Sensitivity of Profit | Sensitivity of Equity |
|---------------------------|--------------------------|-----------------------|-----------------------|--------------------------|-----------------------|-----------------------|
| Corporate debt securities | 25 | (10.93) | - | 25 | 10.93 | - |

As at March 31, 2021

| | Increase in basis points | Sensitivity of Profit | Sensitivity of Equity | Decrease in basis points | Sensitivity of Profit | Sensitivity of Equity |
|---------------------------|--------------------------|-----------------------|-----------------------|--------------------------|-----------------------|-----------------------|
| 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

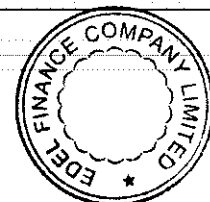
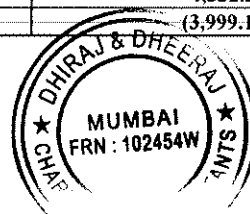
(Currency: Indian rupees in millions)

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



Edel Finance Company Limited

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

(Currency: Indian rupees in millions)

Regulatory disclosure of Core Investment Company (CIC)

49. CORE INVESTMENT COMPANY ("CIC") COMPLIANCE

| Particulars | As at | As at |
|--|----------------|----------------|
| | March 31, 2022 | 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 Network] | 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.

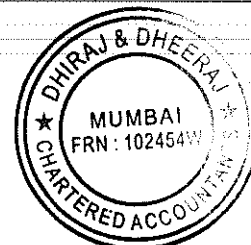
50. Exposure to real estate sector

| Particulars | As at | As at |
|--|-----------------|-----------------|
| | March 31, 2022 | March 31, 2021 |
| a) Direct Exposures | | |
| (i) Residential Mortgages - Lending fully secured by Mortgages on residential property that is or will be occupied by the borrower or that is rented property that is or will be occupied by the borrower or that is rented - of which housing loans eligible for inclusion in priority sector advances are rendered | - | - |
| (ii) Commercial Real Estate- Lending secured by mortgages on commercial real estate (office buildings, retail space, multi purpose commercial premises, multi family residential buildings, multi tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non fund based (NFB) limit | - | - |
| (iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures – | | |
| a. Residential | - | - |
| b. Commercial Real Estate | - | - |
| b) Indirect Exposures | | |
| Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs). | 2,934.53 | 1,000.00 |
| Total exposure to Real Estate Sector | 2,934.53 | 1,000.00 |

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 |
| I) Loans and advances availed by the CIC inclusive of interest accrued thereon but not paid | | | | |
| a) Debentures: (other than those falling within the meaning of Public deposits) | | | | |
| (i) Secured | 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) | - | - | - | - |
| g) Other loans (Subordinated liabilities) | 161.12 | 161.12 | - | - |



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)

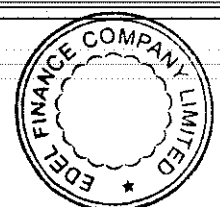
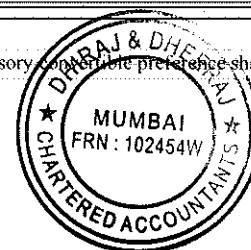
51. Disclosure of details as required by RBI/DNBR/2016-17/39 i.e. Master Direction - Core Investment Companies (Reserve Bank) Directions, 2016 dated August 25, 2016 (Updated as on November 22, 2019) (continued)

Assets Side:

| Particulars | Amount Outstanding as at | |
|---|--------------------------|----------------|
| | March 31, 2022 | March 31, 2021 |
| 2) Break up of Loans and Advances including bills receivables (other than those included in (4) below) | | |
| a) Secured | - | - |
| b) Unsecured | 1,880.91 | 8,445.73 |
| 3) Break up of Leased Assets and stock on hire and other assets counting towards AFC activities | | |
| i) Lease assets including lease rentals under sundry debtors: | | |
| (a) Financial Lease | - | - |
| (b) Operating Lease | - | - |
| ii) Stock on hire including hire charges under sundry debtors | - | - |
| (a) Assets on hire | - | - |
| (b) Repossessed assets | - | - |
| iii) Other loans counting towards Asset Financing Company activities | - | - |
| (a) Loans where assets have been repossessed | - | - |
| (b) Loans other than (a) above | - | - |
| 4) Break up of Investments | | |
| Current Investments: | | |
| 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 | - | - |
| Long term Investments: | | |
| 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 |
| Total | 4,716.65 | 12,907.17 | 17,623.82 |

For 2020-21

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

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

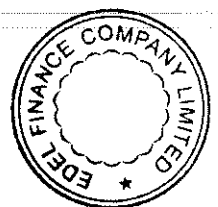
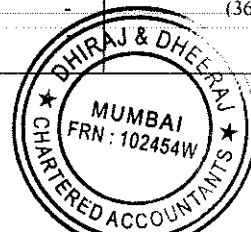
| Category | As at March 31, 2022 | | As at March 31, 2021 | |
|--------------------------------|---|-----------------------------------|---|-----------------------------------|
| | Market Value / Breakup Value or Fair Value or NAV | Book Value (Net of Provisions) | Market Value / Breakup Value or Fair 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 | - | - | - | - |
| Total | 27,594.14 | 27,594.14 | 20,040.21 | 20,040.21 |

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 |
|---|-------------------------|-------------------------|
| 1. Value of Investments* | | |
| 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 | - | - |
| 2. Movement of provisions held towards depreciation on investments | | |
| 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% |
| Total | 12,471.90 | - | 70.55% |

As at March 31, 2021

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

* "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

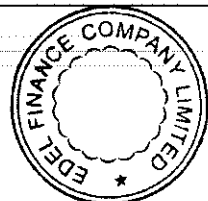
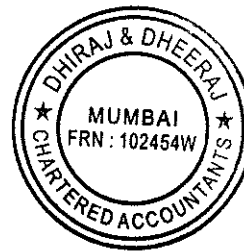
4. Funding concentration based on significant instrument / product

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% |

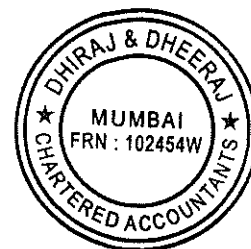
* "Other short-term liabilities" refers to the borrowing in short term in nature.

** "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) |

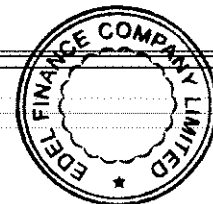
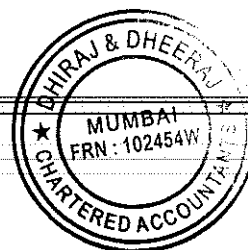
54. Asset Liability Management -Maturity pattern of certain items of assets and liabilities

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 |
| Total | 6,852.45 | 10,771.37 | 1,888.46 | 27,594.14 |

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 |
| Total | 10,898.36 | 7,136.05 | 8,447.25 | 20,040.21 |



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)

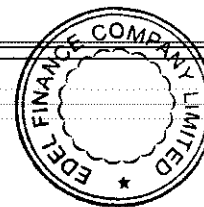
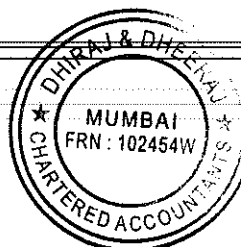
III) Ratings assigned by credit rating agencies and migration of ratings during the year:

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

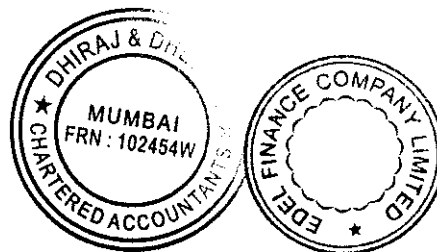
The Company have not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

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

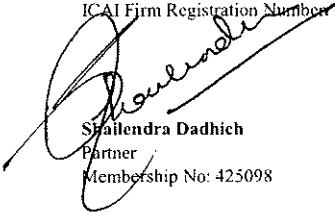
Notes to the financial statements for the year ended March 31, 2022

(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.

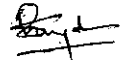
As per our report of even date attached

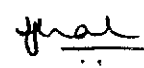
For Dhiraj & Dheeraj
Chartered Accountants
ICAI Firm Registration Number 102454W



Shailendra Dadhich
Partner
Membership No: 425098

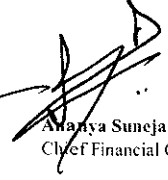
Mumbai May 27, 2022

For and on behalf of the Board of Directors

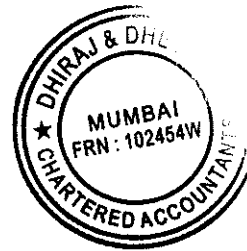

S. Ranganathan
Director
DIN : 00125493


Vidya Shah
Director
DIN : 00274831


Tarun Khurana
Company Secretary


Ananya Suneja
Chief Financial Officer

Mumbai May 27, 2022



NOTICE OF THE 33RD ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE 33RD ANNUAL GENERAL MEETING OF THE MEMBERS OF EDEL FINANCE COMPANY LIMITED WILL BE HELD ON FRIDAY, SEPTEMBER 30, 2022 AT 5.00 P.M. AT THE REGISTERED OFFICE OF THE COMPANY AT EDELWEISS HOUSE, OFF. C.S.T. ROAD, KALINA, MUMBAI - 400 098 TO TRANSACT THE FOLLOWING BUSINESS:

1. To consider and adopt:-
 - a. the audited Financial Statements of the Company for the financial year ended March 31, 2022, together with the Report of the Board and the Auditors thereon; and
 - b. the audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2022, together with the Report of the Auditors thereon.
2. To appoint a Director in place of Ms. Vidya Shah (DIN 00274831), who retires by rotation and, being eligible, offered herself for re-appointment.

**For and on behalf of the Board of Directors
EDEL FINANCE COMPANY LIMITED**

**Tarun Khurana
Company Secretary
(Membership No. A12344)**

Mumbai, September 26, 2022

**Registered Office:
Edelweiss House, Off C.S.T. Road,
Kalina, Mumbai - 400 098.
CIN : U65920MH1989PLC053909**

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.

A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.

2. The Meeting is convened at a shorter notice after obtaining the necessary consent of the members as required under the Companies Act, 2013.
3. Pursuant to Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India, information in respect of the Directors seeking re-appointment at the AGM is given in the Annexure to the Notice.
4. A Route Map along with prominent landmark for easy location to reach the venue of Annual General Meeting is annexed with the notice of Annual General Meeting.

Details of Directors seeking re-appointment at the Annual General Meeting pursuant to Regulation 36 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings (SS-2):

| | |
|---|---|
| Particulars | Ms. Vidya Shah |
| Age | 56 years |
| Date of first Appointment | May 28, 2021 |
| Experience in functional Area | Ms. Vidya Shah is Non-Executive Non-Independent Director on our Board. She holds a post-graduate diploma in management from the Indian Institute of Management, Ahmedabad. She is the Chairperson of EdelGive Foundation, the CSR arm of the Edelweiss group. With over three decades of rich industry experience, she has established EdelGive Foundation as a platform for strategic philanthropy. Under her stewardship, EdelGive has been instrumental in growing over 150 organizations, scaling their budgets, impact and reach exponentially. She spent the 11 years of her career in the field of investment banking with companies like ICICI Bank Limited, Peregrine and NM Rothschild. |
| Qualifications | Post Graduate Diploma in Management from the Indian Institute of Management, Ahmedabad. |
| Terms and Conditions of Appointment/ Re-appointment | Appointed as a Non-executive Director, liable to retire by rotation. |
| Remuneration to be paid | None |
| Remuneration last drawn | None |
| No. of Board Meetings Attended during the year | 6 |
| Directorship in other Companies (Public Limited Companies) | <ol style="list-style-type: none"> 1. Edelweiss Financial Services Limited 2. Edelweiss Asset Reconstruction Company Limited 3. Nuvama Wealth Management Limited 4. Vardhman Special Steels Limited |
| Membership/ Chairmanship of Committees of other public limited companies (Audit Committee and Shareholders Relationship/ Investors Grievance Committee only) | Member of Audit Committee - Vardhman Special Steels Limited |
| Relationship with other Directors inter-se and with Key Managerial Personnel of the Company | None |
| No. of shares held in the Company | None |

*Only Audit Committee and Stakeholders' Relationship Committee, in other public limited companies, have been considered for the Committee position.

**For and on behalf of the Board of Directors
EDEL FINANCE COMPANY LIMITED**

**Tarun Khurana
Company Secretary
(Membership No. A12344)**

Mumbai, September 26, 2022

**Registered Office:
Edelweiss House, Off C.S.T. Road,
Kalina, Mumbai – 400 098.
CIN : U65920MH1989PLC053909**

PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Edel Finance Company Limited

Corporate Identity No. (CIN): U65920MH1989PLC053909
 Registered office: Edelweiss House, Off C.S.T. Road,
 Kalina, Mumbai – 400 098

Folio No./ Depository A/c No. _____

I/We, being the member (s) of Shares of the above named company, hereby appoint:

| | | |
|--------------------------------|--------------------------------|--------------------------------|
| 1. Name | 2. Name | 3. Name |
| Address | Address | Address |
| E-mail Id | E-mail Id | E-mail Id |
| Signature | Signature | Signature |
|, or failing him |, or failing him |, or failing him |

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 33rd Annual General Meeting of the Company, to be held on Friday, September 30, 2022 at 5.00 p.m. at the Registered Office of the Company at Edelweiss House, Off C.S.T. Road, Kalina, Mumbai – 400 098 and at any adjournment thereof in respect of such resolutions as are indicated below:

| Sr. No. | Resolution | For | Against |
|---------|--|-----|---------|
| 1. | To consider and adopt:- a. the audited Financial Statements of the Company for the financial year ended March 31, 2022, together with the Report of the Board and the Auditors thereon; b. the audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2022, together with the Report of the Auditors thereon. | | |
| 2. | To appoint a Director in place of Ms. Vidya Shah (DIN: 00274831) who retires by rotation and, being eligible, offers herself for re-appointment. | | |

Signed this..... day of..... 2022.

| |
|---------------------|
| Affix Revenue Stamp |
|---------------------|

Signature of shareholder: _____

Signature of Proxy holder(s): _____

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

Edel Finance Company Limited
Corporate Identity No. (CIN): U65920MH1989PLC053909
Registered office: Edelweiss House, Off C.S.T. Road, Kalina, Mumbai – 400 098

ATTENDANCE SLIP
33rd Annual General Meeting – Friday, September 30, 2022 at 5.00 p.m.

| | |
|------------------------------------|--|
| Folio No. /Client ID No./DP Id No. | |
| No. of shares | |

I/we certify that I/we am/are a Registered Member/Authorised Representative of Registered Member under Section 113 of the Companies Act, 2013 /Proxy for Registered Member of Edel Finance Company Limited.

I/we hereby record my/our presence at the 33rd Annual General Meeting of the Company to be held on Friday, September 30, 2022 at 5.00 p.m. at the Registered Office of the Company at Edelweiss House, Off. C.S.T. Road, Kalina, Mumbai – 400 098 and at any adjournment thereof.

*Member's/ Authorised
Representative's/ Proxy's full name in block letters

Member's/Authorised Representative/
Proxy's Signature

Note: Please fill in this attendance slip and hand it over at the venue of the meeting.

* Please strike off whichever is not applicable

Route Map of the 33rd Annual General Meeting of Edel Finance Company Limited

AGM Venue: Edelweiss House, Off C.S.T. Road, Kalina, Mumbai – 400 098

Landmark – University of Mumbai, Kalina

